

2023/2024



LEKWA LOCAL MUNICIPALITY

ANNUAL REPORT

YEAR ENDED

30 JUNE 2024

Volume I

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## REVISED ANNUAL REPORT TEMPLATE

The purpose of this Annual Report is to provide for improved, consolidated content and quality of Municipal Annual Reports, which gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government towards improving local government performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. This document provides an overview of municipal affairs by combining the annual performance report data required in terms of section 46 of the Municipal Systems Act, with annual report requirements as also referred to in the Municipal Finance Management Act (MFMA), 56 of 2003.

This Annual Report makes its contribution by attempting to forge linkages and reporting on information from the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP), Budget Reform Regulations, In-year Reports, Annual Financial Statements and Performance Management information of a municipality. It relates to the Medium-Term Strategic Framework particularly through the IDP strategic objectives; the cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual information as set out in Chapters 3, 4 & 5. It also provides information on good management practices in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5. It also addresses the Auditor General's Report, dealing with financial and performance management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

This document must provide information on probity, including anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants from external parties and disclosure of loans and grants by municipalities. The appendices provide more detail including disaggregated information on municipal wards, and capital projects per ward among others.

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

- Year -1: The previous financial year: **2022/2023**
- Year 0: The financial year of reporting: **2023/2024**
- Year 1: The following year, mostly requires future targets: **2024/2025**



# Chapter 1

## CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR'S FOREWORD

#### EXECUTIVE MAYOR'S FOREWORD

History is full of defining moments that continues to change the world, the way we see it and how we respond to it. Change demands much from us, requiring us to break from our regular routines and forcing us to rethink what and how we do things. Within the context of local government, it has become even more evident for the world in general and Lekwa Local Municipality in particular that change has become the order of the day.

The 2023/204 financial year and beyond brought about changes that has again required that we stay true to the mandate received from our constituencies, constantly striving to do better for the communities we serve.

This is an opportunity for us to take responsibility and give an account to our communities and stakeholders on the progress made thus far and the state of affairs of the Municipality, for the period 1st July 2023 to 30 June 2024, noting that the Auditor-General has completed its audit.

As torch bearers to our electorate, we must remain vigilant when managing and spending the public purse in a transparent and accountable manner. We remain accountable to our principals and electorate, who have bestowed on us the responsibility to be the custodians for effective service delivery.

I herewith take the opportunity to present the 2023/2024 Annual Report to give account of the state of affairs of the Municipality.

The challenges faced by the Municipality, will not detract us from continuing to strive towards being a leading, people centred Municipality excelling in economic growth and governance, and continues to demand amongst other things, the following from us:

- (a) Accelerated infrastructure renewal and upgrades
- (b) Improved service provision with a reduction in water, electricity and refuse collection interruptions;
- (c) Improved maintenance of cemeteries, parks, the CBD and all areas in general;
- (d) A change in organisational culture where everyone strives towards ethical and professional conduct;
- (e) The continued monitoring of the implementation of the Financial Recovery Plan.

For the year under review, the Municipality set strategic goals and objectives, contained in the Integrated Development Plan (IDP). Investment in infrastructure upgrades for improved service delivery remains critical. The following are the capital projects that were undertaken during the 2023/2024 financial year:

# Chapter 1

- Upgrading of Standerton Water Bulk System phase 2- Construction of Kieser Reservoir & Pressure Tower
- Refurbishment/Installation of boreholes in rural/farm areas
- Installation VIP toilets
- Installation of High mast lights
- Rehabilitation of Morgenzon Landfill site
- Upgrade of A Substation.
- Construction of 11Kv, SWS at Rooikoppen

A grant was also received from the MDRG (Municipal Disaster Recovery Grant) to amongst other attend to the following:

- Rehabilitation of Johan and Rooikoppen sewer pump stations
- Morgenzon water pump station
- Rehabilitation of water drainage systems
- Rehabilitation of circuit breakers and cubicle casings
- Bridge repairs and construction of wing walls and extensions of reno mattresses and gabions for embankments
- Completion of designs for the rehabilitation of Vry Street

The Municipality also managed to complete upgrading of the Standerton landfill site, noting the court order issued directing the Municipality to improve the health hazard conditions that were prevalent at the landfill site.

The intervention through the RBIG (Regional Bulk Infrastructure Grant) and WSIG (Water Services Infrastructure Grant) as implemented by the Gert Sibande District Municipality as the implementing agency, have seen a number of projects being undertaken to amongst others address the service delivery matters through:

- Upgrading of Rooikoppen internal sewer reticulation
- Upgrading of TLC and Rooikoppen main sewer pump stations and pumping mains to the Standerton waste water treatment plant

The interventions by Department of Water and Sanitation (DWS) has also been instrumental through the following projects:

- Rectification of internal water and sewer reticulation at Standerton Extension 8
- Unblocking of sewer pipelines in Rooikoppen
- Upgrading of Morgenzon sewer system, pump stations and bulk sewer
- Refurbishment of Vaal. Muller, Johan and Taljaard pump stations
- Water conservation and demand side management through the installation of pressure reducing valves, fixing of leaks, flow measuring devices and zoning at Rooikoppen, Concor and Old Standerskop reservoirs

# Chapter 1

The role of SANRAL has been equally important in attending to main entry and exit routes through Standerton.

The continued efforts through partnerships across all spheres of government has been instrumental in addressing our service delivery challenges. As we continue with our efforts to improve service delivery, making sure that all allocated grant funding is used where it is most needed. A major challenge remains the inconsistent water supply to some areas due to the water treatment plant infrastructure not working optimally, its design capacity no longer meeting demand and ageing infrastructure, resulting in pipe bursts and water supply interruptions. We need to especially address the challenge of certain areas in Sakhile not receiving water, which has been a matter that has been going on for far too long. In respect of sanitation services, the immediate challenge is that the Standerton waste water treatment plant capacity no longer meets effluent demand, with sewer spillages only being attended to within resource and capacity constraints.

It must be noted that the 2023/2024 financial position of the Municipality, had a total operating revenue amounting to R1.724 billion while the operating expenditure amounted to R 1.652 billion. This resulted in an operating surplus of R 68.898 million for the reporting period.

The Municipality in conjunction with National Treasury, Vodacom and the Development Bank of South Africa (DBSA) has initiated numerous revenue enhancement programs in order to improve the revenue of the Municipality whilst protecting the current revenue streams available to the Municipality. This includes but is not limited to:

- Valuation roll reconciliation to ensure completeness of property rates billing
- Tariff review to ensure that tariffs are realistic and the Municipality is able to recoup the cost for the provision of services
- Policy reviews to ensure adherence with applicable legislation
- Improved meter reading services through electricity smart meters
- Water meter replacement and exposing meters that are not easily accessible
- Billing reconciliations to ensure completeness of revenue generated
- Additional pay points to allow consumers to pay for services at various payment points
- Intensify indigent management in response to the socio-economic climate, to protect the poor from the severe economic impact
- Vigorous implementation of credit control and debt collection

Cost curtailment and austerity measures has been put in place and with the establishment of a cash flow management committee has been tasked with the responsibility of closely monitoring and reducing expenditures and the “nice-to-haves”. The Municipality is committed to reducing running overheads such as overtime, standby, telephone costs, printing and stationery, including the reduction of non-essential procurement and expenditure. Provision has been made, within budget constraints, towards necessary expenditures that can improve service delivery on water network, electricity and road maintenance.

# Chapter 1

The Municipality managed to maintain the audit outcome of a qualification. This indicates that the Municipality was able to adequately implement key activities as part of the post audit action plan which addressed findings raised by the Auditor General in the 2023/2024 financial year. The Municipality is committed to progressively improve its audit outcome, with the ultimate objective of obtaining a clean audit. This process will be closely monitored through the developed post audit action plan to address the all findings. The following key findings will be addressed in the 2024/2025 financial year:

- Irregular expenditure
- Property, plant and equipment
- Segment reporting
- Cash flow statement

The Municipality remains committed to maintain the highest standards of governance which is fundamental for the effective management of public finances and resources. Rest assured, the current political leadership remains committed to serve. Executive, governance and oversight structures are in place and continues to exercise its functions and responsibilities to monitor if resources are effectively, efficiently and economically utilized. I also wish to thank the political leadership and administration for their continued efforts, hard work and dedication. Lastly, to the employees and the community at large let us continue to be vigilant in our efforts to hold us accountable for a better tomorrow.

We remain committed and want to re-assure all stakeholders and the entire Lekwa community that with the transition having been a smooth one, all stops will be pulled out to ensure service delivery is fast-tracked to reach all our residents.

I thank you

Signed by:  
Executive Mayor  
S. Mngomezulu

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

#### MUNICIPAL MANAGER'S OVERVIEW

The 2023/2024 Annual Report is herewith presented in order to give an account to our communities and stakeholders on the overall performance of the Municipality for the period 1<sup>st</sup> July 2023 to 30<sup>th</sup> June 2024.

# Chapter 1

Lekwa Local Municipality, being a Category B municipality situated within the Gert Sibande District in the Mpumalanga Province, is one of seven municipalities within the district. The Municipality exercises its powers and functions towards administrative and operational efficiency, having put checks and balances in place, in line with its constitutional mandate and other legislative requirements, policies and procedures, including a system of delegations as espoused in terms of section 59 of the Municipal Systems Act 32 of 2000.

The municipality does not have any entities under its control and also has not entered into any public private partnerships for the year under review. Shared powers and functions relate to environmental health inspections undertaken by the Gert Sibande District Municipality. Sector department functions that are shared with the municipality includes library services. Traffic law enforcement in respect of vehicle and drivers licence services is being provided by the Mpumalanga Department of Community Safety, Security and Liaison.

Noting the continued challenges faced by the Municipality for the year under review, there has also been very positive developments, within the current resource constraints.

For the reporting period, the Auditor General SA commenced as per schedule after the unaudited annual financial statements and annual performance report was submitted on 31<sup>st</sup> August 2024.

The 2023/2024 financial performance of the Municipality indicates that the total operating revenue amounted to R1. 724 billion while the operating expenditure amounted to R 1.652 billion, this resulted in an operating surplus of R 68.898 million for the period. The Municipality had a high provision for debt impairment and depreciation, amounting to R 274 million. The total revenue received from service charges contributed R 692 million and property rates contributed 217 million (12.6%), while grants and subsidies received contributed R 219 million.

The Municipality also took advantage and applied to participate in the Municipal debt relief programme, which was approved on 1 December 2023. As a result of the process Eskom wrote off interest amounting to R136 535 833. Moreover, in terms of section 76(1)(e) and 76(4)(a) the Accounting Officer of the Provincial Department of Transport wrote-off a debt of R 75 333 825 owed by the municipality as irrecoverable debt, to the benefit of the Municipality. These write-offs further contributed to the increased revenue by R 211 869 657 (Debt Relief and Incentives), which is a new revenue line item which was not previously in the annual financial statements.

The Municipality had a total operating expenditure for the reporting period ending 30 June 2024 amounting to R 1 652 632 295. There was an increase in expenditure which amounted to R 240 629 469 when compared to the period ended 30 June 2023. The main contributors to this increase are the

# Chapter 1

increase in Bad debt written off of R123 859 744, bulk purchases of R68 485 278, contracted services of R35 385 728, employee related costs of R10 519 115 and an increase in finance costs of R20 313 658. The Municipality was able to reduce Debt impairment by R40 812 964, this can be attributed to an improvement in collection rate and a change in impairment calculation methodology.

The following expenditures remains the highest cost drivers and have a significant impact on the revenue of the Municipality thus requiring the Municipality to vigorously implement the revenue enhancement strategy and continuous cost curtailment measures:

Bulk purchases R 544 068 888 million (33%)

Employee related costs R 282 231 288 million (17%)

Debt impairment R 214 613 319 million (13%)

Depreciation R 60 376 738 million (4%)

Finance costs R 181 672 963 million (11%)

Contracted services R 122 044 053 million (7%)

The Municipality has further implemented cost curtailment measures as well as the establishment of a cash flow management committee in order to reduce expenditures. The Municipality is committed to reducing running overheads such as overtime, standby, telephone costs, printing and stationery, including the reduction of non-essential procurement and expenditure. Furthermore the municipality took an initiative to renegotiate contracts with its service providers to reduce their scopes to affordable levels. Adequate provision is made towards expenditure that can improve service delivery on water network maintenance, improved sanitation, electricity maintenance and road maintenance amongst other expenditure.

Having maintained the audit outcome, it is important to further strengthen internal controls and closely monitor the post audit action plan to address all audit findings as well as to improve any other identified internal control deficiencies. The following findings must be addressed in the 2024/2025 financial year which resulted in the qualified audit outcome :

- Irregular expenditure
- Property, plant and equipment
- Segment reporting
- Cash flow statement

# Chapter 1

The audit action plan will be monitored on a monthly basis, with quarterly reports being submitted to the various executive and governance structures as part of remaining accountable to sustain the current momentum of the qualified audit opinion. The Municipality will again request Auditor General (SA) to perform a status of records review. This assisted as an early warning to detect areas requiring attention to improve internal control shortcomings.

The implementation and reporting on the approved Financial Recovery Plan (FRP) is the responsibility of the entire management team in order to steadily improve the financial sustainability of the Municipality. Reports are submitted on a monthly basis and quarterly War Room meetings are held, facilitated by National Treasury, to track progress. Inroads have been made towards exiting the rescue phase of the FRP.

It must also be noted that for the year under review, with two vacant senior management positions, the appointed managers who filled these positions in an acting capacity, was equal to the task, which greatly assisted in creating senior management and administrative stability and the team is commended for their hard work and dedication.

The Municipality's risk management function, under direction of the accounting officer is critical in planning and implementing measures to manage and mitigate risks. The 2023/2024 financial year strategic risk assessment was conducted and all risks were identified at maximum, high and medium risks. With a functional Risk Management, Anti-Fraud and Anti-Corruption Committee (RMAFACC), risks were managed and mitigated and reported on to the Audit Committee and Council on a quarterly basis.

The year under review had its fair share of challenges and with it falling squarely on my shoulders as the accounting officer, maintained audit outcome also means that we are far from being out of the woods, we need to work much harder, crossing all the t's and dotting all the i's so that we do not drop the ball for the next audit season.

I would like to take the opportunity to express my gratitude to the political leadership, the management team and employees that against all odds and putting differences aside, doing what needed to be done within our current resource constraints and challenges to have completed the audit. The commitment remains to continue putting our shoulder to the wheel, noting the very pervasive challenges faced by the Municipality. It is only through working as a team and making sure that we get the basics right that we will ensure sustainable service delivery, that will improve the lives of our communities.

M. J. Lamola

# Chapter 1

Municipal Manager

T 1.1.1



## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### INTRODUCTION TO BACKGROUND DATA

The Lekwa Local Municipality is a Category B municipality situated within the Gert Sibande District in the Mpumalanga Province. It is one of seven municipalities in the district. It was established on the 5th of December 2000 after the amalgamation of three former Transitional Local Councils, namely Standerton, Sakhile and Morgenzon. It is located in the south-west of the district, with immediate entrances to KwaZulu-Natal, Gauteng and Free State Provinces. Newcastle, Heidelberg and Vrede are respective immediate entrances. Standerton serves as an urban node, whilst Morgenzon, which is 45km northeast of Standerton, serves as a satellite node. Lekwa, with an area of 4 557km<sup>2</sup> lies on the large open plains of the Highveld region, which is characterised by tall grass, and it is transversed by the Vaal River, which flows in a western direction. The municipality, named after the Vaal River is commonly known as Lekwa (the Sesotho name for the Vaal River).







The data contained in this section, extracted from StatsSA's 2021 midyear population estimates report, and the latest Socio-Economic Review and Outlook (SERO) reports. In addition, data obtained from the Mpumalanga Department of Finance's economic development division as well as data collected by the Municipality has also been used to provide the statistical data. Wherever possible, comparative data has been provided in respect of contributions made by the Municipality towards satisfying the basic requirements for water, sanitation, electricity, solid waste removal, housing, local economic development, roads, stormwater and town planning.

T 1.2.1




Demographics	Population Estimates
 <p style="text-align: center;"><b>Population</b></p> <p style="text-align: center;">Estimated number for 2023:</p>	 <p style="text-align: center;"><b>Households</b></p> <p style="text-align: center;">Estimated number for 2023:</p>



# Chapter 1

140 970 (Stats SA Mid-year population estimates 2021)			48 108 (Stats SA Mid-year population estimates 2021)		
<b>Education</b>			<b>Poverty</b>		
	Matric Pass Rate	80.5% (2022 NSC Results)		Population below the Lower Bound Poverty Line (LBPL)	44.5% (SERO, 2022)
	Admission to B Degree studies	30.6% (2022 NSC Results)		Human Development Index 2020	0.61 (SERO, 2022)
<b>Health</b>			<b>Safety and Security</b>		
	Public Hospitals	Public Clinics	Serious crimes per 10 000 population		
	1	8	229 – Improved from 241 in 2018/19		
<b>Access to Basic Service Delivery</b>					
	<b>Piped Water</b> 93.7%		<b>Sanitation</b> Toilets: 97% Flush/chemical toilets:		<b>Electricity</b> 93,8%

# Chapter 1

		86,6 %	
	<b>Refuse Removal backlog</b> 20%		<b>Formal Housing</b> 77.5%
			
			<b>Formal Dwelling backlog</b> 19.1%

## Labour

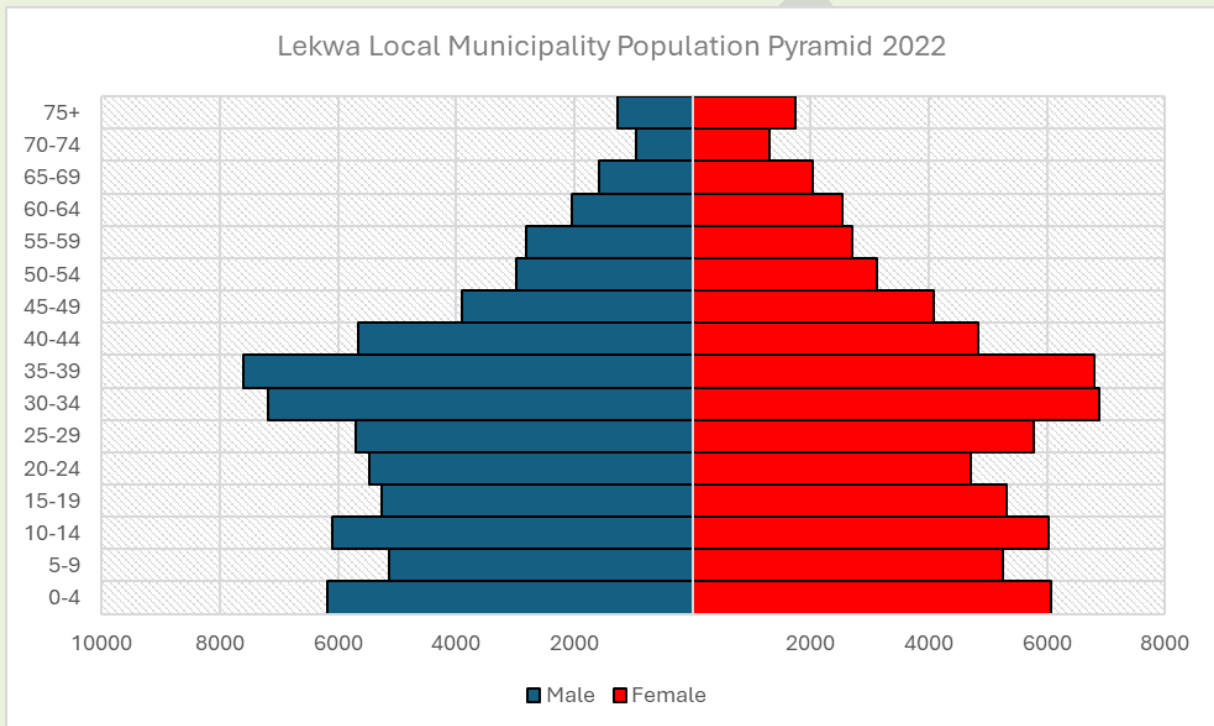
Estimated number of job losses in 2021	3 985	2021 strict unemployment rate	22.8%	2021 youth (15-34yr) strict unemployment rate	36.1%
Gini co-efficient in 2019	0.681	2021 female strict unemployment rate	27.8%		

## Economic Contribution to Gert Sibande's industries

Agriculture	Mining	Manufacturing	Construction	Trade	Transport	Finance	Community Services	Utilities
24.1%	11.4%	10.2%	12.5%	14.1%	12.7%		13.8%	28.9%

# Chapter 1

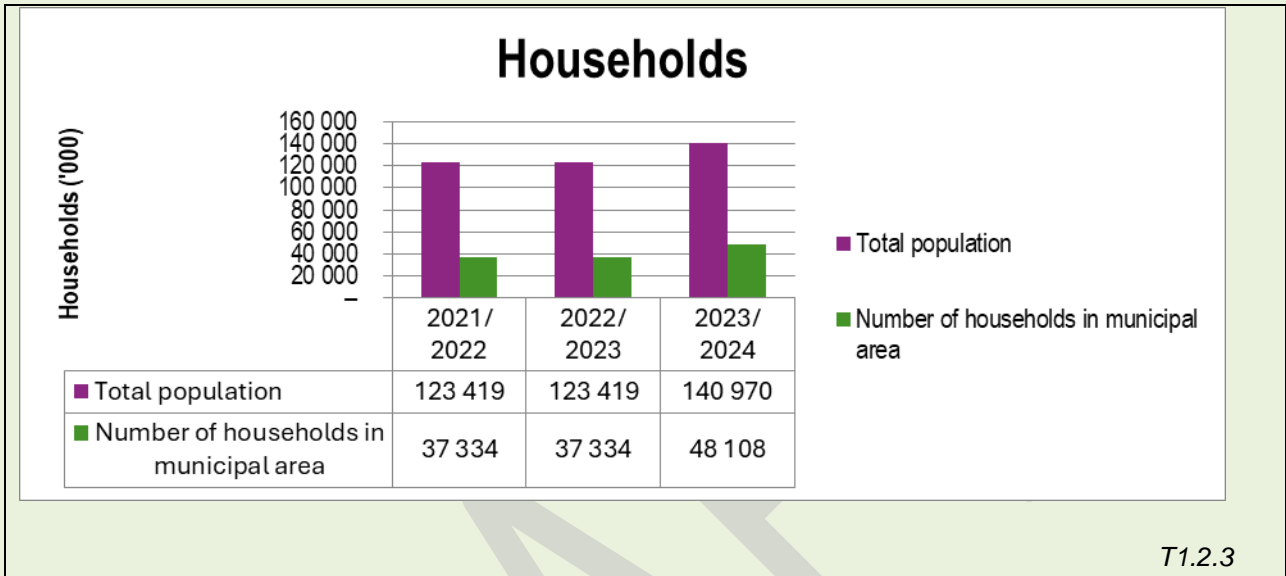
14.4%



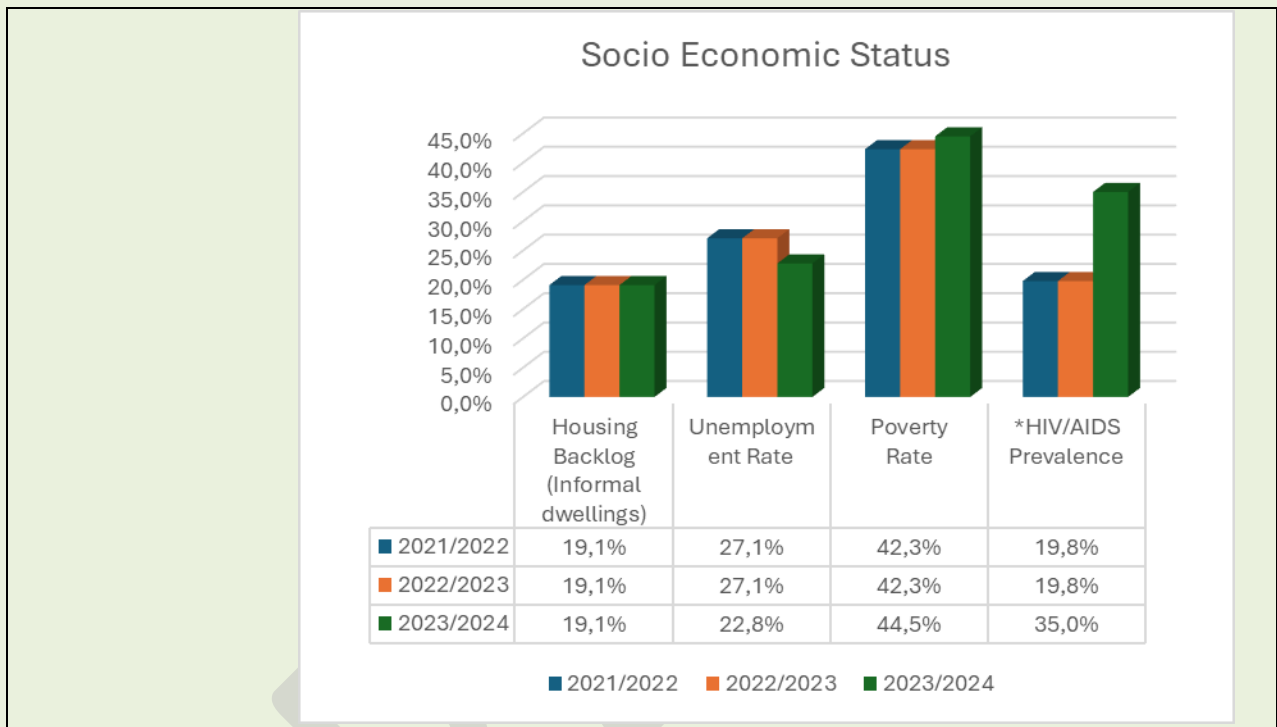
**Table 1: Population Pyramid, Stats SA 2021 Midyear population estimates**

In 2022, the 35-39 age group was the largest with a total number of 14410 people (10.36%) followed by the 30-34 age category with 14052 (10.10%) people as depicted in the pyramid graph above. The population comprised of 50.25% males and 49.75% females in 2022.

# Chapter 1



# Chapter 1



<b>Natural Resources</b>	
<b>Major Natural Resource</b>	<b>Relevance to Community</b>
Grootdraai Dam	10th largest dam in South Africa. Can contribute significantly to tourism development which can create job opportunities
Municipal and state-owned land	Land availability for economic development
	<i>T 1.2.7</i>

**COMMENT ON BACKGROUND DATA:**

Population growth rate refers to how fast a population changes in size over time. A growth rate signifies that more people are settling in the municipality and a negative growth rate signifies that people are moving out of the municipality. The growth rate in Lekwa LM is positive, meaning that

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Lekwa's population is growing. However, it is growing at a slower pace than it was in the previous years. In the period 2021-2022 the population grew at a rate of 1.4, this has decreased to 1.3 in 2023-2024. It will further decrease to 1.1 in 2030-2031.

T 1.2.8

## 1.3. SERVICE DELIVERY OVERVIEW

### SERVICE DELIVERY INTRODUCTION

In terms of water, sanitation, electricity and roads infrastructure as well as refuse removal services, the Municipality has been unable to cope with the demand for these basic services. Over a number of years, the situation has been compounded by inadequate infrastructure maintenance and has gradually deteriorated, subjecting communities to inconsistent water and electricity supply. The failing infrastructure may potentially expose communities to health and safety hazards. The current situation regarding water, sanitation, electricity and roads infrastructure is due to the following challenges:

- Inadequate maintenance of existing infrastructure
- Insufficient budget to adequately fund ongoing operations and maintenance
- Slow refurbishment and upgrade of aged infrastructure
- Lack of a comprehensive infrastructure master and maintenance plans
- Skills shortages in critical areas

It is of utmost importance to note that profitable local economies are driven by an efficient and functional infrastructure system of water, sanitation, electricity and roads management infrastructural services. In short, good infrastructure improves the quality of life and has economic spin-offs.

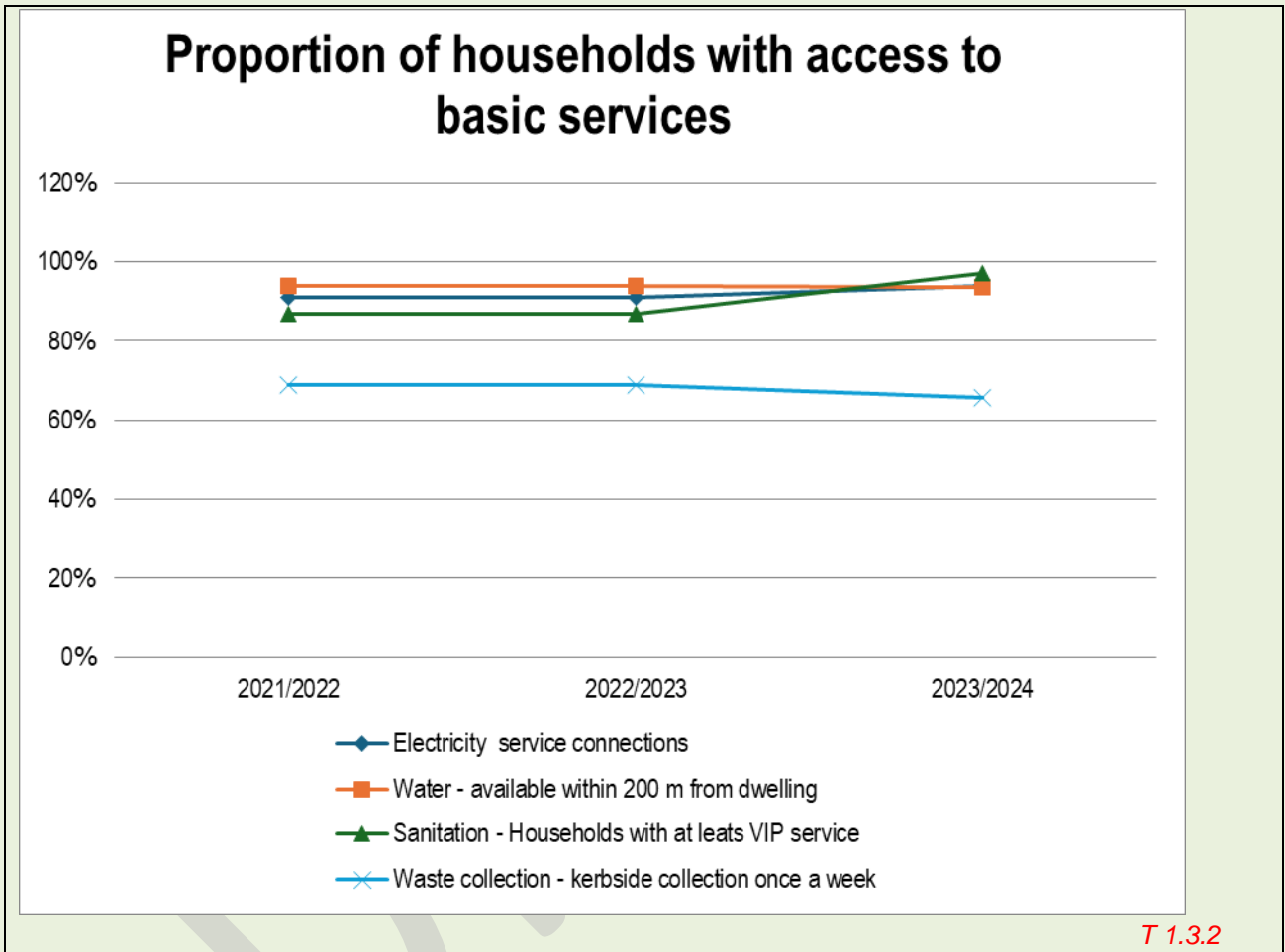
The Municipality will be receiving assistance through the Department of Water and Sanitation's (DWS) Water Services Infrastructure Grant (WSIG) and Regional Bulk Infrastructure Grant (RBIG) to refurbish and upgrade water and sanitation infrastructure. The Municipality will also be procuring service providers to assist with the repairs and maintenance of water and sanitation infrastructure.

T 1.3.1

#### Proportion of Households with minimum level of Basic services

	2021/2022	2022/2023	2023/2024
Electricity service connections	91%	91%	93,8%
Water - available within 200 m from dwelling	94%	94%	93,7%
Sanitation - Households with at least VIP service	87%	87%	97,0%
Waste collection - kerbside collection once a week	69%	69%	65,8%

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#### COMMENT ON ACCESS TO BASIC SERVICES:

It is important to note that profitable local economic activities require efficient, optimally functioning systems of water, sanitation, electricity and roads management infrastructure services are available, including regular refuse removal services. In short, good infrastructure improves the quality of life of the residents of a municipality and creates opportunities for local economic growth.

# Chapter 1

The major challenges relating to water provision includes the inconsistent water supply to some areas due to the water treatment plant infrastructure not working optimally and with the design capacity no longer meeting demand, as well as ageing infrastructure thus leading to pipe bursts and water supply interruptions. The backlogs and non-functional water infrastructure in the rural wards also results in water supply challenges.

In respect of sanitation services, the immediate challenge is that the Standerton waste water treatment plant capacity no longer meet effluent demand, with sewer spillages attended to within resource and capacity constraints. The VIP toilets in rural wards that require to be emptied using honeysuckers, are attended to. Lekwa's Blue and Green drop performance status has drastically deteriorated since 2014, with it now regarded as critical, which is a clear indication of the current state of water and sanitation provision. The current sewer spillages into the Vaal River have been receiving attention. Projects, funded by the Department of Water and Sanitation are underway to address these challenges in a more permanent manner, towards improved service delivery as well as addressing the negative environmental impact. The blue drop status information was populated for the Municipality in August 2021 for the 2020/2021 financial year period, with a resultant score of 60.5%. The full audit for the blue drop status was conducted in December 2022 for the 2021/2022 financial year. The results are not yet published. The full green drop audit was conducted in September 2021 for the 2020/2021 financial year 2020/2021, with a resultant score of 17%, in comparison to the 2013 audit, where a score of only 3% was achieved. The risk rating for the municipality's Waste Water Treatment Plants is high as the plant capacities are overloaded and exceeds maximum capacity, thus requires upgrades, which the RBIG and WSIG funding seeks to begin addressing.

Electricity supply has experienced challenges relating to electricity supply including the exceeding of the notified maximum demand of 55MVA provided by Eskom, when current actual demand is at 67MVA. Electricity tariffs are still not fully cost reflective, which poses a challenge for the Municipality to service the Eskom account as well as to generate additional income for other service delivery matters. Illegal electricity connections and theft of electricity also negatively affects revenue generation from electricity sales. The current crisis remains that the Municipality has been unable to service its Eskom debt as per the repayment plan and the court order. Payments of R2 million per week on average are made towards reducing the Eskom debt. 15% of the equitable share is also paid to Eskom with every tranche received.

Refuse removal services are provided to households but current challenges includes that the Morgenzon Landfill site has reached its design capacity lifespan and the Standerton landfill site is not managed in terms of the its permit requirements. Insufficient refuse removal trucks and the occasional breakdown of these vehicles has also negatively impacted the delivery of refuse removal services on a weekly basis. An additional refuse removal truck was procured and a service provider has been appointed for the upgrade of the Standerton Landfill site.



# Chapter 1

T 1.3.3

## 1.4. FINANCIAL HEALTH OVERVIEW

### FINANCIAL OVERVIEW

The financial health of Lekwa Local Municipality for the year ending 30 June 2024 shows significant improvement despite facing substantial financial challenges. Key highlights include a transition from a deficit in the previous year to a surplus, achieved through strategic interventions and relief measures.

Total operating revenue reached R1,724,775,815, a 65% increase from the previous year, driven by higher public contributions, service charges, property rates, and a new revenue stream from the Debt Relief and Incentives program. This program contributed R211.9 million, including Eskom writing off R136.5 million in interest and the Provincial Department of Transport writing off R75.3 million as irrecoverable debt.

Grants receipts contributed R219 million (12.7%) of the total revenue, while revenue generated from property rates and service charges accounted for R911,227,795 (52.8%) of the total revenue mix. Although there are no specific norms and standards to measure grant dependency, this revenue mix indicates that the Municipality is not entirely dependent on grants and subsidies to finance its operations.

However, further improvements in own revenue generation are necessary. To address this, the Municipality is actively implementing various revenue enhancement programs aimed at reducing the operating deficit over the multi-year period.

Operating expenditure rose to R1,652,632,295, with major costs stemming from bulk purchases (33%), employee costs (17%), and debt impairment (13%). Despite this, the Municipality reduced debt impairment costs by R40.8 million through improved collections and refined methodologies. Cost-curtailment measures, including reducing overheads, renegotiating contracts, and prioritizing essential service delivery, are actively being implemented to manage expenditures.

The Municipality recorded a surplus of R68.9 million, ending the year with R14.9 million in cash and cash equivalents. While challenges remain, the notable revenue growth and strategic cost management efforts signal progress in the Municipality's financial recovery and its commitment to sustainable operations and improved service delivery.

# Chapter 1

T 1.4.1

Financial Overview: 2022/2023			
	R' 000		
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	158,754	158,754	228,016
Taxes, Levies and tariffs	758,785	756,979	494,600
Other	262,650	258,433	268,501
Sub Total	1,179,188	1,174,166	991,116
Less: Expenditure	1,272,168	1,261,511	1,406,638
<b>Net Total*</b>	<b>(92,980)</b>	<b>(87,345)</b>	<b>(415,522)</b>
* Note: surplus/(deficit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Costs	17%
Repairs & Maintenance	3%
Finance Charges & Impairment	24%
T 1.4.3	

## COMMENT ON OPERATING RATIOS

The employee related cost contributed 20% to the total operating costs. The employee related cost as a percentage of the operating expenditure is still within the norm of 25-40%. Though the Municipality is within the norms there is a high vacancy rate which is attributable to the slow pace in filling vacant positions due to inadequate cash flow. The high vacancy rate contributes immensely to the increase in

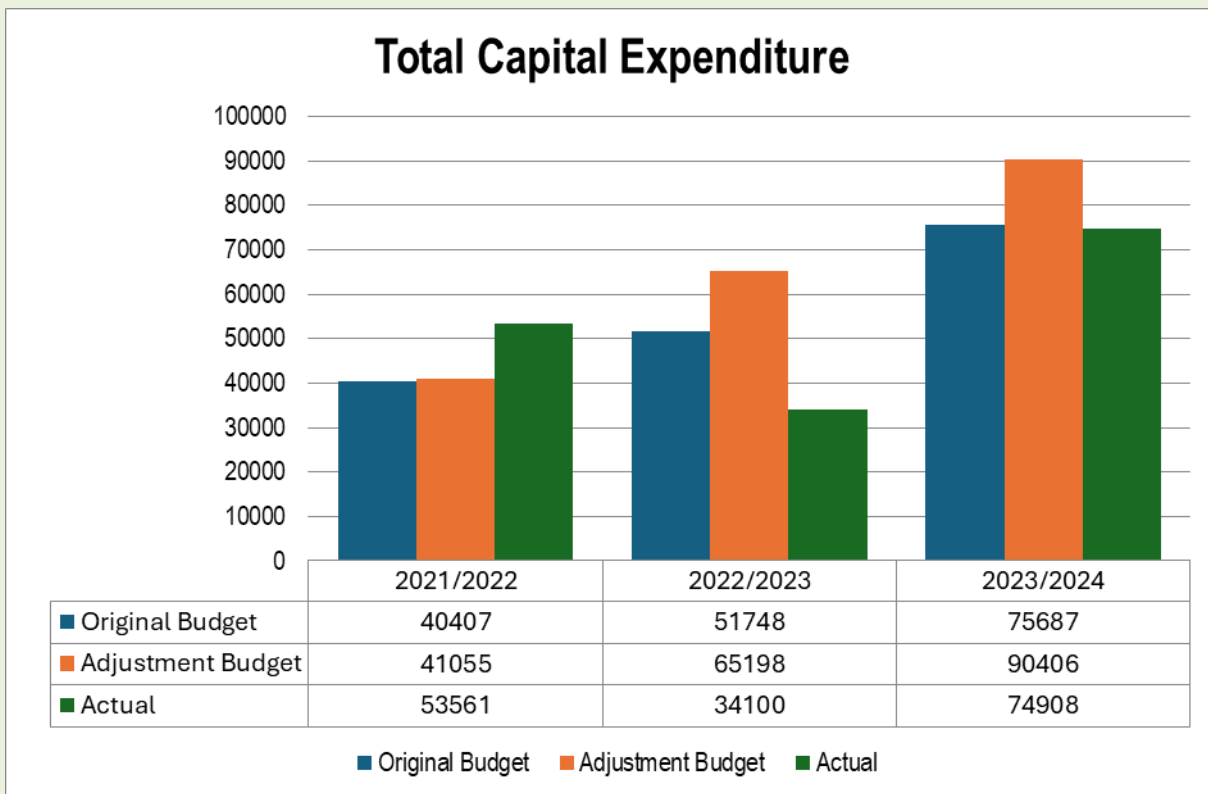
# Chapter 1

the cost of standby and overtime. The Municipality has reviewed the organizational structure and priority will be given to filling positions that will have an immediate impact on service delivery. The Municipality has spent 3% towards repairs and maintenance for the reporting period. There has been inadequate investment on repairs and maintenance however the Municipality has made adequate provision in the 2023/2024 financial year to improve on this expenditure. The development of maintenance plan will also assist in dealing in a more structured manner with repairs and maintenance operations. The ratio for repairs and maintenance is significantly lower when compared to the average norm of 8%. The increase in the ratio for finance charges as well as impairment cost was due to the increase in the provision for debt impairment due to inadequate cash and revenue collection as well as the increase in the interest incurred from the Eskom debt.

*T 1.4.3*

Total Capital Expenditure: 2021/2022- 2023/2024			
	R'000		
Detail	2021/2022	2022/2023	2023/2024
Original Budget	40407	51748	75687
Adjustment Budget	41055	65198	90406
Actual	53561	34100	74908
			<i>T 1.4.4</i>

# Chapter 1



## COMMENT ON CAPITAL EXPENDITURE:

The Municipality has significantly improved on the capital expenditure from 52% in the 2022/2023 financial year to 83% in the 2023/2024 financial year. The Municipality has spent 100% of conditional grants however, could not implement projects that are internally funded due to cash flow constraints. Additionally, the Municipality has enhanced its turnaround time to for finalising the appointment of service providers for capital project implementation, further contributing to increased grant expenditure.

T 1.4.5.1

## 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

# Chapter 1

## ORGANISATIONAL DEVELOPMENT PERFORMANCE

The human resource management of the municipality comprises of activities relating to the rendering of a comprehensive human resource management function to Council by ensuring an efficient personnel administration system, recruitment and selection, sound labour relations, human resources development, implementation of affirmative action measures, occupational health and safety of employees and compliance with all relevant labour legislation.

T 1.5.1

### 1.6. AUDITOR GENERAL REPORT

#### AUDITOR GENERAL REPORT: 2023/2024 FINANCIAL YEAR

The Municipality's audit opinion remained at a qualification for the 2023/2024 financial year. Maintaining this audit outcome indicates that the Municipality was once again able to adequately implement key activities in the post audit action plan to address the findings that the Auditor General raised in the 2022/2023 financial year. The Municipality is committed to further improving the audit, with the ultimate objective to obtain an unqualified audit opinion (Clean Audit). This process will be closely monitored through the developed post audit action plan to address the audit findings that remained. The following key findings will be addressed in the 2024/2025 financial year:

- Irregular expenditure
- Property, plant and equipment
- Segment reporting (Cash flow statement)

The Municipality has developed an audit action plan that will be monitored on a quarterly basis in an effort to ensure that we are able to improve from the qualified audit opinion. The Municipality will again request the Auditor General (SA) to perform a status of records review, which has assisted as an early warning or alert system to enable the Municipality to take required steps to correct the control deficiencies that were identified. It will also assist that the implementation of the action plan be more insightful and relevant, ensuring greater impact towards an improved audit outcome for the 2024/2025 financial year.

The AGSA's basis for a qualified opinion were the following:

#### 1. Irregular expenditure

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The municipality did not include all instances of irregular expenditure to the financial statements, as required by section 125(2)(d) of the MFMA, as the municipality did not have adequate systems to identify all prior year's irregular expenditure. I was unable to determine the full extent of the understatement of irregular expenditure stated at R 197,86 million (2022-23: R 143,64 million) in note 48 to the financial statements, as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustments made to the irregular expenditure in the prior period adjustment disclosure in note 41 to the financial statements were necessary.

## **2. Property, plant and equipment**

During 2023, the municipality did not appropriately account for changes in useful lives for some of the property, plant and equipment in accordance with GRAP 17, Property, plant and equipment. Changes in remaining useful lives of the assets that were incorrectly accounted as an error instead of change in accounting estimates. Consequently, the opening balance of the property, plant and equipment was understated by R26,86 million and the opening balance of accumulated depreciation was overstated by the same amount.

## **3. Segment reporting**

The municipality did not accurately disclose segment reporting in the financial statements, as required by GRAP 18, Segment reporting for prior year. The segment information disclosed for expenditure in the current and prior year and assets in the prior year did not reconcile back to the GRAP amounts disclosed in the financial statements. Consequently, segment information was misstated by R295,48 million.

### **1. Cash flow statement**

#### **Net cash flows from operating activities**

Net cash flows from operating activities were not correctly prepared and disclosed as required Standards of GRAP 2, Cash flow statements. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated at R142,19 million in the financial statements were necessary.

*T 1.6.1*

# Chapter 1

## 1.7 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	Quarterly
2	Finalise the 4th quarter Report for 2023/2024 financial year	July 2024
3	Municipal entities submit draft annual reports to MM	N/A
4	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	August 2024
5	Submit draft 2023/2024 Annual Performance Report to Internal Audit	August 2024
6	Audit/Performance committee considers draft Annual Performance Report of municipality and entities (where relevant)	August 2024
7	Mayor tables the unaudited Annual Performance Report	31 August 2024
8	Municipality submits draft Annual Performance Report including consolidated annual financial statements to Auditor General	31 August 2024
9	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	November 2024
10	Auditor General audits Annual Performance Report including consolidated Annual Financial Statements	September – November 2024
11	Municipalities receive and start to address the Auditor General's comments	January – February 2024
12	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	31 <sup>st</sup> January 2025
13	Audited Annual Report is made public and representation is invited	February 2025
14	Oversight Committee (MPAC) assesses Annual Report	February - March 2025
15	Council adopts Oversight report	31 <sup>st</sup> March 2025
16	Oversight report is made public	April 2025

# Chapter 1

17	Oversight report is submitted to relevant provincial councils	April 2025
18	Commencement of draft Budget/IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input into next planning phase	March/April 2025
		<i>T 1.7.1</i>

## COMMENT ON THE ANNUAL REPORT PROCESS:

Adherence to the above timelines remains critical towards ensuring sufficient time is allocated for achieving key milestones within the cyclical nature of municipal performance planning, reporting, analysis and review processes. This continuous loop is important to ensure that it allows for a process of reflection, by looking at the year under review as it then creates the space to inform planning for the next financial year's cycle of planning and budgeting processes. The alignment between the IDP, Budget and the Performance Management System for reporting and monitoring against predetermined objectives as dealt with in terms of the approved process plan is critical. An annual report project implementation plan is developed with clear deadlines and responsible persons assigned to ensure the timely completion of the 1<sup>st</sup> draft of the annual performance report to be submitted with the unaudited AFS by the end August annually. For the year under review, the unaudited annual financial statements and the annual performance report was submitted on time. The audit was completed and the final management report and audit report was presented to management and also to the Audit Committee on 29<sup>th</sup> November 2024, whereafter other processes unfolded in respect of the drafting of the audit action plan and the annual report with audited financial and performance information.

*T 1.7.1.1*



# Chapter 2

## CHAPTER 2 – GOVERNANCE

### INTRODUCTION TO GOVERNANCE

This Chapter is composed of the following four components:

- Component A: Political and Administrative Governance
- Component B: Intergovernmental Relations
- Component C: Public Accountability and Participation
- Component D: Corporate Governance

T 2.0.1

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community. This component reflects on both the political and administrative structures of the Municipality.

T 2.1.0

## 2.1 POLITICAL GOVERNANCE

### INTRODUCTION TO POLITICAL GOVERNANCE

For the year under review, the Municipality had a number of key committees in place. The highest decision-making structure, being the municipal council held meetings throughout the year toward the facilitation of the administrative process of implementing programmes and projects as set out for the year in its IDP and SDBIP.

For the year under review, the executive leadership of the Municipality were comprised as follows:

(a) Members of the Mayoral Committee

- Councillor DL Thabethe (Executive Mayor)
- Councillor J T Sebilane (MMC: Planning and Economic Development)
- Councillor S A Majazi (MMC: Technical Services)
- Councillor P C Mahlaba (MMC: Corporate Services)
- Councillor S M Modise (MMC: Community Services and Safety)

# Chapter 2

(b) The municipal council was under the leadership of Councillor O Phiri as Speaker of Council and Councillor D Msibi as the Whip of Council.

The Municipal Council also established both section 80 and 79 Committees to assist with the exercise of both executive and legislatively mandated functions and responsibilities. Council nominated Councillors to serve on the following committees of Council as listed below:

<b>Councillors and Committees Allocated</b>		
<b>Council Members</b>	<b>Full Time / Part Time</b>	<b>Committees Allocated</b>
	<b>FT/PT</b>	
<b>Municipal Public Account Committee (MPAC)</b>		
C A O Franco	PT	Chairperson
A P Mthimkhulu	PT	Member
S B Ngqulunga	PT	Member
G J Xulu	PT	Member
W Venter	PT	Member
N C Nhlapo	PT	Member
<b>Rules, Ethics and Local Geographical Names Committee</b>		
D Bekker	PT	Chairperson
G J Xulu	PT	Member
R S Tsotetsi	PT	Member
S A Maboea	PT	Member
S B Ngqulunga	PT	Member
N P Selepe	PT	Member
<b>Planning &amp; Economic Development Oversight Committee</b>		
R S Tsotetsi		Chairperson
S A Solisini	PT	Member
D R Manana	PT	Member
A P Mthimkhulu	PT	Member
N P Selepe		
<b>Technical Services Oversight Committee</b>		

# Chapter 2

W Venter	PT	Chairperson
C A O Franco	PT	Member
J C Stoltz	PT	Member
D R Manana	PT	Member
S W Masondo	PT	Member
<b>Budget and Treasury Committee</b>		
J C Stoltz	PT	Chairperson
S A Maboea	PT	Member
W Venter	PT	Member
S Masondo	PT	Member
D Bekker	PT	Member
<b>By-laws &amp; Policies</b>		
G J Xulu	PT	Chairperson
N C Nhlapo	PT	Member
A P Mthimkhulu	PT	Member
M L Molaba	PT	Member
W Venter	PT	Member
J C Stoltz	PT	Member

The political situation within the municipality has become more stable after the Local Government Elections held in November 2021. The established committees were functional for the period under review.

The Municipality also has a functional Audit Committee (AC) that provides guidance throughout the year on recommendations on the financial processes and performance of the Municipality. The Audit Committee, also serves as the Performance Audit Committee (PAC) which acts as an independent oversight structure of Council.

T2.1.1

## COUNCILLORS

The Lekwa Municipal Council consists of 30 Councillors, made up of 15 ward councillors and 15 proportional representative (PR) councillors. For the 2023/2024 financial year, the following was the composition of the municipal council:

# Chapter 2

	Male	Female
ANC	10	3
DA	2	2
EFF	1	2
LCF	5	1
FF Plus	1	1
ATM	0	1
Independent	1	0

A Freedom Front Plus A councillor resigned from the party to contest Ward 4 as an independent candidate. The by-election took place on 26 October 2023, where councillor C. Stoltz was elected as ward councillor.

Appendix A consists of the complete list of Councillors, which distinguishes between ward councillors and those appointed on a proportional representation basis, including the status as either full time or part time as councillors.

Appendix B sets out the various established committees and their functions, which were established for the year under review.

T2.1.1

## POLITICAL DECISION-TAKING

Decisions making took place at Mayoral Committee and Council sittings. For the period under review, it must be noted that with the newly elected Council in place, the functionality of the Municipal Council had stabilized with council meetings sitting as per schedule to fully exercise its legislative and oversight responsibilities as required. Council had 10 sittings for the year under review.

In order to further strengthen the reporting on and tracking of the implementation of Council resolutions, council resolution implementation and tracking is a standing item on the agenda of ordinary council sittings.

T 2.1.3

## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Section 60 (b) of the MFMA stipulates that the Municipal Manager of a municipality is the accounting officer of the municipality, and for the purposes of this Act and must provide guidance on compliance

# Chapter 2

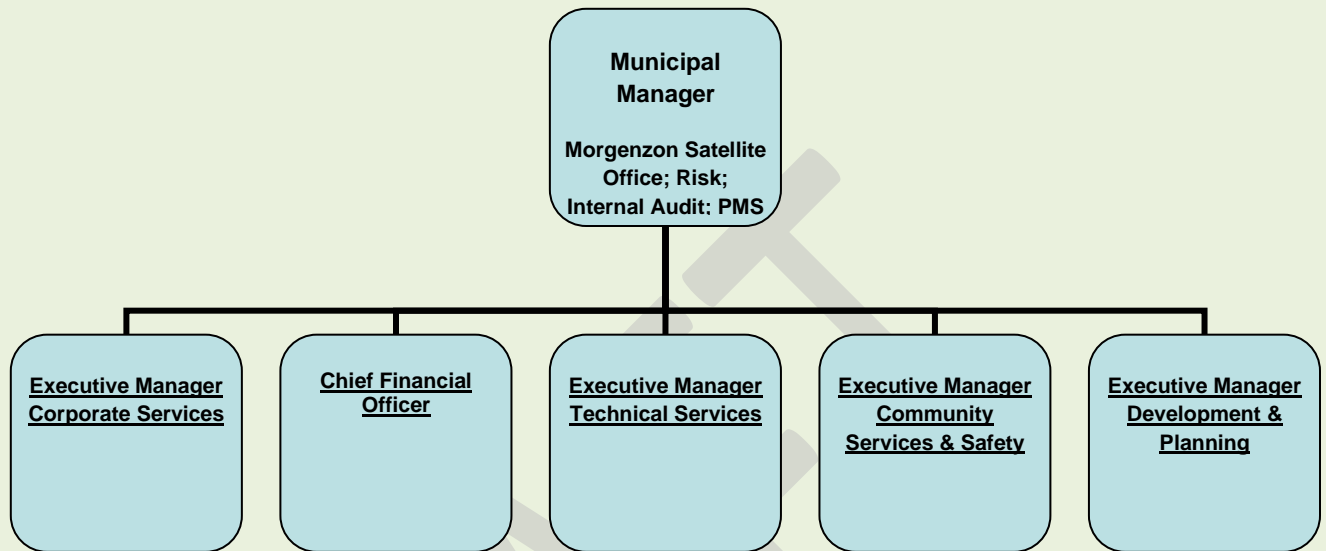
with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality. This chapter deals with the highest levels of administrative leadership.

For the year under review, all senior management positions were filled which has assisted in creating greater administrative stability.

*T2.2.1*

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# Chapter 2



- Key Performance Areas
- Legal Services
  - Secretariat Services
  - Human Resources
  - Intergovernmental Relations
  - Communications
  - Information Technology
  - Political Offices

- Key Performance Areas
- Budget & Financial Reporting
  - Income
  - Expenditure
  - Debt Collection
  - Supply Chain

- Key Performance Areas
- Electricity
  - Water & Sanitation
  - Roads & Works
  - Project Management Unit

- Key Performance Areas
- Traffic Law Enforcement & Safety
  - Licensing
  - Fire and Disaster Management
  - Parks, Environment, Sport, Recreation, Arts & Culture
  - Environmental Health Services
  - Libraries

- Key Performance Areas
- Land Development & Town Planning
  - Human Settlement
  - Local Economic Development (LED)
  - Integrated Development Planning (IDP)

# Chapter 2

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

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

Section 3 of the MSA requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance as envisaged in section 41 of the Constitution. This requires municipalities to establish and foster cooperative relations across all spheres of government, noting its interrelated yet independent nature.

*T 2.3.0*

### 2.3 INTERGOVERNMENTAL RELATIONS

#### NATIONAL INTERGOVERNMENTAL STRUCTURES

The President's Coordinating Council (PCC) is the main coordinating body at national level. It consists of the President, the Deputy President, key Ministers, Premiers and the South African Local Government Association (SALGA).

The PCC meets regularly to oversee the implementation of national policies and legislation, and to ensure that national, provincial and local development strategies are aligned to each other.

At national level, each department has an Inter-Governmental Forum where Ministers meet with MECs and SALGA. These forums are called MinMECs and are also attended by heads of departments, as technical advisors. The purpose of MinMECs is to consult, coordinate implementation and align programmes at national and provincial level.

*T 2.3.1*

#### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Premier of the Province co-ordinate relationships between national, provincial and local government in the province through a Premier's Inter-governmental Forum (PIF) which consists of the Premier, the local government MEC, other MECs, Metro and District Mayors and other Mayors where necessary.

The PIF meets regularly and consults on broad development in the province, as well as on the implementation of national and provincial policy and legislation, such as

- (i) The Mpumalanga Provincial Aids Council (MPAC);
- (ii) The Mpumalanga Socio- Economic Consultation Council that seek to produce Socio

# Chapter 2

- (iii) Economic Review Outlook (SERO) Report for the province;
- (iii) The Mpumalanga Arts and Culture Council (MACC);
- (iv) Provincial Geographical Name Change Committee (PGNC)

T 2.3.2

## RELATIONSHIPS WITH MUNICIPAL ENTITIES

For the year under review, the Municipality did not have any municipal entities under its control.

T 2.3.3

## DISTRICT INTERGOVERNMENTAL STRUCTURES

The mechanism used at district level is through a number of district forums that includes the following:

- The Executive Mayor's Forum;
- The Municipal Manager's Forum;
- The District Aids Council;
- The District Communication Forum;
- The District Disability Forum;
- The District Sports Council; and
- The District Arts and Culture Forum
- The District Elderly People Forum
- The District Women Forum

## LOCAL INTERGOVERNMENTAL STRUCTURES

The local forums include the following:

- The Local Aids Council
- The Local Disability Forum
- The Local Sports Council
- The Local Arts and Culture Forum
- The Local Elderly Forum
- The Local Women Forum



# Chapter 2

A multisectoral approach remains an effective mechanism in ensuring a coordinated approach to address social ills confronted by the community championed by civil society sectors, the private sector and government departments.

More emphasis has been put on Gender Based Violence campaigns to fight this endemic scourge. The Local Aids Councils have now incorporated GBVF as a permanent agenda item with pledges being made by all stakeholders on the commitment to fight GBVF.

T 2.3.4

DRAFT

# Chapter 2

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 17 (2) of the MSA requires a municipality to establish and organise its administration to facilitate a culture of accountability amongst its staff. Section 16 (1) also states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance, whilst section 18 (a) - (d) requires a municipality to supply its community with information concerning municipal governance, management and development. In line with the above, the Municipality has developed a system of participatory governance, management and development through the establishment of the following:

- a) **Ward Committees** – establishment of ward committees with the purpose to enhancing participatory democracy in local government;
- (b) **Community meetings** to discuss ward issues and report on matters raised;

As a legislative and democratic requirement at local level, ward committees are central to the effective community participation process. It should enhance the involvement in the affairs of the municipality in a collective and structured manner. Furthermore, to objectively achieve its public mandate and fulfil it in an inclusive manner, ward committees must work towards ensuring that community involvement in different development aspects within their locality to better the lives of its community in a non-partisan way is achieved. Community Development Workers (CDWs) are also deployed in the wards which can also assist in bringing other government services closer to the community.

T 2.4.0

### 2.4 PUBLIC MEETINGS

#### COMMUNICATION, PARTICIPATION AND FORUMS

Community participation is a fundamental principle that underpins the actions of democratic governance. According to the objects of local government as contained in Chapter 7, Section 152(e) of the Constitution, it is based on the understanding that communities must participate in all decision-making processes within local government on matters that affects them. It is for this reason that communities are encouraged to assist in building a sound and active partnership with the Municipality in order to fulfil the requirements of Section 152. This is done through the following:

- a) Ward Committees and CDWs;
- b) Mayoral Izimbizo (IDP and Budget consultation) and
- c) Holding community meetings.

Communities are mobilised through the use of a loud hailing system, door-to-door distribution of notices, flyers and pamphlets to encourage their involvement during consultation and information sharing sessions.

T 2.4.1

#### WARD COMMITTEES

# Chapter 2

The Municipal Structures Act of 1998 and the Municipal Systems Act of 2000 provides the legislative framework for the establishment of Ward Committees to enhance participatory governance. Ward Committees were established in all 15 wards with the objectives to:

- (a) Create formal communication channels and co-operative partnership between the Municipality and the communities within a Ward.
- (b) Facilitate public participation in the process of development, review and implementation of the Integrated Development Plan of the Municipality.
- (c) Acting as advisory bodies on Council policies and matters affecting communities in wards.
- (d) Facilitate Council Programmes and make recommendations on matters affecting wards to the Ward Councillor;
- (e) Express the needs and concerns of the residents within Wards.
- (f) Identify development priorities within Wards through the involvement of ward residents and promoting accountability of the Municipality to the residents of every ward;

Ward Operational Plans were developed and approved by Council with all activities and programme of the wards implemented accordingly. A stipend is paid on a monthly basis to Ward Committee members, subject to the submission of monthly reports to the office of the Speaker, with issues identified in the wards, for further discussion at the Ward Councillors Forum. Quarterly reports are also submitted to Council on these activities as undertaken. Ward Committees were functional for the period under review.

T 2.4.2

## COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

Public and community meetings generally convened to keep communities informed regarding service delivery matters and to provide a platform for the community to raise issues and give inputs for the development of the Municipality. This consultation and engagement process assists the Municipality to plan and budget according to identified and prioritized needs. In community meetings, the Municipality also uses the platform to continuously encourage the community to pay for services and to actively participate in the affairs of the municipality.

The community benefits by submitting their development needs to be catered for within a specific financial year in the IDP and budget. It also provides an opportunity to directly interact with municipal administration on issues affecting service delivery. Ward Committee Meetings took place during the year under review although there was a delay with the induction of the ward committee members. Meetings were convened according to times that suited particular communities. In respect of the numbers of people attending meetings, it differs from ward to ward due to venues that are not central, sometimes lack of transport and the public opting not to attend due to one or other reason. T

2.4.3.1

## 2.5 IDP PARTICIPATION AND ALIGNMENT

# Chapter 2

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Partially. Impact and outcome indicators are captured in the IDP strategic goals and objectives. Annually, the SDBIP includes input and output indicators
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 56 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	Partially. Alignment is in respect of outcomes relevant to local government mandate
* Section 26 Municipal Systems Act 2000	T 2.5.1

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance broadly refers to the mechanisms, processes and relations by which institutions and corporations are controlled, managed and directed. Governance structures and principles identify the distribution of rights and responsibilities among different participants in an organization and includes the rules and procedures for making decisions in corporate affairs.

All the governance structures individually and collectively must cultivate characteristics such as integrity, competence, responsibility, accountability, fairness, transparency and exhibit them in their conduct to advance ethical leadership and corporate citizenship.

T 2.6.0

## 2.6 RISK MANAGEMENT

# Chapter 2

## RISK MANAGEMENT

In terms of the Municipal Finance Management Act (MFMA), Act No. 56 of 2003, section 62(1)(c) states that the Accounting Officer must ensure that the municipality has and maintains an effective, efficient, and transparent system of risk management. In compliance with this requirement, the Municipal Manager has appointed a Risk Management, Anti-Fraud and Anti-corruption Committee (RMAFACC) to advise the Municipality on risks that can affect the achievement of the strategic (IDP) and operational (SDBIP) objectives for the Municipality.

The Committee constitutes of section 56 senior managers that are directly accountable to the Municipal Manager. Furthermore, the RMAFACC is chaired by an external independent Chairperson. Meetings are convened every quarter, the reports compiled are submitted to the Municipal Manager, Audit Committee and Municipal Council with quarterly progress on risk, compliance, and fraud management. Moreover, Risk Champions are appointed as departmental representatives to assume the responsibility of assisting with the implementation of risk management, compliance, and fraud management activities in their respective departments. The Risk Champions hold monthly meetings, chaired by the Chief Risk Officer and report quarterly to the RMAFACC.

The following strategic risk documents were in place and approved by Council during the year under review:

- Risk Management Policy
- Risk Management Strategy
- Risk Management Implementation Plan
- Fraud Prevention Policy
- Fraud Prevention Plan
- Whistleblowing Policy
- Private Work and Declaration of Interest Policy

Based on the constitutional mandate of the Municipality and the applicable regulatory requirements, the following risk registers were developed, implemented, monitored, and reported on to relevant oversight committees on a quarterly basis:

- Strategic Risk Register
- ICT Risk Register
- Fraud Risk Register

The Risk management process is comprehensive and meetings are held as per the approved schedule. The effectiveness of the RMAFACC is evaluated annually against predetermined objectives for risk management, noting that attempts are being made towards a more matured level as far as risk management best practices are concerned.

# Chapter 2

For the year under review, the Municipality undertook an assessment of its risks on 16<sup>th</sup> and 23<sup>rd</sup> May 2023 and an approved Strategic risk register was place.

The following were the identified strategic risks:

SR 1: Failure to sustain the current infrastructure and to provide additional required infrastructure (Maximum risk)

SR 2: Failure to provide needs for basic social, health and security services to the community (High risk)

SR 3: Property vandalised, municipal information lost, and senior management & leadership attacked (High risk)

SR 4: Unskilled and insufficient human resources to achieve the municipality's operational and strategic objectives (Maximum risk)

SR 5: Increased informal settlements (Maximum risk)

SR 6: Failure to provide land for business and recreational needs of the community (Medium risk)

SR 7: Poor management of integrated and sustainable human settlements programmes (High risk)

SR 8: Increased levels of unemployment (Maximum risk)

SR 9: Communities lose trust on the municipal leadership and services (High risk)

SR 10: Governance failure resulting in non-compliance to laws, policies, standards, best practices, and mal-administration practices (High risk)

SR 11: Natural / Manmade /epidemics Disasters are not anticipated and planned for by the municipality (Maximum risk)

SR 12: Property vandalised, misuse of fleet, loss of assets (Medium risk)

SR 13: Insufficient collections from revenue streams (Maximum risk)

SR 14: Receiving unfavourable audit opinion form AGSA (Maximum risk)

SR 15: Inefficient contract management (Maximum risk)

In addition, the ICT and Fraud risk registers were reviewed, implemented, and monitored on a regular basis for the year. During the 2023/2024 financial year significant efforts were made towards the implementation of the mitigating actions.

In reality, the process of managing risks is inseparable from that of managing for success and within this context it is therefore not surprising that risk management is a central part of any organization's performance improvement initiatives. The 2023/2024 risk assessment revealed the following risks levels:

<b>Risk Magnitude</b>	<b>No of Risk per Magnitude</b>	<b>Percentage</b>
Maximum Risk	7	47%

# Chapter 2

High Risk	6	40%
Medium Risk	2	13%
Low Risk	0	0%
Minimum Risk	0	0%
Total number of risks	15	100%



The above graph depicts the magnitude of risks identified from the strategic risk assessment conducted. From the risks identified as contained in the Municipality's IDP, risks classified as maximum were 47%, and areas of high risk were at 40%, with 13% were identified at medium and 0 low and minimum risk magnitude. Maximum and high risks are unacceptable and cannot be tolerated, therefore, action needs to be taken to reduce their impact. Management prioritized all the risks, especially those falling within the unacceptable risk appetite of Lekwa Local Municipality. Quarterly Risk Management meetings were held to report on and deal with the implementation of risk mitigation strategies. For the year under review, the risk mitigation plan has adequately reduced the risks that were identified as maximum and high. Some risks relating to service delivery were not reduced, mainly due to budgetary constraints.

It must be noted that with the appointment of senior managers, the effective management and reporting on risk mitigation has improved. The RMAFCC chaired by an independent, external Chairperson managed to attend to risk matters. The Internal Audit Unit used its professional judgment when evaluating and auditing the systems of internal controls for identified risks to ensure that such

# Chapter 2

controls are effectively implemented, which also informed their three-year rolling risk-based internal audit plan.

The following is a summary of progress on risk mitigation implementation for the period under review:

Type of risk register	Total no. of actions	Actions completed: 100%	Actions almost completed: 51 - 99%	Actions commenced: 1 - 50%	Actions not yet started: 0%
Strategic	136	50	67	13	6
ICT	19	11	3	5	0
Fraud	69	49	15	0	5
Emerging	1	1	0	0	0

T 2.6.1

## 2.7 ANTI-FRAUD AND ANTI-CORRUPTION

### ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY

The primary responsibility for preventing and detecting fraud rests with management and those charged with governance. The MFMA and its regulations clearly stipulate that matters such as incurring unauthorized, irregular as well as fruitless and wasteful expenditure; the possible abuse of the SCM system (including fraud and improper conduct); and allegations of financial misconduct should be investigated and that disciplinary steps should be taken based on the results of the investigations.

As part of the anti-fraud and anti-corruption plan, awareness, workshops were conducted on an ongoing basis as part of raising awareness among employees and Councillors on matters relating to fraud and corruption. The availability of the Fraud Hotline is also communicated for the public to also have an opportunity to report any fraud or corruption.

## 2.8 SUPPLY CHAIN MANAGEMENT

### OVERVIEW SUPPLY CHAIN MANAGEMENT

In terms of MFMA section 110 – 119 and the SCM Regulations of 2005 and other relevant MFMA circulars, it sets out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption. Section 217 of the Constitution and 112 of MFMA requires that a



# Chapter 2

procurement system which is transparent ensures cost effectiveness equity, that must be competitive and fair.

The challenges in the supply chain management include broadly the high historical irregular expenditure that have not been concluded after the matter had been tabled to Council for further investigation. The Municipality had incurred R 771 490 on expenditure that were not in terms of the SCM policies and regulations and R 29 594 543 related to the appointment of service providers that did not have contracts in place or contracts that have expired. The total irregular expenditure as at 30 June 2022 amounted to R 703 559 931. The expenditure has been reported to Council and is awaiting its outcome after the matter had been delegated to a committee of Council, the Municipal Public Accounts Committee (MPAC) for further investigation.

The Constitutional Court Judgement of the 16<sup>th</sup> February 2022 regarding the Preferential Procurement Regulations of 2017 had an adverse effect on the procurement process as some of the bids that were not responsive had to be readvertised. The Municipality could not proceed until such time that a request for exemption was approved in terms of PPFA 3 c and Section 2 (1) a, b and c and its regulations. This further delayed the implementation of some capital projects.

The Municipality introduced various systems to curb the increase in irregular expenditure. This includes but is not limited to the following:

- 1) Restructuring the Supply Chain Management Unit to be in line with the SCM Pillars
- 2) Introduction of Standard Operating Procedures (SoPs) and checklists to ensure adherence to SCM policies & Regulations
- 3) Establishment and appointment of Bid Committees in line with SCM Regulations
- 4) Introduction of Request for Quotes register
- 5) Introduction of contract management policy.

In respect of building capacity within the supply chain management unit, one official has enrolled for a SCM Higher Certificate with MANCOSA. In addition, Provincial Treasury has also committed to assist the municipality with training of BID Committee members including the SCM staff. It is also a requirement that SCM staff also on an annual basis complete financial disclosure forms.

The Municipality has developed Unauthorised Irregular Fruitless and Wasteful expenditure reduction strategy. The centralisation of the supply chain management function will further strengthen the managing of service providers as well as the procurement of goods and services.

*T 2.8.1*

## 2.9 BY-LAWS

### By-laws Introduced during 2023/2024

# Chapter 2

Developed	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
None				
*Note: See MSA section 13.				T 2.9.1

## COMMENT ON BY-LAWS:

In line with section 11 (3) of the Municipal Systems Act 2000, municipal councils are given the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation. The Municipality has developed various by-laws with a view to regulate and administer all affairs in the Municipality. No by-laws were approved by Council during the 2023/2024 financial year.

T 2.9.1.1

## 2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Annual and adjustments budgets and all budget-related documents	Yes	19 June 2024
All 2023/2024 budget-related policies	Yes	19 June 2024
The 2022/2023 Annual Report	Yes	7 February 2024
The 2023/2024 Annual Report	Still to be published	After Council approval
All service delivery agreements for 2023/2024	Yes	10 July 2024
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	9-Sep-24
All long-term borrowing contracts valid during 2023/2024	N/A	N/A
All supply chain management contracts above a prescribed value for 2023/2024	N/A	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during	No	N/A
Contracts agreed in 2023/2024 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 done during 2023/2024	N/A	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during 2023/2024	No	

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*Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.*

## COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The municipal website was newly developed and went live on 1<sup>st</sup> September 2024. The Municipality placed documents on the website as per the requirements of the Municipal Systems Act and the Municipal Finance Management Act, including documents that were available prior the new website going live. The official website can be accessed on [www.lekwalm.gov.za](http://www.lekwalm.gov.za).

T 2.10.1.1

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

### PUBLIC SATISFACTION LEVELS

Public satisfaction surveys have not been conducted as a means to monitor the level of service provision by the Municipality to its communities. It must however be noted that over the past year, complaints and negative publicity received via the local newspaper, the Lekwa Facebook page and other social media platforms, it is evident that communities are dissatisfied with the level of services rendered. In order to ensure that the various service departments render effective and efficient services to the communities, Ward Committees through their ward operational plans, remain in touch with issues on the ground.

The Local Government Elections were held in November 2021 and political stability began to be restored within the municipality, with current community participation programmes further strengthening it. Interactions with communities through the Mayoral Izimbizo programme was resuscitated and both Ward Committees and Community Development Workers and community interactions has been ongoing.

T 2.11.1

### COMMENT OF SATISFACTION SURVEYS

To support service delivery and promotion of access to our communities, the Municipality has procured the services of MUNSOFT which is responsible for deployment of Document Management System which contain various module which includes amongst others the Customer Care System. Training has been conducted to the Supervisors at Technical Services including the frontline staff at Call-Centre which operates 24/7. In the spirit of co-operative governance, COGTA has made a commitment to

# Chapter 2

assist Municipalities in Mpumalanga in conducting community satisfaction surveys. COGTA has also introduced the GOVCHAT which allows the public to register their complaints ranging from water and electricity including other services rendered by other government departments nationally.

T 2.11.2.1

## COMMENT ON PUBLIC SATISFACTION LEVELS:

The Municipal Service Standards and Charter as well as the Customer Care Policy is in the process of being reviewed, and to be finalized in the 2024/2025 financial year. In order to create a platform where communities can voice their suggestions and complaints, suggestion boxes have been procured and placed at strategic points throughout the municipality that can be utilized for receiving suggestion and complaints from our consumers and efforts will be made to regularly monitor the information received.

T 2.11.2.2

# Chapter 3

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

### INTRODUCTION

The population of Lekwa has increased from 115 268 in 2011 to 140 970, according to StatsSA as further outlined in the Socio-Economic Review Outlook (SERO) report. It also indicates a decrease in informal settlement dwellings from 23.9% (7 414 in 2011) to 19.1% (7 129 in 2016). Noting the following levels of basic service provision for households, it is a clear indication that with the growing population, services must be upgraded and maintained commensurate with the said growth rate.

#### Proportion of Households with minimum level of Basic services

Service Delivery Area	2020/2021	2021/2022	2022/2023	2023/2024
Electricity service connections	91%	91%	91%	93,8%
Water - available within 200 m from dwelling	90%	90%	90%	93,7%
Sanitation - Households with at least VIP service	87%	87%	87%	97%
Waste collection - kerbside collection once a week	69%	69%	69%	65,8%

The challenges faced by the Municipality in respect of continuous, uninterrupted supply of water, electricity and refuse collection has been compounded by the current population growth and the further deterioration of infrastructure, without the commensurate regular repairs and maintenance being undertaken. With a clear mandate to focus on the priority areas of water, sanitation and electricity provision, the focus remained on trying to improve the provision of these services.

The following capital projects were completed in the year under review in order to address some of the basic service delivery challenges:

- Construction of Kieser reservoir and pressure tower
- Upgrade of Coligny sewer line
- Upgrade of A Sub (Phase 1)
- Purchase of a 10 ton refuse truck
- Installation of VIP Toilets
- Rehabilitation of Hlongwane Drive
- Upgrade of Morgenzon Road

# Chapter 3

This Chapter provides information per department and functional service delivery areas ranging from roads and transport, local economic development, town planning, human settlements, solid waste management, environmental health, safety and security and emergency services. A brief reference to service delivery performance in respect of the largest capital projects undertaken is included in **Appendix E**.

Critical to effective and sustainable service delivery is the need for a capacitated and skilled work force. With critical skills gaps having been identified, the workplace skills plan and relevant training programmes will be critical to deal with staff and skills shortages.

*T 3.0.1*

## COMPONENT A: BASIC SERVICES

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

### INTRODUCTION TO BASIC SERVICES

The 2022/2023 financial year still focused on attending to service delivery challenges relating to infrastructure refurbishment and upgrade, by undertaking capital projects relating to water, sanitation, and electricity. It must however be noted that it included the conclusion of projects that were commenced in the 2020/2021 financial year.

The continued pressure on existing infrastructure as most of the bulk infrastructure is functioning at beyond its maximum capacity due to the expansion of especially residential developments without the commensurate upgrade and regular maintenance of existing infrastructure over the past few years, has placed additional strain on the infrastructure capacity.

The policy objectives as outlined in Chapter 3 is based on the service delivery targets set for the 2022/2023 financial year, in line with the approved SDBIP. The information as outlined, provide additional operational information as well as information that is in line with information contained in the chapter and Component K on organisational performance Report, in line with the Annual Performance Report (APR) which was prepared in terms of section 46 of the MSA, and submitted to the Auditor-General for auditing. Full details on the audited APR, is contained under Component K.

The Municipality does not have any entities under its management and a full list of functions of the Municipality are included in **Appendix C**.

*T 3.1.0*

# Chapter 3

## 3.1. WATER PROVISION

### INTRODUCTION TO WATER PROVISION

The Municipality has identified and implemented the projects of the refurbishment of the Standerton and Morgenzon Water Treatment Plants in order to improve water supply to the community.

The following is the current status in respect of the water treatment plants within Lekwa:

AREA	STANDERTON AND SAKHILE	MORGENZON AND SIVUKILE
WATER DEMAND	42ML/day	3.9 ML/day
PREVIOUS DESIGN CAPACITY	37 ML/day	2.2ML/day
CURRENT DESIGN CAPACITY	37ML/day	2.2 ML/day
EXCESS/DEFICIT	Deficit of 5 ML/day	Deficit of 1.7ML/day

The following challenges has been identified in respect of water supply:

- \* Inconsistent water supply to high lying areas of Sakhile, Standerton Extensions 6, 7 and 8;
- \* The existing configuration of the Standerton water supply system is affecting the efficient and equitable supply of water due to low pressure in supply in high lying areas.
- \* The bulk pumping mains from the Standerton Water Treatment Works to the 3 reservoirs are connected directly to the water reticulation network which supplies Standerton town areas resulting in the reservoirs not filling up during peak periods of sufficient water supply from the water treatment works. Newer areas which are connected to the reservoirs and are only supplied from the reservoirs do not always get water during peak periods and when the reservoirs are low.
- \* During the 2022/2023 financial year, the following water services related project was implemented:

- Construction of Kieser reservoir and pressure tower

The backlog on a constant supply of piped water in the rural wards 9, 12, and 13 remains and continues to be serviced through water tankers. The Municipality is a Water Services Authority and it did not have contracts with any water services providers during the 2022/2023 financial year. The Municipality depends on grants for the refurbishment and upgrade of water services and funds are insufficient to adequately address all such backlogs.

The water demand of the Municipality is higher than the design capacity of the Standerton Water Treatment Plant. As a mitigation measure Goldi has applied and has been granted a water use license which will enable them to abstract water from the Vaal River. This will then ease the water demand from the Standerton Water Treatment Plant. The Municipality has been delivering water to the community in the high lying areas, informal settlements rural which do not have access to water utilising six water trucks. The Municipality through the assistance of GSDM and DWS has commenced the upgrade of the Standerton Water Treatment Plants and related bulk infrastructure in order to address the water supply challenges. The Municipality also undertook the refurbishment of boreholes in the rural wards.

# Chapter 3

T3.1.1

Total Use of Water		
	Rand Value	Unaccounted water losses
2020/2021	77,970,922	73%
2021/2022	212,407,671	47%
2022/2023	230,578,296	69%

T 3.1.2

## COMMENT ON WATER USE:

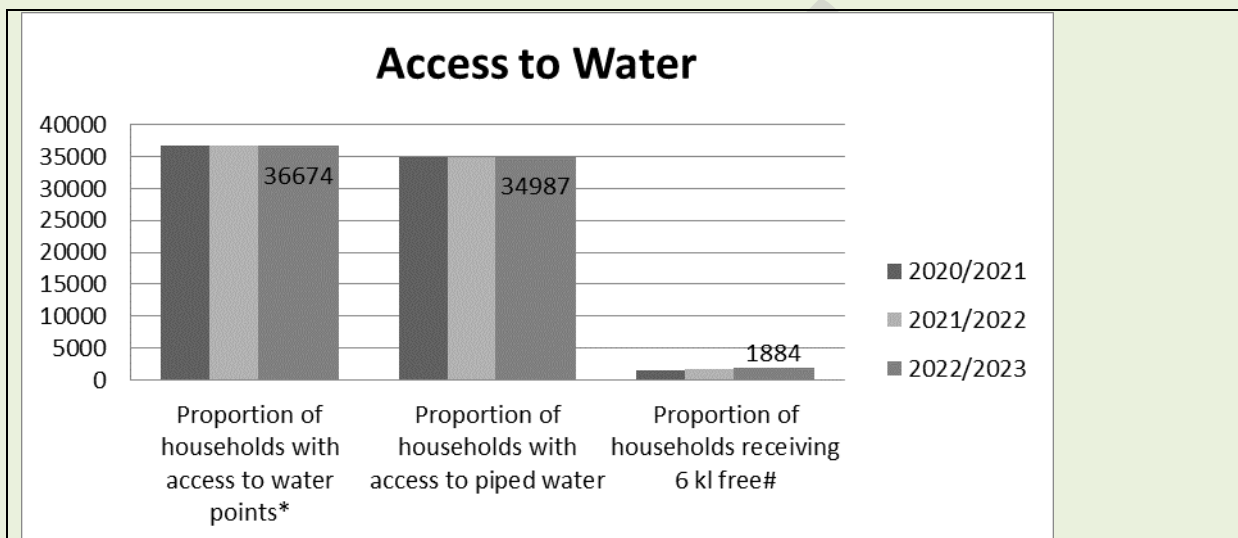
The extent of water losses are significant, noting the aging water infrastructure and insufficient maintenance of such infrastructure which has a direct impact on the increase in both technical and non-technical water losses. Another contributing factor is the supply of water through water tankers. The water tankers obtains water from municipal water sources, which forms part of indirect water losses.

T 3.1.2.2

Water Service Delivery Levels				
Description	Households			
	2019/2020 Actual No.	2020/2021 Actual No.	2021/2022 Actual No.	2022/2023 Actual No.
<b>Water: (above min level)</b>				
Piped water inside dwelling	33 833	33 833	33 833	36 052
Piped water inside yard (but not in dwelling)	0	0	0	0
Using public tap (within 200m from dwelling)	1 154	1 154	1 154	1 154
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	34 987	34 987	34 987	37 206
<i>Minimum Service Level and Above Percentage</i>	94%	94%	94%	94%
<b>Water: (below min level)</b>				
Using public tap (more than 200m from dwelling)	1 687	1 687	1 687	1 687
Other water supply (more than 200m from dwelling)				
No water supply	660	660	660	660
<i>Below Minimum Service Level sub-total</i>	2 347	2 347	2 347	2 347
<i>Below Minimum Service Level Percentage</i>	6%	6%	6%	6%
<b>Total number of households*</b>	<b>37 334</b>	<b>37 334</b>	<b>37 334</b>	<b>38 583</b>



# Chapter 3



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#
2020/2021	36674	34987	1461
2021/2022	36674	34987	1730
2022/2023	36674	34987	1884
			T 3.1.5

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

# 6,000 liters of potable water supplied per formal connection per month

T 3.1.5

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
15	100% access to water	Number of water leaks repaired	1215 Water leaks repaired	Achieved	Repair of 1000 water leaks	1000 water leaks repaired	1140 water leaks repaired (+140 variance)	Achieved	5040400	3371410,48	Quarterly Progress Report				Technical Services	1-12,14 & 15

# Chapter 3

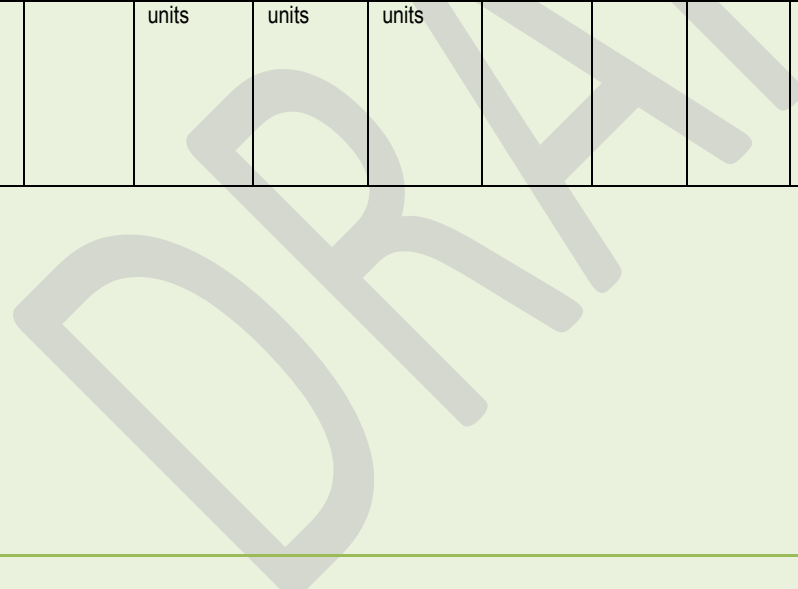
KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
16	100% access to water	% construction of reservoir and pressure tower	Construction @25%	Achieved	Construction of Kieser reservoir and pressure tower	100% construction of Kieser reservoir and pressure tower	95% construction of Kieser reservoir and pressure tower completed (-5% variance)	Not Achieved	27 545 575,00	27 545 575,00	Quarterly Progress Report	Progress Reports ; Completion certificate	Delays due to water tightness testing and commissioning. Sealing of reservoir and connection of water from bulk water supply to enable the concrete reservoir and elevated water tank to be filled with water and tested for water tightness.	Water tightness testing and commissioning be completed . Contractor to connect bulk water supply to the reservoir, seal the the reservoir and conduct water tightness testing to ensure that there is no leakage. Outstanding contract balance for the project has been	Technical Services	10

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
17	100% access to water	Number of boreholes installed	New KPI	New KPI	Installation of two boreholes	2 Boreholes installed	2 Boreholes installed	Achieved	200 000,00	1 933 664,78	Quarterly Progress Report	Progress Reports ; Completion certificate			Technical Services	9; 12
18	100% access to water	% refurbishment of water infrastructure	New KPI	New KPI	Refurbishment of Morgenzon raw water pumping	100% refurbishment of Morgenzon raw water pumping	100% refurbishment of Morgenzon raw water pumping	Achieved	1077790	937209,86	Progress Reports	Progress Reports ; Completion certificate			Technical Services	14

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
					units	units	units					te				



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
19	100% access to water	KPI removed. Appointment of Service Provider to be undertaken by DBSA to develop WSDP.			Develop WSDP		KPI Removed . Not for annual reporting	KPI Removed. Not for annual reporting			Progress Reports				Technical Services	1 to 15

# Chapter 3

## Employees: Water Services

Job Level	2021/2022		2022/2023		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	25	40	25	15	38%
10 - 12	10	20	10	10	50%
13 - 15	1	3	1	62	67%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	37	64	37	38	59%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.  
T3.1.7

Capital Expenditure 2022/2023: Water Services						R' 000
Capital Projects	Year 2022/2023					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	14787	8179	8179	-81%		
Upgrading of Standerton Water Bulk System phase 2 - Construction of Kieser Reservoir & Pressure Tower	14787	8179	8179	-81%	36 000	

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).  
T 3.1.9

### COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

# Chapter 3

The backlog still remains on the supply of piped water in the informal. rural wards 9, 12, and 13 and sufficient budget was not available to address all backlogs, however there is an ongoing programme for the refurbishment of boreholes, other rural areas are also provided with water on an ongoing basis using water tankers.

The Municipality is the Water Services Authority and it did not have contracts with any water services providers during 2022/23. The Municipality depends on grants for the extension and provision of water services, but such funds are not adequate in addressing all backlogs and the complete refurbishment of existing water infrastructure.

T 3.1.10

## 3.2 WASTE WATER (SANITATION) PROVISION

### INTRODUCTION TO SANITATION PROVISION

Providing adequate sanitation facilities remains one of the major challenges towards basic service delivery, especially among poor and rural communities. Households that do not have access to adequate sanitation facilities may be using a bucket system or unimproved pit toilets. In addition, poorly designed or operated water-borne sewerage systems, especially in urban areas, if it fails or if it is inadequate, impacts on the health of communities. The negative impact on the environment can also be extremely serious, especially when raw sewage begins to spill into rivers and streams. Concerted efforts must therefore be made to address these challenges as it can adversely affect communities and the environment at large. The provision of a basic level of household sanitation to mainly rural communities and informal settlements, as areas with the greatest need must be attended to and requires an environmentally sound approach to providing sanitation services and addressing the need to protect surface and ground water resources from sanitation pollution through integrated environmental management practices. Inadequate sanitation facilities and infrastructure combined with unhygienic practices represent South Africa's sanitation problem that must be addressed.

In addressing these challenges, the following sanitation projects were undertaken during the 2022/2023 financial year:

- Upgrade of Coligny sewer line

T 3.2.1

Sanitation Service Delivery Levels				
Description	2019/2020	2020/2021	2021/2022	*Households
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.

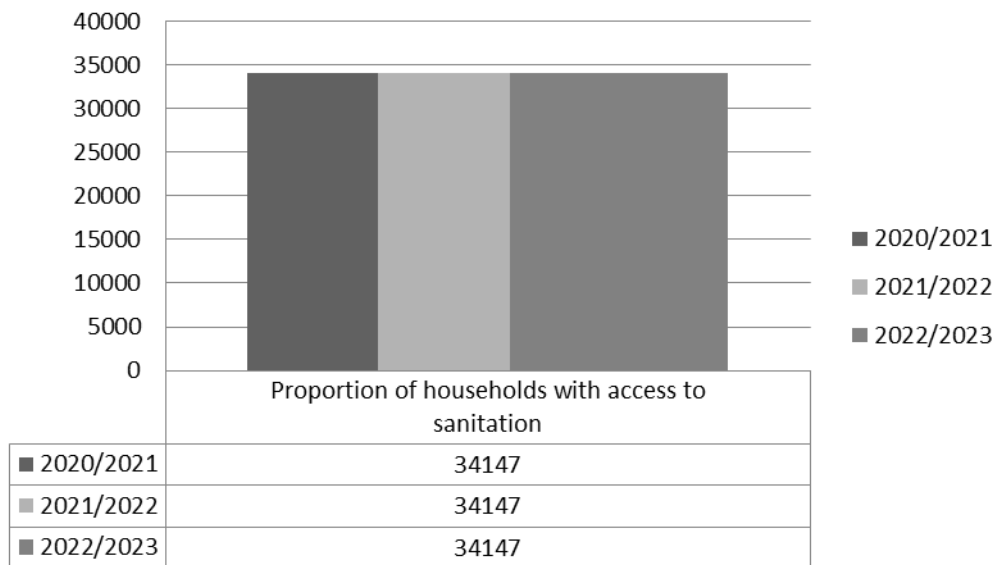


# Chapter 3

<b><u>Sanitation/sewerage: (above minimum level)</u></b>				
Flush toilet (connected to sewerage)	32 001	32 001	32 001	32 00
Flush toilet (with septic tank)	293	293	293	293
Chemical toilet	0	0	0	0
Pit toilet (ventilated)	1 853	1 853	1 853	1 853
Other toilet provisions (above min.service level)	0	0	0	0
<i>Minimum Service Level and Above</i>		34 147	34 147	34 147
<i>sub-total</i>	34 147			
<i>Minimum Service Level and Above</i>				
<i>Percentage</i>	91%	91%	91%	91%
<b><u>Sanitation/sewerage: (below minimum level)</u></b>				
Bucket toilet	-	-	-	-
Other toilet provisions (below min.service level)	1 864	1 864	1 864	1 864
No toilet provisions	1 323	1 323	1 323	1 323
<i>Below Minimum Service Level sub-</i>				
<i>total</i>	0	0	0	0
<i>Below Minimum Service Level</i>				
<i>Percentage</i>	9%	9%	9%	9%
<b>Total households</b>	<b>37 334</b>	<b>37 334</b>	<b>37 334</b>	<b>37 334</b>
<b>*Total number of households including informal settlements</b>				<b>T 3.2.3</b>

# Chapter 3

## Access to Sanitation



T 3.2.5

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
20	100% access to sanitation	Date by which Sanitation Operations and Maintenance Plan developed	New KPI	New KPI	Develop Operation and Maintenance Plan	Sanitation Operations and Maintenance Plan developed by 30 June 2024	Sanitation Operations and Maintenance Plan developed	Achieved	0	0	Quarterly Progress Report	Draft Operations and Maintenance Plan			Technical Services	MP305
21		Number of VIP toilets installed	50 VIP toilets installed	Achieved	Installation of 100 VIP toilets	100 VIP toilets installed	100 VIP Toilets installed	Achieved	2 000 000	2 000 000	Progress Reports	Progress Reports			Technical Services	9; 12; 13

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
22		% refurbishment of sanitation infrastructure	New KPI	Achieved	Refurbishment of Johan, Steijn and Rooikpe n sewer pump stations	100% Refurbishment of Johan, Steijn and Rooikpe n sewer pump stations	100% refurbished sewer pump stations	Achieved	1000000	1000000		Progress Reports	Progress reports; Completion certificate		Technical Services	4

# Chapter 3

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# Chapter 3

Employees: Sanitation Services					
Job Level	2021/2022	2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	18	52	18	35	67%
10 - 12	10	21	10	11	52%
13 - 15	2	4	2	2	50%
16 - 18	0	1	0	1	100%
19 - 20	0	0	0	0	0
Total	30	78	30	49	63%

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

T 3.2.7

Capital Expenditure 2022/2023: Sanitation Services					
Capital Projects	Year 2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	16 101 000	22 849 000	22 849 000	30%	
Installation of VIP toilets	1 000 000	843 000	843 000	-19%	
Refurbishment and upgrade of sewer pump stations (Coligny sewer line upgrade.)	15 101 000	22 006 000	22 006 000	31%	

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

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

# Chapter 3

Challenges relating to efficient sanitation service delivery can be addressed by means of the following strategic interventions:

- facilitating the participation of communities to be fully involved in projects that relate to their health and well being;
- promoting health and hygiene awareness and practices;
- development and use of local resources
- upgrading of existing facilities
- adopting an integrated environmental management approach;
- developing a common approach to implementation; and
- undertaking specific programmes to clear the backlog.

The project as implemented during the 2022/2023 financial year has not dealt with the extent of the backlogs, but has been critical towards beginning to address these challenges. Understanding that sanitation provides dignity to human life, will also require that more sustainable solutions to sanitation services be considered, especially within rural areas, where septic tanks should be considered in future instead of the current VIP toilet systems.

*T 3.2.10*

## COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Challenges relating to efficient sanitation service delivery can be addressed by means of the following strategic interventions:

- \* facilitating the participation of communities to be fully involved in projects that relate to their health and well being;
- \* promoting health and hygiene awareness and practices;
- \* development and use of local resources
- \* upgrading of existing facilities
- \* adopting an integrated environmental management approach;
- \* developing a common approach to implementation; and
- \* undertaking specific programmes to clear the backlog.

The projects as implemented during the 2022/2023 financial year has not dealt with the extent of the backlogs, but has been critical towards to address these challenges, noting the intervention by the Department of Water and Sanitation.

*T 3.2.10*

# Chapter 3

## 3.3 ELECTRICITY

### INTRODUCTION TO ELECTRICITY

The Notified Maximum Demand (NMD) remains a challenge within the Municipality, which means that once the 55MVA maximum has been exceeded during any period, Eskom imposes penalties. The upgrading of the existing electricity network is a major priority since the network is ageing. The major challenges are distribution losses, illegal connections, meter bridging, breakdowns, service interruptions and limited capacity with the increased electricity demand. The upgrading of the entire electricity network still requires attention, noting especially the potential that it has to attract investors if consistent electricity supply can be provided.

T 3.3.1

Electricity Service Delivery Levels				
Description	2019/2020	2020/2021	2021/2022	Households 2022/2023
	Actual No.	Actual No.	Actual No.	Actual No.
<b><u>Energy: (above minimum level)</u></b>				
Electricity (at least min.service level)	34,491	34,619	34,645	34,645
Electricity - prepaid (min.service level)	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	34,491	34,619	34,645	34,645
<i>Minimum Service Level and Above Percentage</i>	92%	93%	93%	93%
<b><u>Energy: (below minimum level)</u></b>				
Electricity (< min.service level)	2,843	2,715	2,689	2,689
Electricity - prepaid (< min. service level)	–	–	–	–
Other energy sources	–	–	–	–
<i>Below Minimum Service Level sub-total</i>	2,843	2,715	2,689	2,689
<i>Below Minimum Service Level Percentage</i>	7,6%	7,3%	7,2%	7,2%
<b>Total number of households</b>	37,334	37,334	37,334	37,334

T 3.3.3



# Chapter 3

Total Use of Electricity		
	Rand Value	Unaccounted electricity losses
2020/2021	124,403,915	38%
2021/2022	158,257,039	36%
2022/2023	125,019,695	25%

T 3.3.2

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# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
23	100% access to electricity	km of bulk electricity line to Meyerville constructed	New KPI	New KPI	Construction of 2km bulk electricity line to Meyerville.	2km bulk electricity line to Meyerville constructed	2km bulk electricity line installed	Achieved	0		Quarterly Progress Report				Technical Services	4
24	100% access to electricity	MVA transformer installed	Transformer ordered.	Not Achieved	A substation upgraded. (Installation of 20 MVA transformer)	20 MVA transformer installed by 30 June 2024	20 MVA transformer installed	Achieved	7000000	7000000	Quarterly Progress Report	Progress reports; Completion certificate			Technical Services	7

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
25	100% access to electricity	% completion of design for kV line	New KPI	New KPI	Design for 11kV line between A Substation and Rooikoppen.	100% Design completion for 11kV line between A Substation and Rooikoppen.	100% completed designs on 11 KV lines	Achieved	1500000	1500000	Quarterly Progress Report	Completed designs			Technical Services	11

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
26	100% access to electricity	KPI removed. Previous application submitted to Eskom and Eskom responded by saying application will only be considered if the Municipality is in a position to service current account.			Submit request to Eskom for upgrade of NMD		KPI Removed . Not for annual reporting	KPI Removed. Not for annual reporting			Quarterly Progress Report				Technical Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
27	100% access to electricity	% progress on designs and tender documentation for installation of high mast lights	New KPI	New KPI	Design and tender documentation for installation of high masts lights	100% progress on design and tender documentation for installation of high mast lights by 30 June 2024	100% design and tender documentation for installation of high mast lights concluded	Achieved	0		Quarterly Progress Report	Progress reports; Designs			Technical Services	8; 10

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
28		Number of street lights repaired	317 street lights repaired	Achieved	Repair 400 street lights	400 street lights repaired	977 Street lights repaired (+577 variance)	Achieved	85215	85215	Monthly progress reports	Quarterly progress reports			Technical Services	3,4,8,10
29		Number of highmast lights repaired	37 highmast lights repaired	Achieved	Repair 20 high mast lights	20 high mast lights repaired	114 Highmast lights repaired (+94 variance)	Achieved	250000	2369548	Monthly progress reports	Quarterly progress reports			Technical Services	1,2,3, 4, 5,6,7,15, 12, 14

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
30		Number of electricity meters installed	4946 electricity meters inspected and audited	Achieved	Installation of 100 electricity meters	100 electricity meters installed	3128 Electricity meters installed (+3028 variance)	Achieved	340000	3419330	Monthly progress reports	Quarterly progress reports			Technical Services	1 to 11, 13 & 15

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
31		Date for development of Energy Efficiency and Demand Side Management (EEDSM) Strategy	New KPI	New KPI	EDMS Strategy Document developed	Energy Efficiency and Demand Side Management (EEDSM) Strategy developed by 30 June 2024	Energy Efficiency and Demand Side Management (EEDSM) Strategy developed	Achieved	0		Quarterly progress report	Progress reports on development of EEDSM Strategy document			Technical Services	MP305



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
32		Date for development of Electricity Maintenance Plan	New KPI	New KPI	Development of Electricity Maintenance Plan	Electricity Maintenance Plan developed by 30 June 2024	Electricity Maintenance Plan developed	Achieved	0		Quarterly progress report	Progress reports on development of Electricity Maintenance Plan;			Technical Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
33		% Expenditure on rehabilitation of electricity infrastructure	New KPI	New KPI	Rehabilitation of water drainage system, installation of 0.5HP and drainage pipe (showground, BB and Sakhile switching stations), Rehabilitation of water drainage system, Installation of storm water drainage pump (ext-8 switching station), Rehabilitation, replacement of breakers and cubicles (Standard	100% Expenditure on rehabilitation of electricity infrastructure	100% Expenditure on rehabilitation of electricity infrastructure	Achieved	34930696	39501269,85	Progress Reports	Progress reports; Completion certificates			Technical Services	1,2,3,5,6,8,9,10,11

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# Chapter 3

Employees: Electricity Services					
Job Level	2021/2022	2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	2	0	0%
4 - 6	3	3	2	2	67%
7 - 9	6	8	29	15	188%
10 - 12	7	15	2	0	0%
13 - 15	9	15	0	4	27%
16 - 18	11	21	0	22	105%
19 - 20	18	30	0	0	0%
Total	55	93	35	43	46%

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

T 3.3.6

Capital Expenditure Year 2022/2023: Electricity Services						R'
Capital Projects	2022/2023					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	7 000 000	3 000 000	3 000 000	1 000 000 -		
Upgrading of Standerton A Substation Phase 1	7 000 000	3 000 000	3 000 000	1 000 000 -	10 000 000	

*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

# Chapter 3

## COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The capital project implemented was the phase 1 upgrade of A sub. Managing Eskom loadshedding received attention through the ongoing engagement with Eskom regarding the application on increased NMD.

T 3.3.9

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

### INTRODUCTION TO WASTE MANAGEMENT

The waste management division renders waste management services within the municipality. The services rendered are waste collection (household and business), street cleaning, maintenance and operation of landfill sites, and clearing illegal dumping spots. Waste is collected in ten (10) wards, and the remaining three wards do not have the service due to insufficient resources.

Waste collection is divided into six zones: five zones for residential areas and one zone for businesses.

According to the 2022 census, Lekwa municipality has 38583 households, of which 31320 have access to the weekly waste collection schedule. Due to insufficient resources, waste is collected on weekends to provide residents equal access to services. Currently, the municipality has six waste collection trucks, which are insufficient to cover all areas during the week and extend the service to unserved areas.

Rural areas have no access to waste collection services.

On a daily basis, street-cleaning services are rendered within the Central Business District (CBD), open spaces and main entrances/exits through town. Due to resource and capacity constraints, street-cleaning services cannot currently be extended to all areas within Lekwa. The Community Works programme has also been utilised to clean identified areas.

The municipality has two landfill sites: Standerton, which is operational, and Morgenzon, which is closed and due for rehabilitation.

The following are critical challenges faced by the solid waste management division:

# Chapter 3

- Insufficient personnel in respect of solid waste management and street cleaning services;
- Inaccessibility of roads by refuse collection vehicles due to bad road conditions especially during rainy season;
- Refuse vehicles being used excessively due to limited number of vehicles, which shortens the lifespan of the vehicles, yet vehicles are insufficient to render services in all areas;
- The municipality is operating with six refuse collection trucks, while eleven refuse trucks are required to service all registered households and businesses.
- The extending of waste management services has not been realised due to limited resources;
- Littering and illegal dumping in all sections of Lekwa remains a challenge as the result of inconsistency waste removal;

T 3.4.1

Solid Waste Service Delivery Levels				
Description	2020/2021	2021/2022	2022/2023	Households 2023/2024
	Actual No.	Actual No.	Actual No.	Actual No.
<b><u>Solid Waste Removal: (Minimum level)</u></b>				
Removed at least once a week	25946	25946	25946	31320
<i>Minimum Service Level and Above sub-total</i>	25946	25946	30518	31320
<i>Minimum Service Level and Above percentage</i>	84,0%	85,4%	69,5%	81,74%
<b><u>Solid Waste Removal: (Below minimum level)</u></b>				
Removed less frequently than once a week	0	0	0	542
Using communal refuse dump	0	0	0	1550
Using own refuse dump	0	0	0	3218
Other rubbish disposal	0	0	0	114
No rubbish disposal	4419	4419	11388	2382
<i>Below Minimum Service Level sub-total</i>	4419	4419	11388	6816
<i>Below Minimum Service Level percentage</i>	18,5%	16,0%	14,6%	30,5%
<b>Total number of households</b>	<b>27761</b>	<b>27631</b>	<b>30365</b>	<b>37334</b>

T 3.4.2

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
1	Percentage households with refuse removal services		75%	Not Achieved	100% (30518) households with access to refuse removal service	100% (23862) households with access to refuse removal as per the valuation roll	99% (-1 variance)	Not Achieved	R1 907 991,00	R1 151 851,37	Refuse Removal Schedule	Refuse removal report	Refuse was not collected during public holidays for the division not to exceed the 40hrs overtime monthly	Catch-up programme where refuse is collected within a 14 day period	Community Services & Safety	1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 14, 15

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KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
													ity limit			
2	Percentage of businesses with refuse removal		75%	Not Achieved	% of businesses with access to refuse removal	100% (720 businesses with access to refuse removal)	99,5% (-0,50 variance)	Not Achieved	1907991,00	1151851,37	Refuse Removal Schedule	Refuse removal report	Refuse was not collected during public holiday	Catch-up programme where refuse is collected	Community Services & Safety	10



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	services				service	removal services							s for the division not to exceed the 40hrs overtime monthly limit	d within a 14 day period		
3	Percentage Upgrading of		New KPI	New KPI	100% Upgrade of Standert	100% upgrade of Standert	Achieved		R21 000 000,00	R19 334 704,46	Progress report				Community Services &	1,2,3,4,5,6,7,8, 10,11,14 &15

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	Standeron landfill site				on Landfill site		on Landfill site								Safety	
4	Improved landfill site compliance	% completion of Morgen zon landfill site designs	New KPI	New KPI	Designs for rehabilitation of Morgen zon rehabilitation	100% Completion of designs	8% progresses toward Morgen zon landfill site designs. Consultant appointed	Not Achieved	0	0	Appointment Letter, Designs, Tender Document, Advert	Advert, Tender document; Appointment letter; designs	Funding removed due to reduced MIG allocation as per Mid Term	Project to be completed in the 2024/25 FY	Community Services & Safety	14

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
								d for designs.					Budget Adjustment presented by Minister of Finance in October 2023.			
5	CBD street cleaning	Number of streets cleaned	4 Reports	Achieved	4 reports prepared on	11 streets cleaned	11 streets cleaned	Achieved	R1 907 991,00	R1 151 851,37	Schedule of Street Cleaning				Community Services &	10

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	reported on quarterly				CBD street cleaning						g, Dated pictures				Safety	
6	Number of illegal dumping sites cleared and removed	Number of illegal dumping sites cleaned	New KPI	New KPI	6 illegal dumping sites cleared and removed	6 Illegal dumping sites cleaned	48 Illegal dumping sites cleaned (+42 variance)	Achieved	R1 907 991,00	R1 151 851,37	Illegal dumping site schedule and report.				Community Services & Safety	MP305

# Chapter 3

Employees: Solid Waste Management Services					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	41	70	38	32	46%
7 - 9	9	13	8	6	46%
10 - 12	1	5	1	4	80 0%
13 - 15	1	2	1	1	50%
16 - 18	1	1	1	1	100%
19 - 20	0		0	0	0%
Total	77	80	62	18	23%

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

T3.4.5

# Chapter 3

Capital Expenditure Year 2022/2023: Waste Management Services					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	19000 000	0	2 000 000	0%	
Upgrading of Standerton Landfill site	19000 000	2 000 000	2 000 000	0%	19 000 000
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.4.9</i>

## COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

The upgrading of the Standerton landfill site has been completed. The following were part of the upgrading scope:

1. Installation of 4221 metres clear view fence, access control, two high mast lights with solar panels for alternative energy
2. Construction of office block and ablution facilities
3. Supply and installation of 30-ton weighbridge
4. Drilling and equipping of two boreholes
5. Supply of water (jojo) tank and a metal stand

*T 3.4.10*

## 3.5 HOUSING

### INTRODUCTION TO HOUSING

The need for integrated residential housing programmes is evident in the ever-increasing number of informal settlements mushrooming especially along the periphery of Lekwa's residential areas within Sakhile and its extensions.

# Chapter 3

There is also still a noticeable increase in the number of residents who are in need of serviced residential stands. The need to acquire residential properties is in order to build houses for their families. There are also residents who fall within what is often referred to as the “gap housing market”. These are residents who do not qualify to receive low-cost government subsidised houses (RDP) and often find it difficult to receive housing finance from financial institutions. The municipality has requested the Department of Human Settlements to service 500 residential stands in Standerton Ext.8 which some of them can be made available to people who may want to build houses for their families.

The Mpumalanga Department of Human Settlements did not allocate any new projects to the municipality in both 2022/2023 and 2023/2024. Nevertheless, the municipality has indicated to the department that housing units for the 109 approved beneficiaries are still outstanding. These are beneficiaries who have been waiting for their houses since 2018. Also outstanding are 200 free standing housing units which must be built for 200 beneficiaries who are residing in the flats at Standerton Ext.8.

A request by the municipality in November 2020, was honoured by the Department of Human Settlement in August 2021, to move 163 housing subsidies from the project of 500 units in Standerton Ext 8 to an in-situ project, due to the unavailability of serviced sites, with 163 beneficiaries approved thus far. The 163 in-situ units plus the 109 of Standerton Extension 8 remains incomplete.

The following are projects that were still in progress during the 2023/2024 financial year:

a) The upgrading of informal settlements programme (UISP) which afford communities housing development in places where they already reside (in situ development). The project for the 200 housing units as well as the newly allocated 163 housing units fall under this programme.

b) Community Hall Project in Standerton Ext.8

Messrs Prodipix 212 JV Mrazane Pumzi Trading were appointed by the Department of Human Settlements (DoHS) to implement this project in September 2019. This project should have been completed in February 2021. This project has come to a halt several times due to cash flow constraints experienced by the contractor which has hampered progress on the completion of the project. At a meeting held on 2022-02-15 convened on site by the DoHS and the Project Managers the services of the contractor were terminated. According to the information given by the Department of Human Settlements, the tender for the project was re-advertised in September 2023.

c) 200 Housing Units Project

Messrs TGI (Pty) Ltd were appointed by the DoHS to implement this project. 189 housing units spread across 10 wards have been completed with beneficiaries having taken occupation of their houses. This project was implemented in the townships of Sakhile, Azalea, Standerton Extensions 6 and 7 and Sivukile. In February 2022 the DoHS informed the contractor about its intention to terminate its

# Chapter 3

appointment in respect of this project in view of its failure to complete the outstanding 10 housing units. The project was to be continued with, once DoHS gave written confirmation that the remaining units will be built with the new subsidy quantum as well as the availability of budget to build all the housing units allocated to it including the 163 housing units. To date, under this project, 4 houses in Morgenzon, 1 in Standerton Ext 6, 1 in Standerton Ext 7 and 2 in Sakhile have not yet been constructed and the 2 that were previously at roofing stage in Sakhile have been completed.

#### d) 163 housing units project

This allocation is the remainder from the 500 that was allocated for Extension 8, with 391 approved for Extension 8 and the 163 was moved to in-situ. Potential beneficiaries extracted from the pool of the National Housing Needs Register (NHNR) were prioritised for this project. However, it subsequently transpired that most of these beneficiaries have actually built their own houses and therefore are no longer in need of RDP houses. This meant that more beneficiaries had to be extracted from the pool. 163 beneficiaries have been approved to receive housing units under this project. The contractor has commenced with construction work but moving in a very slow pace.

#### e) 60 Community Residential Units

This project is at a halt currently following the invasion of the incomplete units by illegal dwellers which took place in 2020. In 2021 the DoHS appointed a firm of attorneys to undertake the task of obtaining an eviction order to have the illegal dwellers evicted from the units. The Divisional Manager: Human Settlements was requested by the lawyers to depose to a confirmatory affidavit concerning to the facts that led to the illegal occupation of the units. The matter is being litigated by the parties.

#### f) Transfer of ownership of RDP houses in Standerton Ext.8

The ownership of 389 RDP houses built in Standerton Ext.8 was successfully concluded with their title deeds being handed over. 186 title deeds have since been applied for and collected by the conveyancer for registration with the deed's office.

The need for integrated residential housing programmes is evident from the ever-increasing mushrooming of informal settlements, especially along the periphery of Lekwa's residential areas within Sakhile and its extensions.

There is also still a noticeable increase in the number of residents who are in need of serviced residential stands. The need to acquire residential properties for individual development. There are also residents who fall within what is often referred to as the "gap housing market". These are residents who do not qualify to receive low cost government subsidised houses (RDP) and often find it difficult to receive housing finance from financial institutions. The municipality has requested the Department of Human Settlements to service 500 residential stands in Standerton Ext.8 which can also be made available for this purpose.



# Chapter 3

T 3.5.1

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2021/2022	37334	32695	87.1%
2022/2023	38583	34145	88.0%
2023/2024	35583	34145	88.0%
			T 3.5.2

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# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
76	Number of informal settlements Relocated		Nil informal settlements relocated	Not Achieved	4 Progress reports on 1 informal settlement relocated (Enkanini Camp; Mamsy village)		4 Reports	Achieved	N/A		Q1-Q4: Progress Reports				Planning & Economic Development	9

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
77	Number of Reports on Human Settlements Projects		4 Reports	Achieved	4 Reports on Human Settlements Projects		4 Reports	Achieved	N/A		Q1-Q4: Progress Reports		Projects funded by the provincial department	to engage provincial department on fastracking the projects	Planning & Economic Development	MP305
78	Number of Housing Beneficiaries		New KPI	New KPI	4 Beneficiary Management		4 Reports (6523 beneficiaries) registered	Achieved	N/A		Q1-Q4: Progress Report		insufficient Capacity	Request for filling of vacant position	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	Registered				Reports						ts			s	ment	
79	Number of Human Settlements Awareness Campaigns Held		2 Reports	Not Achieved	4 Human Settlements Awareness Campaigns		4 Human Settlements Awareness Campaigns	Achieved	N/A		Q1-Q4: Progress Reports		N/A		Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
80	Number of Land Invasions Reported and Attended		New KPI	New KPI	4 Land Invasion Reports		3 Land Invasion Reports	Not Achieved	N/A		Q1-Q4: Progress Reports		Insufficient Capacity	Request for filling of vacant positions	Planning & Economic Development	MP305
81	Number of Title deeds issued to rightful owners		4 progress reports (200 title deeds)	Achieved	4 Progress reports on 200 Title deeds transferr		3 Progress reports on 200 Title deeds transferred	Not Achieved	N/A		Q1-Q4: Progress Reports		No control over funding title deeds and poor	Conducting of beneficiary verification prior registra	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
					ed								collecti on rate	tion		

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# Chapter 3

Employees: Housing Services					
Job Level	2023/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	6	3	3	50%
4 - 6	1	2	1	2	100%
7 - 9	1	1	1	0	0%
10 - 12	2	2	2	0	0%
13 - 15	1	1	1	0	0%
16 - 18	1	1	1	0	0%
19 - 20					#DIV/0!
Total	9	13	9	5	38%

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

T 3.5.4

## COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

The mandate in respect of the delivery of houses resides with the National and Provincial departments of Human Settlements, while the Municipality only plays a facilitating role by making land available and identifying potential beneficiaries as well as to ensure that necessary infrastructure is installed. The township of Standerton Ext.8 is facing a myriad of challenges. In as much the 1650 housing units that have been built are appreciated since they have provided a secured accommodation to 1650 families, the issue of the shoddy infrastructure and workmanship has become a blight to these projects. The inadequate water supply as well as sewer spillages are negatively affecting the residents. This is coupled with the unstable electricity supply due to inadequate electrical infrastructure.

Great effort has gone into ensuring that some of these matters are attended to. The Mpumalanga Department of Human Settlements has erected two sewer pumping units in this township. This will go a long way in alleviating the sanitation challenges. The Department of Energy has, through the INEP electrified all the RDP housing units in Standerton Ext.8. A switching station has also been erected.

The above gives hope that indeed a genuine effort is being made to attend to the matters that are of serious concern to the residents of this township.

T 3.5.7

# Chapter 3

## 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

### INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Due to the level of unemployment and resultant inequality and high levels of poverty within the municipal area, there are households that are unable to pay for their municipal services. The Municipality therefore adopted an indigent management policy to ensure that these households have access to at least a basic level of municipal services. For the 2023/2024 financial year, 2156 households registered for indigent support. The Municipality held public awareness campaigns to encourage consumers to register for indigent support.

Qualifying indigent households with an earning threshold capped at R4400 per month was eligible to apply and qualify for an indigent subsidy that is funded for the equitable share as provided and allocated through the annual Division of Revenue Act (DORA).

An indigent household is defined, as a household where the total combined monthly household income does not exceed a predetermined amount per month, equivalent to two old age pensions' income. This is determined annually for pensioners by the Department of Social Development. The allowance for free usage of electricity services is limited to 50 kilowatt unit hours per month and for water services of 6 kilolitres per month. Such qualifying indigent households must also have at least a 20 ampere circuit breaker with pre-paid electricity metering installed.

T 3.6.1

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R4,401 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	Access	%	Access	%	Access	%
2021/2022	37 334	37 334	1 730	5%	1 730	5%	1 730	5%	1 730	5%
2022/2023	37 334	33 334	1 884	6%	1 884	6%	1 884	6%	1 884	6%
2023/2024	48 108	48 108	2 156	4%	2 156	4%	2 156	4%	2 156	4%

T 3.6.3

### COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT



# Chapter 3

The Municipality provide basic services to indigent household within the municipal area. The total quantum for qualification for indigent support is R4400 total gross per household income per month. This is based on 50 KWA free electricity per month, 6 kilolitres free water per month. A rebate on the basic charge for refuse removal, sewerage and assessment rates per household, at the applicable rate per month is granted to qualifying and approved households.

There has been an increase in the number of registered indigents, but efforts will be stepped redoubled to increase the indigent registration process, considering the dire statistics of the unemployment and inequality rates within the Municipality. The indigent grant is a means to assist communities and consumers who cannot afford to pay for their municipal services, subsidised from the equitable share allocation.

T 3.6.6

## COMPONENT B: ROAD TRANSPORT

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

### INTRODUCTION TO ROAD TRANSPORT

Urban road transport infrastructure is facing many problems in South Africa. The Government acknowledges the challenges facing road transport and infrastructure. To this end, the drafting of new policy is underway which will eliminate or at least alleviate many of the problems being experienced. The Land Transport Act of 2000, the Land Transport Bill of 2008 and the 3 “way win” Strategy of 2006 which saw all three spheres of government working together to improve road infrastructure. Currently the South African Department of Transport is drawing up a National Transport Master Plan (NATMAP) intended to guide government policy up to 2050, some of the issues to be addressed by NATMAP includes the development of suitable facilities and road infrastructure to facilitate efficient transport services.

T 3.7

## 3.7 ROADS

### INTRODUCTION TO ROADS

# Chapter 3

Implementation of the Pavement Management System for maintenance and upgrading of streets, and through the intervention of Gert Sibande District Municipality on the development of RAMS “Road Asset Management System”, indicates that the Municipality has 422.9km of roads of which 237.6km is gravel and 157.7km paved or asphalt. The Municipality strives to eliminate all gravel roads, although with the assistance from other sectors department, such as Public Works Roads and Transport (DPWR&T) and SANRAL, main arterial roads is being upgraded. This includes the Secunda (R546), Bethal Rd (R39), and the Standerton to Leandra (R50) road, including the R23 towards Greylingstad and Volkstrust. This will improve accessibility and drivability of these major routes through Standerton. Although the Municipality is faced with many challenges on road maintenance due to budget constraints, ageing road infrastructure, an obsolete road maintenance fleet and constrained human resource capacity as vacant positions are not being filled. The Municipality undertook maintenance and blading of roads, assisted by the Gert Sibande District for pothole patching.

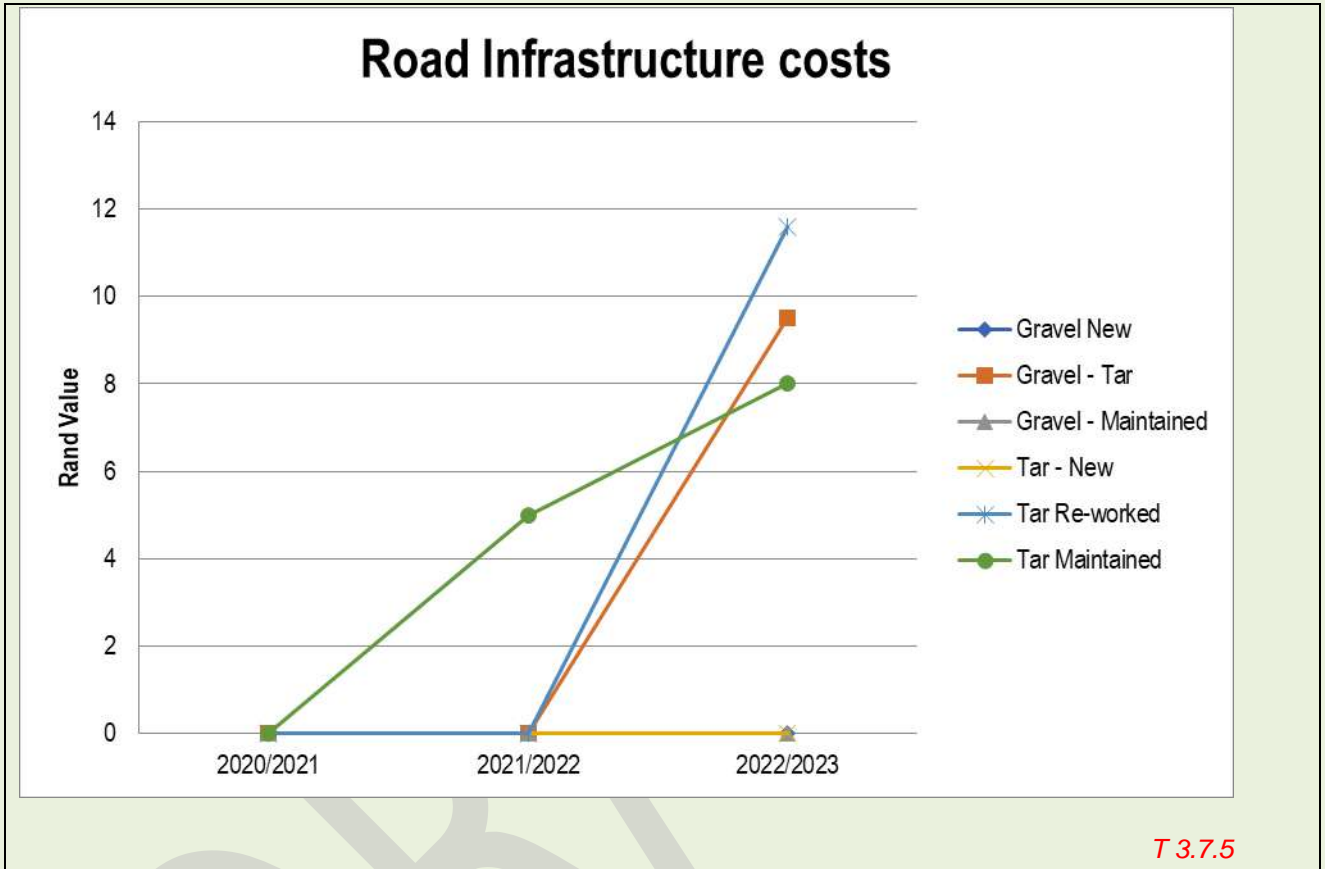
T 3.7.1

Tarred Road Infrastructure Kilometers					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2019/2020	180	0	0	12592 m2	0
2020/2021	180	0	0	0	0
2021/2022	180	0	0	0	0
2022/2023	187	0	2	0	80

Cost of Construction/Maintenance							R' 000
	Gravel			Tar			
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained	
2020/2021	0	0	0	0	0	0	
2021/2022	0	0	0	0	0	5	
2022/2023	0	9.5	0	0	11.6	8	

T 3.7.4

# Chapter 3



T 3.7.5

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
35	192 km of Roads paved/tarred	km of road rehabilitated			Designs developed for 4km of Roads to be constructed	KPI removed. No funding for this KPI and that the current focus is on rehabilitation and hence achievement would be impossible for this target.	KPI Removed. Not for annual reporting	KPI Removed. Not for annual reporting			Quarterly Progress report				Technical Services	4,8,10

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
36	192 km of Roads paved/tarred	km of road rehabilitated	1,9km road rehabilitated	Achieved	Design and tender documentation for 5km Bauman street to be rehabilitated.	10km of roads rehabilitated	12,01km of road rehabilitated (+2km variance)	Achieved	SANRAL	SANRAL	Quarterly Progress report				Technical Services	8; 10

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
37		Number of road bridges rehabilitated	New KPI	New KPI	Construction of wing walls and extension of renomattress or construction of gabions for embankment downstream. (Sakhile	Rehabilitation and upgrading of two damaged road bridges in Rooikoppen.	2 Bridges not completely upgraded and rehabilitated	Not Achieved	2,360,225.58	2360225,58	Quarterly Progress report		2MC have submitted a Variation Order for change of Scope and additional funds to cover the addition	Variation Order for change of scope and additional funds to cover the additional scope	Technical Services	11

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
					ward 11) Protection on both sides of the bridge. Cleaning of river bed and culverts								al Scope.	for completion in 24/25 FY		

# Chapter 3

Employees: Road Services					
Job Level	2021/2022	2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	0	0	0	0%
4 - 6	3	0	0	0	0%
7 - 9	6	0	0	0	0%
10 - 12	7	90	29	61	68%
13 - 15	9	29	8	21	72%
16 - 18	11	1	1	0	0%
19 - 20	18	0	0	0	0%
<b>Total</b>	<b>55</b>	<b>120</b>	<b>38</b>	<b>82</b>	<b>68%</b>

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

Capital Expenditure 2022/2023: Road Services					
					R' 000
Capital Projects	2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	12 641	12 641	100%	
Upgrade of roads within Lekwa LM	0	955	955	100%	8 113
Rehabilitation of tarred roads - Hlongwane Drive	0	11 686	11 686	100%	15 849

*Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).*



# Chapter 3

## COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

Due to budgetary constraints and the reprioritisation of water and sanitation projects, the Municipality could not sufficiently maintain its roads infrastructure. This is evident in the gradual decline in spending on road infrastructure over the past years. With the assistance of GSDM, road surface maintenance with their pothole patching programme continued.

T 3.7.10

## 3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

### INTRODUCTION TO LICENSING AND TRANSPORT

The Licensing section's main functions previously included the registering and licensing of vehicles and drivers for the purpose of maintaining order and legality on the road and to promote road safety in general. The section has been faced with challenges which include the following:

With the revenue generated from licensing not being paid over by the Municipality on a 20:80 basis to the Department of Safety, Security and Liaison as per the MoU, the service reverted back to the Department during the 2017/2018 financial year. This was preceded by extensive engagements at both provincial and municipal level. The Department is currently operating from the municipal premises and certain employees opted to be transferred whilst others preferred to remain with the Municipality and were accordingly placed.

With the service being transferred, no services under the component was rendered.

T 3.8.1

## COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL:

For the year under review, no capital projects were undertaken in respect of licensing and road transport as this activity was handed over to the Provincial Department. With the service having reverted back to the Department of Security, Safety and Liaison, the Municipality will no longer be reporting in respect of this component.

T 3.8.7

## 3.9 WASTE WATER (STORMWATER DRAINAGE)

### INTRODUCTION TO STORMWATER DRAINAGE

# Chapter 3

The implementation of the Municipality's Stormwater Master Plan by upgrading all natural streams and wetlands and maintenance of 170km of stormwater structures including catch pits has been hindered as a result of budgetary constraints the Municipality is facing, thus it is unable to meet its targets on the implementation of the Stormwater Master Plan.

T 3.9.1

Cost of Construction/Maintenance			
	Stormwater Measures		
	New	Upgraded	Maintained
2021/2022	0	0	0
2022/2023	0	0	0
2023/2024	0	0	0
			T 3.9.3

# Chapter 3

## COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

No capital funding was directed for upgrading of storm water structures in the 2022/2023 financial year and only operational activities were implemented which included the maintenance and cleaning of stormwater channels with the assistance of the Community Works Programme initiative.

T3.9.9

## COMPONENT C: PLANNING AND DEVELOPMENT

### INTRODUCTION TO PLANNING AND DEVELOPMENT

The Town Planning, building regulation and enforcement unit deals with all matters relating to improved spatial planning. There were no major service delivery priorities undertaken for the year under review.

The Land & Planning Department deliver the following services to the community:

•**Building Control and Regulation** – All building plans are submitted to the unit and circulated to the Town Planning Unit & Fire Department. If compliant with the National Building Regulations & Land Use Scheme & Fire Regulations, it is approved by the Head of the Department. Regular inspections are carried out on all construction sites and where there are contraventions, the necessary letters are issued. The control over the Built environment, record keeping and inspections on construction sites is an ongoing key activity within the unit.

•**Outdoor Advertising** – All outdoor advertising is managed by this department. This includes temporary advertising signs such as auctions and real estate boards. All other outdoor advertising has been contracted out on a 3 year basis

**Geomatics** – This section deals with issues of land encroachment and the identification of stand boundaries as per the relevant Surveyor-General diagrams. Stands are re-pegged where required to avoid boundary disputes.

•**GIS** - This Department is also responsible for the Geographic Information System (GIS) which is the custodian of all the municipalities spatial data.

T 3.10

## 3.10 PLANNING

### INTRODUCTION TO PLANNING INTRODUCTION TO PLANNING AND DEVELOPMENT

# Chapter 3

The Town Planning unit together with Land and Planning Unit deals with all matters concerning Spatial Planning and land use Management.

The Town Planning Unit and the Land and Planning Unit delivers the Following Services to the community.

- **Building Control and Regulation** – All building plans are submitted to the unit and if compliant with the National Building Regulations, it is approved. Regular inspections are carried out on all construction sites and where there are contraventions, necessary letters are issued. Building plans and inspections on construction sites is an ongoing key activity within the unit.
- **Town Planning** – The Town Planning unit is responsible for the implementation of the SDF in and ensuring compliance of the land use scheme to realise the municipal spatial vision. This includes all land use changes and transgressions as well as the enforcement thereof. The unit also guides current and future development in Lekwa through the SDF in line with the National Development Plan SPLUMA. Currently a moratorium has been placed by council on land use change/ Rezoning applications that may have an impact on bulk infrastructure
- **Geomatics** – This section deals with issues of land encroachment and the identification of stand boundaries as per the relevant Surveyor-General diagrams and stands are repegged where required to avoid boundary disputes.
- **Geographic Information Systems (GIS)**- this function provides geographic data in terms of locations/space and tools used to analyse and visualise spatial data. The function was established recently and thus requires capacity.

T 3.10.1

Applications for Land Use Development						
Detail	Formalisation of Townships/township establishments		Rezoning		Other LUD applications	
	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023
Active matters in our applications register	2	2	16	21	27	19
Determination made in year of receipt	0	0	0	3	13	7
Determination made in following year	0	0	11	6	8	9
Applications withdrawn	0	0	0	0	6	7
Applications outstanding at year end	0	0	5	12	0	18
						T 3.10.2

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
61	Council adopted IDP, Budget and PMS process plan		1 IDP, Budget, PMS Process Plan approved by August 2022	Achieved	2024/25 IDP, Budget and PMS process plan		Process Plan adopted by Council on 2023-08-29	Achieved	Not Applicable		Council Resolution and IDP/Budget /PMS Process Plan		None	Not Applicable	Planning & Economic Development	MP305
62	Strategic Planning Session convened		Strategic Planning Session convened 13-14 February 2023	Achieved	1 Strategic Planning Session convened		Strategic Planning session convened 4-5 March 2024 @ Waterfront Lodge	Achieved	R200 000		Attendance Register and the Report of the Strategic Planning Session		None	Not Applicable	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
63	Approved 2024/25 IDP		Final IDP approved 15 June 2023, Notices published	Achieved	2024/25 IDP approved		Q1: Situational Analysis Report developed, Q2: Strategic Development Report developed, Q3: Draft IDP approved 02 April 2024 ,	Achieved	R179 990		Q1: Situational Analysis Report, Q2: Strategic Development Report, Q3: Draft IDP and Council Resolution, Q4: Final IDP and Council		Rescheduling of council meetings led to delays in approval of final and draft IDP. IDPs were therefore approved outside legislature	Not Applicable	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
							Q4: Final IDP approved 04 June 2024				Resolution		d timeframes			

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
64	Number of IDP Representative Meetings Convened		3 IDP Representative Forum meetings convened	Not Achieved	4 IDP Forum meetings		4 IDP Representative Four meetings convened	Achieved	Not Applicable		Q1-Q4: Minutes and Attendance Register		None	Not Applicable	Planning & Economic Development	MP305
65	Number of progress reports on townships established		4 Reports on townships establishment of Morgenzen Extension 5 and	Achieved	4 Progress reports on 3 townships established (Morgenzen Ext 5,		4 Reports	Achieved	External Funding		Q1-Q4: Progress Reports		None	N/A	Planning & Economic Development	9; 10; 14



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
			Standard Extension 11		Sakhile Ext 7, Standard Ext 11)											

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
66	Number of Progress Reports on Development Applications Processed and Approved		4 Quarterly Reports	Achieved	4 Reports on Development Applications		4 Reports	Achieved	R5447 1.32 Revenue Generated		Q1-Q4: Progress Reports		None	N/A	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
67	Revenue Generated from Bulk Contribution Tariffs		New KPI	New KPI	4 Reports on Implementation of Bulk Contribution Policy		4 Reports	Achieved	R11 573.00 Revenue Generated		Q1-Q4: Progress Reports		None	N/A	Planning & Economic Development	MP305
68	Number of progress reports on precinct plans developed		3 Reports	Not Achieved	4 Progress reports on development of 2 Precinct plans for Riverpark		4 Reports	Achieved	R0.00		Q1-Q4: Progress Reports				Planning & Economic Development	1; 2; 10; 11

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	d				and Sakhile - (Tsoetsi Str & Hlongwane Drive)											
69	Frequency Review of SDF		New KPI	New KPI	Review of Spatial Development Framework		4 Reports	Achieved	R0.00		Q1-Q4: Progress Reports				Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
70	Number of progress reports on informal settlements upgraded		4 Reports	Achieved	4 Progress reports on 1 Informal settlement upgraded (Welamlambo): Subdivision of Erf 7847 and 5348 Sakhile Ext 4		4 Reports	Achieved	R 115 690		Q1-Q4: Progress Reports				Planning & Economic Development	2

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
71	Number of Stands identified for disposal		New KPI	New KPI	4 Progress reports on stands identified for disposal		3 Reports	Not Achieved	None		Q1-Q4: Progress Reports		Lack of personnel in Land & Property Division	Position of Property & Facilities management Officer was advertised. Shortlisting and interviews conduct	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
														ed. Awaiting appointment in 2024/25 FY		
72	Number of Municipal Owned Properties Leased		New KPI	New KPI	4 Progress Reports on Leased Properties	4 Reports	Achieved	None			Q1-Q4: Progress Reports				Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
73	Number of Regional Cemeteries Established		Wait for lessee to vacate property on 30 November and then continue with the establishment of the cemetery	Achieved	4 progress reports on the establishment of 2 regional cemeteries (Standerton & Morgenzon)		4 Reports	Achieved	None		Q1-Q4: Progress Reports		Objection received on Standerton cemetery delayed it. Leasing of Erdzak farm not concluded.	Objection and leasing of Erdzak farm resolved	Planning & Economic Development	4; 14



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
74	Number of Building Plans Approved within 30 Days		Approved 50 building plans	Achieved	50 Building Plans Approved within 30 Days		75 Building Plans approved	Achieved	None		Q1-Q4: Reports on Building Plans Approved within 30 Days				Planning & Economic Development	MP305

# Chapter 3

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# Chapter 3

Employees: Planning Services					
Job Level	2021/2022	2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
TG16	1	1	1	0	0%
TG14	1	1	1	1	100%
TG13	0	0	2	2	#DIV/0!
TG12	1	1	1	1	100%
TG11	0	0	0	0	#DIV/0!
TG10	1	1	1	1	100%
TG09	1	1	1	1	100%
Total	5	5	7	6	120%

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

Capital Expenditure 2022/2023: Planning Services						R'
Capital Projects	2022/2023					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	3,433,696	3,433,696	1,201,792	-186%		
Standerton regional cemetery	858,424	858,424	300,448	-186%	858,424	
Morgenzon regional cemetery	858,424	858,424	300,448	-186%	858,424	
Thuthukani regional cemetery	858,424	858,424	300,448	-186%	858,424	
Lekwa Land Audit	858,424	858,424	300,448	-186%	858,424	

# Chapter 3

*Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.*

T 3.10.6

## COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

With the ever-increasing demand for land required for both residential, commercial and mixed used residential development, there has been a dramatic increase over the last few years. The densification of urban areas has put a strain on available bulk infrastructure supply and this must be balanced against the investment and local economic growth opportunities that can be created through such developments. With the Spatial Development Framework in place and with the Land Use Management System, the future spatial planning and integrated development planning will see much more integrated well-structured development nodes.

Since the Lekwa SDF was adopted. Spatial Planning and Land Use Management Act (SPLUMA), the following actions listed in the Implementation Framework has been achieved:

- 1) Approval of SDF
- 2) The SDF was incorporated into the Lekwa IDP
- 3) A Land Use Management System has been compiled by National Government and was adopted in November 2020
- 4) Council has introduced a Performance Management System as required by the Municipal Systems Act of 2000
- 5) Standerton Extension 8 was established and will be the first mixed income housing development in Lekwa.
- 6) The following by-laws are in draft format and has been distributed for comments: Open Space Plan, Urban Edge Policy and Encroachment Policy
- 7) In line with SPLUMA, a Spatial Planning and Land Use Management by-law was developed and adopted by Council
- 8) At district level, a Joint Municipal Planning Tribunal (JMPT) has been established to deal with the land use and development applications classified under Category B in terms of SPLUMA
- 9) The Municipality conducted a Land Audit to guide Council regarding the alienation of properties under the area of jurisdiction within Lekwa.

The following are challenges faced by the unit:

- 1) The enforcement of the Town Planning Scheme, National Building Regulations and dealing with such related transgressions are not effective. This is mainly due to the minimal fines that are currently in place that may be imposed. It is suggested that the penalties for transgressions be of such a magnitude that it will discourage anyone from not complying with all legislation. The said penalties were approved by Council

# Chapter 3

- 2) Council informed the public, in the past via the local papers, regarding all legislation related to building control and land uses. This exercise of educating the community should be done on a regular basis.
- 3) Town Planning and Land & Planning unit should also be equipped with of a “Law Enforcement Officers”/ land use inspectors accreditation status to assist them with their daily duties to deal with transgressions.
- 4) The fact that this Department is not prioritised when capital funds are allocated via the budget makes it impossible to address issues mentioned in the implementation framework of the Lekwa SDF.
- 5) Currently the Municipality does not have a fully functional GIS in operation. It is currently being addressed via the SLA between Council and the Gert Sibande District Municipality. The position of GIS Operator has been vacant for a number of years and was filled in April 2020.
- 6) With the implementation of SPLUMA and the wall-to-wall land use scheme for Lekwa, the need of land use inspectors will become critical. There is some improvement with the capacitating the unit. A fully function has enabled the unit to attend to land use management as well as to reduce illegal land invasions and pressure on overloaded infrastructure.
- 7) There is a huge demand for stands for Residential, Business and Church stands.

## 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

### INTRODUCTION TO ECONOMIC DEVELOPMENT

Local Economic Development (LED) within Municipality, is established to fulfil the constitutional as required by section 152 (c) of the constitution of Republic of South Africa Act 108 of 1996, this section compels Local Government to promote Social and economic development, The Municipality is expect to create a conducive environment for economic Growth. The Collaboration between Lekwa and other social Partners had made a difference in creating a conducive environment, however it worth mentioning that a lot need to be done in order attract new investment and support the existing investors to support Local economic Growth.

T 3.11.1

Census 2011		Community survey by Stats SA 2016	
Poverty Headcount	Intensity of Poverty	Poverty Headcount	Intensity of Poverty
4,5%	41,5%	5,0%	42,8%
UNEMPLOYMENT RATE AS PER STATS SA CENSUS 2011			

# Chapter 3

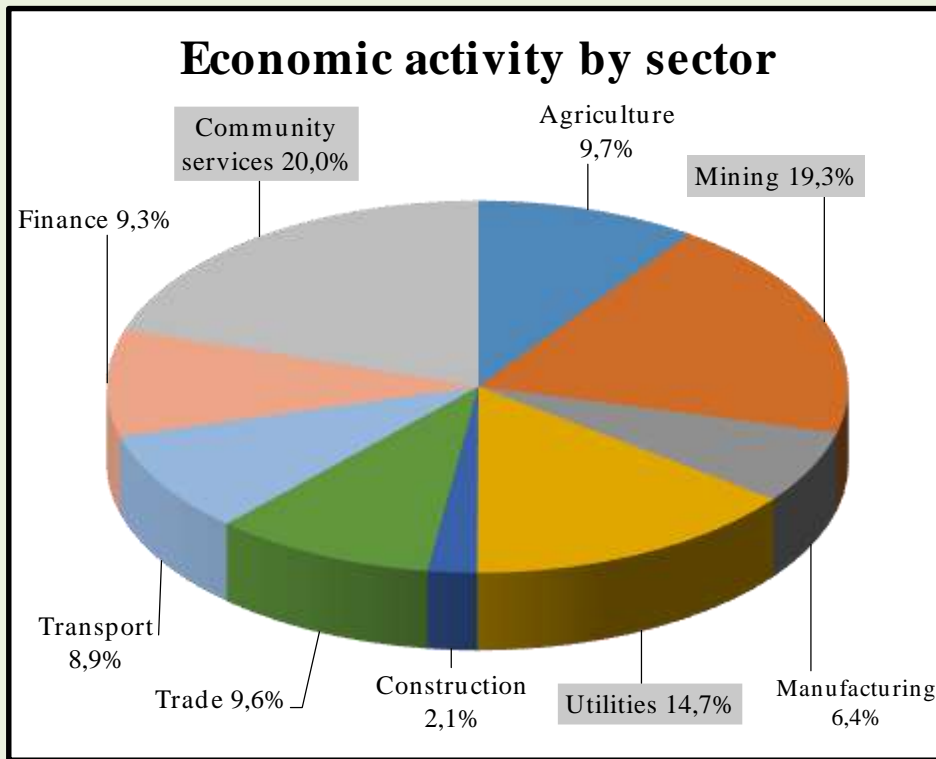
- Unemployment rate 25.7%
- Youth unemployment rate 38.8%

## UNEMPLOYMENT RATE HOUSEHOLD SURVEY 2016

- Unemployment rate 27.5%
- Youth unemployment rate 57.8%

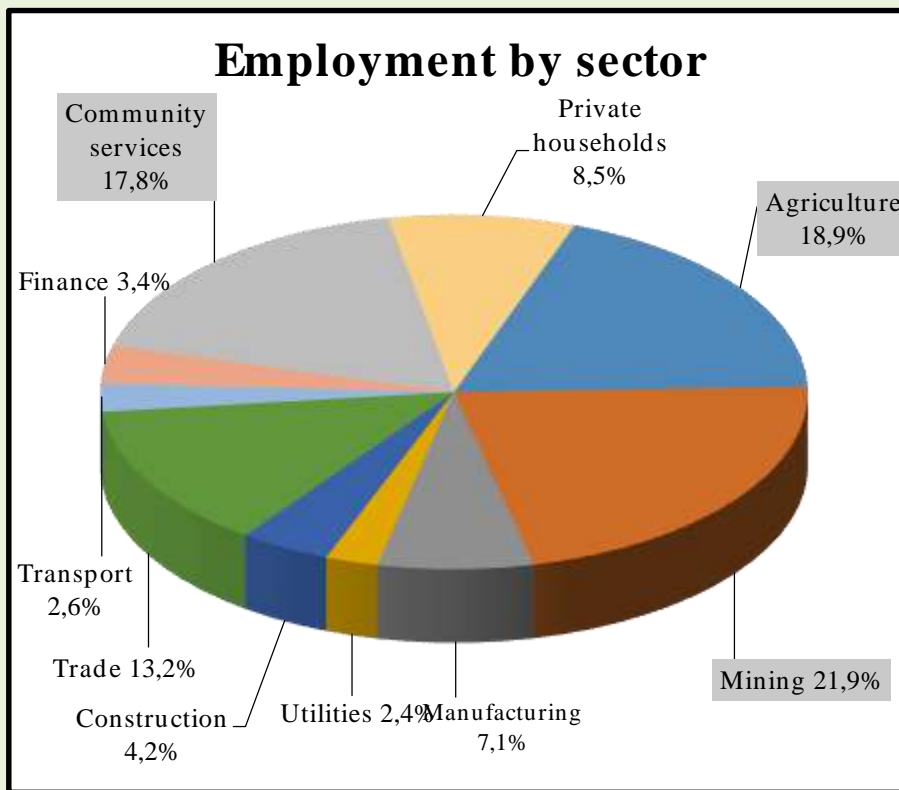
Economic Activity by Sector		
Sector	2021/2022	2022/2023
Agriculture	14.9%	23.3%
Mining	1.6%	16.1%
Manufacturing	6.6%	9.3%
Utilities	1.5%	28.9%
Construction	-7.2%	12.2%
Trade	-14.1%	13.6%
Transport	4.6%	12.1%
Finance	-7.0%	14.1%
Community services	14.9%	13.3%

# Chapter 3



Based on StatsSA figures, Lekwa contributed 10.4% to the Gert Sibande economy and utilities contributed 43.6% and agriculture 23.2% to the relevant district industries.  
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# Chapter 3



Lekwa's unemployment rate, increased from 22.6% in 2015 to 27.5% in 2019, with Lekwa's unemployment rate being the 7<sup>th</sup> lowest among all the Municipal areas of Mpumalanga. It is a concern that the unemployment rate for females stood at 32.5% and that of males at 23.1%. The youth unemployment rate (15-24 years age group) was at 57.8% in 2019, challenge with especially very high youth unemployment rate of females at 70.8%. The concerns about high unemployed and especial females relatively low level of education and inadequate skills impact negatively on their employability. Potential impact of lockdown on labour force for Lekwa Municipality was estimated at 32.6% in 2020 which translate to possible 3833 job losses in 2020.

Highest unemployment rate in Wards 11, 14 and the three Municipal Rural wards needs serious interventions such as expanded public works Program (EPWP) and other Agricultural investments.



# Chapter 3

## COMMENT ON LOCAL JOB OPPORTUNITIES

Unemployment remains a serious concern for South Africa as a whole as well as for Lekwa Municipality, creation of job opportunities is a priority for the Municipality and all other social partners, the Municipality had facilitated creation of job opportunities, the construction of R23 road within Lekwa contribute on job creation, the implementation of Community Works project (CWP) and Siyathuthuka Project also made an impact on job creation for the community of Lekwa.

The Implementation of Social labour Plan (SLP) projects by both Seriti Coal and Sasol Mining contributed on job opportunities; the on-going Maintenance of Tutuka Power Station and Sasol had created temporary work opportunities for the Community of Lekwa

There were various construction projects within the Municipality ranging from, upgrading of sewer, water treatment plants, upgrading of Standerton hospital Pharmacy etc, these projects have made an impact on job creation within the community.

T 3.11.4

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
82	Number of LED Forums Held		3 LED Forum Meetings held	Not Achieved	4 LED Forum meetings held		0 LED Forum meetings	Not Achieved	R00.00		Q1-Q4: Minutes and Attendance Register		Planned meetings disrupted	Revised LEDTOR, target moved to 2024/25 FY	Planning & Economic Development	MP305
83	Number of SMMEs supported		4 Reports	Achieved	50 SMMEs supported through training interventions		50 SMMEs supported	Achieved	R00.00		Q2&Q3: Reports on SMMEs Supported		None	None	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
84	Number of SLP and CSI projects implemented		4 reports on Seriti SLP projects implemented	Achieved	4 Reports on SLP and CSI projects implemented		4 Reports	Achieved	Achieved		Q1-Q4: Progress Reports		None	None	Planning & Economic Development	MP305
85	Number Economic Development summit held		Economic Business Indaba held 18-18 August 2022	Achieved	Economic Summit by 31 December 2023	Economic Summit be held by 30 June 2024	Economic Summit not held	Not Achieved	R00.00		Attendance Registers and Programme		All planned meetings were disrupted	LED F TORs were revised	Planning & Economic Development	10

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
86	Number of Hawkers' stalls constructed	Target removed due to unavailability of budget for the project in the current financial year			Construction of hawkers' stalls in Standerton CBD		KPI removed. Not for annual reporting	KPI Removed. Not for annual reporting	R00.00		Q1-Q4: Progress Report (Close Out Report & Completion Certificate)		No budget allocated for the project	Target moved to the new Financial year	Planning & Economic Development	10

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
87	Number of Reports on Agriculture Development Strategy		New KPI	New KPI	4 Reports on implementation of agricultural development strategy		4 Reports	Achieved	R00.00		Q1-Q4: Progress Reports		None	none	Planning & Economic Development	MP305
88	Number of Reports on Tourism Development		New KPI	New KPI	4 Reports on implementation of tourism development		3 Reports	Not Achieved	R00.00		Q1-Q4: Progress Reports		None	None	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	ment				nt strategy											
89	Number of Building Licenses Approved within 30 Days		New KPI	New KPI	4 Reports on Business Licenses Issued	4 Reports	Achieved	R00.00			Q1-Q4: Progress Reports		None	None	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
90	Number Liquor Licenses Applications Processed within 30 Days		New KPI	New KPI	4 Reports on Liquor Licenses Processing		4 Reports	Achieved	0		Q1-Q4: Progress Reports		None	None	Planning & Economic Development	MP305

# Chapter 3

Employees: Local Economic Development Services					
Job Level	2021/2022	2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	0	0	0	0	#DIV/0!
10 - 12	0	0	0	0	#DIV/0!
13 - 15	1	1	1	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	#DIV/0!
Total	2	2	2	0	0%

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

*T 3.11.8*

## COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Lekwa Local Municipality was able to achieve the following:

- Local Business indaba was held successfully
- Business licensing policy was developed and implemented
- Agricultural development strategy was developed
- Tourism Development Strategy was develop
- Training intervention were provided to local SMMEs
- Local Economic Development forum was launched
- Enterprise Development was provided to local SMME through Siyathuthuka enterprise development programme.
- Various Social Labour Projects were implemented by the two mining companies( Sasol & Seriti)
- Work opportunities were created through Community works project (CWP) and Siyathuthuka

*T 3.11.11*



# Chapter 3

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

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

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

Performance of the library and information services of Lekwa Local Municipality has improved during 2022/23 financial year especially on walk-ins. It has to be mentioned that due to the 4<sup>th</sup> Industrial Revolution (4IR), users are more interested in eBooks and usage of search engines to gather information. Membership has decreased due to the reasons mentioned above. Library awareness campaigns and exhibitions are conducted to promote libraries especially targeting calendar of events where members are reminded of the meaning and importance of such events. The Provincial Department of Culture, Sport and Recreation have seconded two (2) librarians to assist with the provision of library services. The support is in accordance with the Service Level agreement entered into between the municipality and the department. Support have also been provided in respect of internet connectivity and a headcount machine.

The Municipality is planning to introduce a library services Book Club that will consist of local primary and high schools that will participate in reading, book reviews and spelling competitions. The aim of the Club will be to instill a culture of reading and improved literacy, while also promoting South Africa's language diversity. This will also encourage citizens to read, write, converse and value ideas and thoughts of others. This programme will be introduced by the Department of Culture, Sport and Recreation as Libraries is of the core mandate of the department. It should be noted that the Municipality is planning to commence engagements to hand these services back to the Department of Culture, Sport and Recreation as it is currently an unfunded municipal mandate that does not form part of the local government core mandate.

T3.12.1

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
12	Number of reports on library promotions conducted	Number of library promotions conducted	4 Reports	Achieved	4 Reports	4 Library promotions conducted	4 Library promotions conducted	Achieved	10000	8747,54	Pictures ; Attendance registers				Community Services & Safety	MP305
13	Number of reports on library material circulated	% Library material circulated	4 Reports	Achieved	4 Reports	100% library material circulated	100% library material circulated	Achieved	10000	8747,54	Pictures or attendance register	Library information system report			Community Services & Safety	2, 4, 10, 14
57	Number of reports on documents		New KPI	New KPI	4 Reports on documents		4 Reports	Achieved	N/A		Quarterly report		N/A	N/A	Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	IT management system				IT management system											

# Chapter 3

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0%
4 – 6	1	1	1	0	0%
7 – 9	2	2	2	1	13%
10 – 12	4	4	4	1	7%
13 – 15	22	22	22	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	31	31	31	3	3%

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

T 3.12.4

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

Performance of the library and information services of Lekwa Local Municipality has improved during 2023/2024 financial year especially on walk-ins. It has to be mentioned that due to the 4<sup>th</sup> Industrial Revolution (4IR), users are more interested in eBooks and usage of search engines to gather information. Membership has decreased due to the reasons mentioned above. Library awareness campaigns and exhibitions are conducted to promote libraries especially targeting calendar of events where members are reminded of the meaning and importance of such events. The Provincial Department of Culture, Sport and Recreation have seconded two (2) qualified librarians to assist with the provision of library services. The support is in accordance with the Service Level agreement entered into between the municipality and the department. Support have also been provided in respect of internet connectivity and a headcount machine.

The Municipality is planning to introduce a library services Book Club that will consist of local primary and high schools that will participate in reading, book reviews and spelling competitions. The aim of the Club will be to instill a culture of reading and improved literacy, while also promoting South Africa's language diversity. This will also encourage citizens to read, write, converse and value ideas and thoughts of others. This programme will be introduced by the Department of Culture, Sport and Recreation as Libraries is of the core mandate of the department. It should be noted that the Municipality is planning to commence engagements to hand these services back to the Department of Culture, Sport and Recreation as it is currently an unfunded municipal mandate that does not form part of the local government core mandate.

# Chapter 3

T 3.12.7

## 3.13 CEMETORIES AND CREMATORIIUMS

### INTRODUCTION TO CEMETORIES & CREMATORIIUMS

The rapid urbanisation of the population of South Africa in general is impacting negatively on the ability of local municipalities to provide social services optimally to all citizens. Lekwa Local Municipality with its location and mineral resources is not immune to these migration trends. It is estimated that the population of the town is growing by approximately two percent per annum. The competing demand for human settlements far outweighs the need and speed with which to provide burial ground within the municipal urban edge. Walter Sisulu Cemetery is reaching its capacity and it has been difficult to find suitable, centrally located available land for the establishment of another cemetery. However, the new in Sakhile Extension 4, Rooikoppen has recently been fenced and is ready for operation. The Municipality is developing 1.5 ha new cemetery in Thuthukani. This will increase available capacity by making available additional burial sites. Approximately 288 people are buried in all the municipal cemeteries per annum. The Municipality must explore the possibility of attracting investment in a crematorium and identification of land for a regional cemetery. There are signs that the limitations of culture are dissolving as people are becoming urbanised and more open-minded in their perspective on cremation. The lack of burial space might force families to opt for cremation.

T 3.13.1

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/24 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved / Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
10	Number of reports on management of cemeteries	Number of cemeteries cleaned	KPI was removed due to financial constraints	KPI Removed	4 Reports	4 cemeteries cleaned	7 Cemeteries maintained (+3 variance)	Achieved	75 000,00	54 819,77	Maintenance Report				Community Services & Safety	1, 2, 3, 4, 5, 6, 7, 10, 11, 14, 15

# Chapter 3

Employees: Cemeteries and Crematoriums					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	15	1	15	1	6.25%
7 - 9	6	8	5	3	50%
10 - 12	1	2	1	1	50%
13 - 15	0	0	0	0	0%
16 - 18	1	1	1	1	100%
19 - 20	1	1	1	0	0%
Total	55	49	7	9	10%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.* T 3.13.4

## COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

The burial space currently available within the Municipality is depleting at a rate much faster than anticipated and projected. The current crisis of limited burial space will require the identification of additional burial space which will be finalized in the 2024/2025 financial year, with progress well underway towards establishing additional burial space. The Municipality is facing resistance from the members of the community in using the new cemetery in Sakhile Extension 4, Rooikoppen that have been fenced and made ready for operation.

T 3.13.7

## 3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

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

# Chapter 3

Within the Community Services and Safety Department, the Transversal unit has been responsible for implementing social programmes focusing on children, the aged and persons with disabilities. These social programmes are aimed at specific target groups, through a number of projects throughout the year. Another focus area is also to embark on the gender-based violence programme through awareness. The section has developed the quarterly targets aiming at reaching the various focus groups.

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022 /2023 Overall Audit Actual Performance	2022 /2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/24 Annual Target	2023/2024 Actual Overall Achievement	2023 /2024 Achievement Status (Achieved / Not Achieved)	2023/2024 Actual Adjusted Budget	2023 /2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
121	Approved Youth development strategy		Not Achieved	Not Achieved	Youth development Strategy approved by 2023-07-31		Youth Development Strategy not approved	Not Achieved			Council Resolution ; Approved Youth Development Strategy		Youth development strategy not reviewed	Prepare Youth Development Strategy for review by end Q1 of 2024 /25	Community Services & Safety	MP 305



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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022 /2023 Overall Audit Actual Performance	2022 /2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/24 Annual Target	2023/2024 Actual Overall Achievement	2023 /2024 Achievement Status (Achieved / Not Achieved)	2023/2024 Actual Adjusted Budget	2023 /2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenge or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
122	Implementation of approved Youth development strategy		Not Achieved	Not Achieved	4 Reports on implementation of approved youth development strategy		4 Reports on implementation of approved youth development strategy	Achieved			Quarterly reports				Community Services & Safety	MP 305
123	Number of reports on HIV/AIDS plan implemented		4 Reports	Achieved	4 Reports on implementation of HIV/Aids plan		4 Reports on implementation of HIV/Aids plan	Achieved			Quarterly reports				Community Services & Safety	MP 305

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022 /2023 Overall Audit Actual Performance	2022 /2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/24 Annual Target	2023/2024 Actual Overall Achievement	2023 /2024 Achievement Status (Achieved / Not Achieved)	2023/2024 Actual Adjusted Budget	2023 /2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenge or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
124	Number of Sports Council meetings held	New KPI	New KPI	Number of Sports Council meetings held by 2024-06-30	3 Sports Council meetings held	Not Achieved					Notice and Agenda; Minutes				Community Services & Safety	MP 305
125	Number of Civil Society meetings convened	4 Meetings	Achieved	4 Civil society meetings convened	3 Civil society meetings convened	Not Achieved					Notice and Agenda; Minutes				Community Services & Safety	MP 305

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022 /2023 Overall Audit Actual Performance	2022 /2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/24 Annual Target	2023/2024 Actual Overall Achievement	2023 /2024 Achievement Status (Achieved / Not Achieved)	2023/2024 Actual Adjusted Budget	2023 /2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenge or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
126	Number of Anti gender-based Violence Campaigns conducted	4 GBV Campaigns	Achieved	4 Anti gender-based Violence Campaigns conducted	4 Anti gender-based Violence Campaigns conducted	Achieved	4 Anti gender-based Violence Campaigns conducted	Achieved			Flyers & attendance registers				Community Services & Safety	MP 305
127	Number of women's forum meetings	4 Meetings	Achieved	4 Women's forum meetings held by 2023-06-30	4 Women's forum meetings held	Achieved	4 Women's forum meetings held	Achieved			Notice and Agenda; Minutes				Community Services & Safety	MP 305

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022 /2023 Overall Audit Actual Performance	2022 /2023 Audit Achieved Status	2023/24 Annual Target	Proposed Adjusted 2023/24 Annual Target	2023/2024 Actual Overall Achievement	2023 /2024 Achievement Status (Achieved / Not Achieved)	2023/2024 Actual Adjusted Budget	2023 /2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Budget / Challenge or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
128	Number of People Living with Disabilities forum meetings held	4 Meetings	Achieved	4 Forum meetings of People Living with Disabilities forum meetings held	4 Forum meetings of People Living with Disabilities forum meetings held	Achieved	4 Forum meetings of People Living with Disabilities forum meetings held	Achieved			Notice and Agenda; Minutes				Community Services & Safety	MP 305

## COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

### INTRODUCTION TO ENVIRONMENTAL PROTECTION

Environmental health is the science and practice of preventing human injury and illness, promoting well-being by identifying and evaluating environmental sources and hazardous agents, limiting

# Chapter 3

exposures to hazardous physical, chemical, and biological agents in air, water, soil, food, and other environmental media or settings that may adversely affect human health.

Environmental Health Services within the Province is being rendered at District level. The Provincial Environmental Health Practitioners provide support mostly where a challenge still remains in the devolution of the function to Municipalities due to human resource constraints. The District is responsible for environmental pollution control through municipal health and environmental services and provide support to sector departments in terms of biodiversity and landscape.

T 3.14

## 3.15 POLLUTION CONTROL

### INTRODUCTION TO POLLUTION CONTROL

The Gert Sibande District Municipality is responsible for monitoring water quality on a monthly basis, within the Municipality. Compliance to SANAS 241 standards for drinking water is tested. Surveillance of surface water and sampling of boreholes for possible pollution by heavy metals or other chemical or biological contaminants is conducted. The District, as a licensing authority manages air pollution through regulatory services and compliance monitoring services, including environmental pollution control, incident management and pollution prevention through awareness campaigns. The impact of the service has seen increased awareness and community participation in pollution prevention.

## 3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

### INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

Within the South African context, ecological infrastructure refers to naturally functioning ecosystems that deliver valuable services to people, such as healthy mountain catchments, rivers, wetlands, coastal dunes, and nodes and corridors of natural habitat, which together form a network of interconnected structural elements in the landscape. Investing in ecological infrastructure has its foundation in simultaneously identifying critical services flowing from naturally functioning ecosystems, and identifying those organisations that would benefit from or have a key responsibility for investing in these naturally functioning systems. The ecosystem services that are primarily being focused on for attracting investment in South Africa are largely related to water and disaster risk reduction, with climate change adaptation elements in both of these. The primary stakeholders that would be interested in these services are government related, although this should not discount the potential for private sector stakeholder involvement.

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The entire economy relies to some extent on services flowing from ecological infrastructure – clean water flowing from healthy catchments being one obvious example. Unless this infrastructure is secured, the economy will suffer. Investing in ecological infrastructure should be seen as a means of risk reduction.

Water is South Africa's most critical natural resource, and is a vital element for sustainable economic growth - supporting agriculture, energy generation, industry and forestry, as well as domestic use. The effects of climate change are expected to place additional pressures on the country's already stretched water resources. South Africa is a developing country facing a number of challenges relating to poverty, unemployment and inequality. Investing in ecological infrastructure has the potential to contribute to national development goals, including job creation, poverty alleviation and rural development.

Mainstreaming biodiversity into land-use planning and decision-making, resource management and biodiversity stewardship is critical. The mandate for managing ecological infrastructure is shared between all three spheres of government in South Africa. For example, land use decisions made at the municipal level affect the existence and state of ecological infrastructure, such as the maintenance of healthy wetlands that provide a disaster risk reduction role for human settlements, while the enforcement of buffers along river stretches on agricultural land by provincial agricultural departments has a direct impact on river health and water quality.

The private sector also has a critical role to play in investing in ecological infrastructure both as an investor, and as a landowner. There are a number of motivations for private sector investment in ecological infrastructure, and one of the main motivators is to manage risk. Within the Municipality, not enough has been done to date to mainstream this critical element towards sustainable environmental health.

Invasive alien plant control will form part of the EPWP programme, with teams focusing on clearing waterways and municipal owned land with dense growth of invasive plants. The Department of Forestry, Fisheries and Environment will also be approached for assistance with cleaning and greening programmes. In respect of environmental education, interventions will also be undertaken, involving the local communities with themes that will include, dealing with invasive alien plants, biodiversity, conservation and animal well-being.

T 3.16.1

## COMPONENT F: HEALTH

### INTRODUCTION TO HEALTH

This component includes clinics, ambulance services and health inspections, which are all functions that are not directly provided by the Municipality. These services are rendered by the Department of Health and the District respectively.

# Chapter 3

T 3.17

## 3.17 CLINICS

### INTRODUCTION TO CLINICS

Clinic services and primary health care is no longer under the control of the Municipality. This service is provided by the Department of Health. The following table provides some critical statistics in respect of clinic services within the Municipality and as a proportion of clinic services within the District.

T 3.17.1

PUBLIC HEALTH FACILITIES	2023/2024
Number of clinics	27
Number of community health centres (CHC)	1
Number of hospitals	1

HIV prevalence rate of pregnant women 32.5% - decreasing between 2010 and 2011.

HIV prevalence rate excluding pregnant women 19.9% - decreasing trend.

TB cases – decreasing between 2010 and 2012.

Clinics in Lekwa, seven of Gert Sibande's 62 clinics.

Community health centres in Lekwa is 1 of Gert Sibande's 18 Community Health Care centers.

Hospitals, one of Gert Sibande's 9 hospitals.

## 3.18 AMBULANCE SERVICES

### INTRODUCTION TO AMBULANCE SERVICES

Emergency Medical Services (EMS) or ambulance services consists of teams of healthcare professionals who are responsible for providing pre-hospital emergency care and transportation of the sick and injured. Medical care is usually provided within three components, namely operations, specialised standby services and hospital inter-facility transfers. Within Lekwa, this service is provided by the Department of Health and thus the Municipality does not have any competence in rendering this service.

T 3.18.1

## 3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

# Chapter 3

## INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC

Municipal Health Services has been extended by the District through compliance inspections for the following services, namely food control, environmental pollution control, water quality monitoring, health surveillance including premises. Monthly inspections to premises, including targeted food and water sampling is conducted. Through training and awareness campaigns, communities and stakeholders are capacitated. There is a continuous campaigning to do licensing of all food premises with regular and continuous compliance monitoring and enforcement.

The District, being mandated to provide municipal health services, has extended compliance inspection in the areas of food control, environmental pollution control, water quality monitoring and health surveillance of business premises. A significant number of inspections are done on a monthly basis, targeting food and water sampling. Awareness and training campaigns are done to capacitate communities and stakeholders. There is a continuous campaigning to do licensing of all food premises with continuous compliance monitoring and enforcement. It being a District function, it has managed to increase its monitoring and licensing regime and programme, including the number of awareness programmes to capacitate communities and stakeholders and be actively involved in municipalities within the District.

*T 3.19.1*



# Chapter 3

## COMPONENT G: SECURITY AND SAFETY

### INTRODUCTION TO SECURITY & SAFETY

This component includes: traffic law enforcement; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

T 3.20

### 3.20 TRAFFIC LAW ENFORCEMENT

#### INTRODUCTION TO TRAFFIC LAW ENFORCEMENT

The function of the municipal traffic department is to ensure the safety of all road users within the Lekwa Local Municipal area by, the policing of all moving violations, speed management by means of cameras and the inspection of vehicles in terms of roadworthiness and vehicle safety. During this period, the Traffic Department increased visibility in all areas. Additional roadblocks were held during this period.

Some of the safety & security challenges experienced by the community of Lekwa include the following:

- Limited visible policing
- Inadequate resources for effective and efficient combatting of crime
- Limited partnerships between SAPS and municipal stakeholders
- Poor lighting in certain areas

Shortage of equipment to conduct special road blocks for the collection of outstanding fines

Shortage of personnel specially on funeral escorts over weekends.

T 3.20.1

#### Traffic Law Enforcement Service Data

	Details	2022/2023		2023/2024	
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	633	0	633	1539
2	Number of by-law infringements attended	0	0	0	0
3	Number of police officers in the field on an average day	11	19	11	19
4	Number of police officers on duty on an average day	8	15	19	19

T 3.20.2

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
8	Conduct safety awareness campaigns	Number of safety awareness campaigns conducted	4 Campaigns	Achieved	12 safety awareness campaigns conducted		10 safety awareness campaigns conducted (-2 variance)	Not Achieved	20 000,00	17 280,60	Pictures and attendance registers		Awareness campaigns not undertaken due to other daily operations	Adherence to annual plan for activities to be undertaken	Community Services & Safety	MP305
9		Number of roadblocks conducted	4 Reports	Achieved	48 roadblocks conducted		18 roadblocks conducted (-30 variance)	Not Achieved	50 000,00	36 385,05	Trailor Report	Quarterly Roadblock Report	Shortage of Traffic Officers. Road blocks not conduct	Recruitment of additional personel	Community Services & Safety	1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 14, 15

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
													ed on public holidays			

# Chapter 3

Employees: Police Officers					
Job Level	2022/2023	2023/2024			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Police Officer & Deputy					
Other Police/Traffic Officers					
0 - 3	0	0	0	0	0%
4 - 6	4	7	3	5	80%
7 - 9	0	0	0	0	0%
10 - 12	6	8	8	8	75%
13 - 15	4	0	4	0	100%
16 - 18	1	0	1	0	100%
19 - 20	0	0	0	0	0%
Total	55	93	55	28	30%

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

T 3.20.4

## 3.21 FIRE

### INTRODUCTION TO FIRE SERVICES

Fire and Disaster Management Services are an important public service. It forms part of the social fabric of all our communities. The services provided is critical to preventing fires and responding quickly and effectively to incidents. In terms of the Fire Brigade Services Act, No. 9 of 1987, the service is responsible for: a) preventing the outbreak or spread of a fire; b) fighting or extinguishing a fire; c) the protection of life or property against a fire or other threatening danger; d) the rescue of life or property from a fire or other danger; and subject to the provisions of the Health Act, 1997, the rendering of an ambulance service as an integral part of the fire brigade service.

Within the Municipality, fire and disaster management falls within the same unit. Disaster management is a service that is run on an agency basis by the Municipality on behalf of the Gert Sibande District Municipality. There are critical challenges within the unit especially in respect of adequate staff, safety gear, equipment and the requisite fleet to effectively and efficiently perform its

# Chapter 3

functions. The Fire, Rescue and Disaster Management service is operating on a four-shift system, 24/7, with a minimum of 8 Senior Fire Fighters, 37 Fire Fighters and 6 Control Room Attendants which is still far less than the required standard for manning a fire station. In addition, there is also vehicle shortages as most of the fire fighting vehicles have been scrapped due to being beyond its reasonable life expectancy. These vehicles require replacing and those that are still operational, suffer breakdowns and remains out of service for extended periods of time at the workshop for repairs due to its use beyond its reasonable lifespan. Service delivery is also hampered, and the lives of the fire fighters are at risk in instances when work is performed where smoke or chemicals is inhaled, due to lack of proper equipment. For the year under review, the component has responded to all reported emergency calls. Fire hydrant inspections are also undertaken on a regular basis with the total number of fire hydrants being 318, 40 are non-operational due to stolen and damaged heads.

T 3.21.1

Municipal Fire Service Data			
	Details	2022/2023	2023/2024
1	Total house/building fires attended in the year	100	66
2	Total veld/grass fires attended in the year	98	134
3	Total motor vehicle accidents attended in the year	133	116
4	Total fire safety inspections conducted on business premises in the year	111	245
5	Total fire hydrant inspections conducted in the year	128	157
6	Fire fighters in post at year end	44	44
7	Vehicle fires attended	07	24
			T 3.21.2

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
7	Emergency, fire and rescue services rendered	% Emergency, fire and rescue services attended	4 Reports (397 emergencies, accidents, fires attended)	Achieved	4 Reports on emergencies, accidents, house fires and veld fires attended to	100% Emergency, fire and rescue services attended	100% Emergency, fire and rescue services rendered	Achieved	340 000,00	110 835,58	Report on Emergency and Rescue Services	Quarterly Reports on Emergency and Rescue Services			Community Services & Safety	MP305

# Chapter 3

Employees: Fire Officers					
Job Level	2022/2023	2023/2024			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy	0	1	1	0	0
Other Fire Officers / Fire Fighters					
0 - 3	1	0	0	0	0%
4 - 6	3	0	0	0	0%
7 - 9	6	99	38	61	61.6%
10 - 12	7	23	15	8	34.7%
13 - 15	9	3	0	0	0%
16 - 18	11	1	1	0	0%
19 - 20	18	0	0	0	0%
Total	55	102	54	45	96.3%

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

T 3.20.4

## COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

The Fire, Rescue and Disaster Management unit operates on a two-shift system and four shift rotation, 24 hours a day and seven days a week. Each shift operates with a minimum of three Fire Fighters and a Control Room Attendant which is far less than the required standard for effectively manning a fire station per shift.

The problem is also compounded by the fact that most of the fire fighting vehicles have been scrapped due to it being beyond its useful lifespan, while other vehicles have not been repaired either from involvement in accidents or due to maintenance and repairs. Maintenance and repairs to these vehicles have become a very costly exercise due to the age of these vehicles.

# Chapter 3

The Morgenzon Fire Station does not meet minimum requirement standards. Noting that disaster management is a district shared service, future plans must include the upgrade of the existing premises.

Service delivery is hampered and the lives of fire fighters are at times at risk due to protective clothing not being replaced on a regular basis as it becomes damaged.

The above has a negative impact in the ability to ensure that in all instances the average turnaround time to respond to incidents in both urban and rural is not always within the specified acceptable standard to reach an emergency incident. The unit however always strives to respond to their call of duty with utmost dedication and commitment.

T 3.21.2.1

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

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

The Disaster Management function is mandated by the Disaster Management Act (57 of 2002) and other supporting legislation has been devolved as a District function. Measures aimed at preventing or reducing risks associated with hazards prevailing within the district is being implemented. It is a continuous and integrated multi-sectoral, multi-disciplinary process of planning and implementation of projects and programmes aimed at improving capacity to deal with disasters and emergencies.

The District supports local municipalities and other stakeholders with firefighting training in order to improve their capacity to prevent, reduce and or respond to the fire incidents and emergencies. The Municipality relies on the District for assistance in rendering Disaster management services.

T 3.22.1

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

The GSDM has a functional Disaster Management Advisory Forum, which holds quarterly meetings. The Forum consists of stakeholders from diverse sectors to advise and assist the District in the planning and implementation of programmes that are aimed at prevention and reduction the risk of disasters, mitigating the severity of disasters, preparedness, responding to incidents and post disaster recovery and rehabilitation. The Municipality participates in District and Provincial Disaster Management Advisory Forums and other Disaster and Emergency Services Technical Committees and Structures within the district and the province.



# Chapter 3

T 3.22.7

## COMPONENT H: SPORT AND RECREATION

### INTRODUCTION TO SPORT AND RECREATION

This component includes community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites. The main objective of this section within the Community Services and Safety are the following:

The Division strives to maintain and keep environment, parks and gardens clean, tidy and organised.

- The Division cleans and maintains sport facilities in suitable conditions.
- The Division cleans and maintain recreational facilities to the acceptable standards.

#### SERVICE DELIVERY OBJECTIVES

- To clean and maintain environment, parks and gardens
- To clean and preparation of sports and recreational facilities

#### CHALLENGES

- Old and redundant machinery and equipment
- Lack of additional and up to date machinery and equipment
- Additional land for burial purposes
- Insufficient personnel staff members to cater for three sections in the division

#### ACHIEVEMENTS

- Ability to clean and maintain facilities as per weekly programme

T 3.23

### 3.23 SPORT AND RECREATION

#### SERVICE STATISTICS FOR SPORT AND RECREATION

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved / Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
11	Number of reports on management of parks and amenities	Number of parks and amenities maintained	2 Reports	Not Achieved	4 Reports	12 Parks and amenities maintained	12 Parks maintained	Achieved	75 000,00	54 819,77	Maintenance Report				Community Services & Safety	MP305

# Chapter 3

Employees: Sport and Recreation					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	0	0	0%
4 - 6	15	0	15	0	100%
7 - 9	3	2	3	2	80%
10 - 12	2	1	2	1	50%
13 - 15	0	0	0	0	0%
16 - 18	1	1	1	0	100%
19 - 20	0	0	0	0	0%
Total	15	15	15	3	18%

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

T 3.23.3

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

### INTRODUCTION TO CORPORATE POLICY OFFICES, Etc

Key stakeholders responsible for oversight and governance and to communicate matters relating to assurance includes Council, the Executive Mayor and the Municipal Manager. The Leadership and those charged with governance continuously contribute to the credibility of financial and performance information and compliance with legislation by ensuring that adequate internal controls are implemented and effectively monitored.

The establishment of Council Committees, Section 79 and 80 strengthen in line with the Local Government: Municipal Structures Act 117 of 2008, specifically established to oversee the

# Chapter 3

implementation of measures Policies and strategies are being implemented as intended as well as the key risks are identified, monitored, and mitigated. The Councils provided the platform of accountability to create an enabling environment for good governance and to promote accountability through oversight role of political committees.

Council committees monitor and ensure compliance with the duties and objectives; and investigate and make suggestions on how to address the underlying causes of socio-economic inequality in the municipality. Poor functional of Section 79 Committees due to lack of attendance by members resulted to lack of oversight and accountability leads to the continued disregard of key local government legislation which hampers administrative oversight and accountability. The Executive Mayor with the support of the Mayoral Committee members overseeing the administration of the municipality to ensure effectiveness and efficiency in service delivery. The Municipal Manager, as the Head of the municipality's administration has ensure proper administrative internal controls are in place to promote administrative accountability to ensure that proper administrative reporting arrangements are in place to promote accountability of the administrative function of the municipality through the development of a system of delegation to promote administrative and operational efficiency.

T 3.24

## 3.24 EXECUTIVE AND COUNCIL

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

### INTRODUCTION TO EXECUTIVE AND COUNCIL

The following highlights key findings in respect of leadership, financial and performance management and governance that can only be addressed and corrected as a collective:

- a) Effective leadership based on a culture of honesty, ethical business practices and good governance, and protecting and enhancing the best interests of the entity
- b) Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls
- c) Implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored and that policies and internal controls are in place
- d) Establish information technology governance framework that supports and enables the Municipality to deliver value and improves performance

# Chapter 3

- e) Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible to support financial and performance information
- f) Review and monitor compliance with applicable legislation and design and implement formal controls over information technology systems to ensure the reliability of the systems and the availability, accuracy and protection of information;
- g) implement appropriate risk management activities to ensure that regular risk assessments, are conducted and that the risk strategy is implemented and monitored through an adequately resourced and functional internal audit unit;
- h) ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation.

T 3.24.1

## SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

In exercising its executive and legislative mandate the institution has, through leadership collective, financial and performance management and governance, ensured effective oversight and accountability by considering and reviewing all legislative reporting requirements in various committees of Council for the provision of services.

T 3.69.2

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
91	5 review and Approved Public Participation Strategy		Community Participation Strategy not approved	Not Achieved	1 reviewed and approved Public Participation Strategy		Public participation strategy not reviewed for approval	Not Achieved					Public participation strategy approved 2023-01-31 used and not reviewed for 2023/24	Prepare public participation strategy for review and approval in Q2 of 2024/25	Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
92	Functional Ward Committees		15 Ward Committees established and functional	Achieved	180 Ward Committee meetings to be held		180 Ward Committee meetings held	Achieved			Minutes & attendance registers				Office of the Municipal Manager	MP305
93	300 ward Community Consultations held		90 meetings held	Not Achieved	60 Ward Community Consultation Meetings		60 Ward community meetings	Achieved			Minutes & attendance registers				Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
94	300 Community outreach programmes conducted		45 programs implemented	Not Achieved	4 Community outreach programmes conducted		4 Community outreach programmes	Achieved			Flyers & attendance registers				Office of the Municipal Manager	MP305



# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
95	100% of community issues resolved		New KPI	New KPI	100% of issues resolved.		40% issues resolved	Not Achieved			Consolidated feedback report on complaints attended		Departments not attending to complaints as required due to cashflow constraints and slow response time	Develop monthly schedule for issues and complaints raised to be attended and reported on Top Management meeting	Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
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# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
96	5 Review and Approval of OPMS Framework		22/23 Organisational PMS Policy Framework approved on 2022-07-29	Achieved	1 Review and Approval of OPMS Framework		OPMS Policy reviewed. Not approved by Council	Not Achieved	N/A		Council resolution; Approved OPMS Policy		Review of OPMS delayed. Awaited inputs and consolidation of inputs from SALGA	Dereffred for approval in Q1 of 2024/2025	Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
97	5 SDBIP approved		22/23 SDBIP Approved on 2022-06-28	Achieved	1 SDBIP		2023/24 SDBIP approved by 2023-07-14 after budget approved on 2023-06-15	Achieved	N/A		Signed SDBIP		N/A	N/A	Office of the Municipal Manager	MP305
98	20 quarterly reports prepared		4 Reports	Achieved	4 quarterly reports prepared		4 Reports	Achieved	N/A		SDBIP reports; Council resolution		N/A	N/A	Office of the Municipal Manager	MP305

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
															r	
99	5 annuals performance reports prepared		1 Annual Performance Report submitted by 2022-08-31	Achieved	1 annual performance reports prepared		1 annual performance report prepared	Achieved	N/A		Annual Performance Report; Proof of submission to AGSA		N/A	N/A	Office of the Municipal Manager	MP305
100	5 oversight and annual		1 Annual Report tabled by 2023-01-	Achieved	1 annual report tabled		Annual Report tabled on 2024-01-	Achieved	N/A		Council resolution; Annual		N/A	N/A	Office of the Municipal	MP305

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	reports tabled		31				31				report				Manager	
101			1 Oversight Report on Annual Report adopted by 2023-03-31	Achieved	1 oversight report adopted		2022/23 Oversight report not adopted on time, Adopted 2024-07-02	Not Achieved			Council resolution; Oversight report		Oversight report tabled to Council on 2024-04-02. Referred back for MPAC to complete oversight	Deferred and approved in Q1 of 2024/24	Office of the Municipal Manager	MP305

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
													work			
115	5	Approved Council Schedule of Council and Sub-Committee	Schedule of council meeting approved on the 30th of June	Achieved	1 approved Schedule of Council and Sub-Committees	1 approved Schedule of Council and Sub-Committees	1 approved Schedule of Council and Sub-Committees	Achieved			Council resolution; Approved schedule				Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	es		2023													
116	100% Implementation of Council Resolution		3 Reports on council and subcommittees of council meetings	Not Achieved	4 Council Resolutions implementation tracking register		4 Council Resolutions implementation tracking register	Achieved			Council resolution implementation reports; Council Resolutions				Corporate Services	MP305



# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
			held								n					
117	20 council sittings		14 Council Meetings held	Achieved	4 council sittings		4 Council sittings	Achieved			Notice and Agenda; Minutes				Corporate Services	MP305

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
118	20 mayoral Com sittings		12 Mayoral Committee Meetings held	Achieved	4 mayoral Com sittings		4 Mayoral Committee sittings	Achieved			Notice and Agenda; Minutes				Corporate Services	MP305
119	120 Section 79 meetings to be held		11 Section 79 meetings held	Not Achieved	24 Section 79 meetings to be held		18 Section 79 meetings	Not Achieved			Notice and Agenda; Minutes		Non-adherence to schedule of council activities ;	Adhere to schedule of council and committees as	Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
													Changes in composition of committees	approved		
120	Number of section 80 Meetings to be held		7 MPAC Meetings held	Achieved	12 Meeting to be held		12 Section 80 Meetings	Achieved			Notice and Agenda; Minutes				Corporate Services	MP305

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DRAFT



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Employees: The Executive and Council					
Job Level	2022/2023		2023/2024		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	13	2	200%
4 - 6	3	3	8	7	233%
7 - 9	6	8	12	10	125%
10 - 12	7	15	8	8	53%
13 - 15	9	15	0	0	0%
16 - 18	11	21	18	7	33%
19 - 20	18	30	0	0	0%
Total	55	93	59	34	37%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*  
T 3.24.4

# Chapter 3

## COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

As highlighted above and noting the findings of the Auditor General, specifically relating to providing assurance and the political administrative will to effectively deal with consequence management, clear plans will be put in place through the audit action plan to address such. In addition, relevant Treasury guidelines and circulars will be utilized to strengthen the implementation, monitoring and reporting of such matters.

In exercising its executive and legislative mandate the institution has, through leadership collective, financial and performance management and governance, ensured effective oversight and accountability by considering and reviewing all legislative reporting requirements in various committees of Council for the provision of services in addressing the socio-economic inequalities and challenges.

Various projects as outlined in the IDP to address water, sanitation, electricity, roads, human settlements and human capital development have been undertaken to ensure sustainable supply of services.

T 3.24.7

# Chapter 3

## 3.25 FINANCIAL SERVICES

### INTRODUCTION FINANCIAL SERVICES

The established Budget and Treasury office's main focus is to provide accounting services for all directorates in the Municipality. Key functions include revenue management, credit control, debt collection, supply chain and asset management. Revenue management deals with debtors' management, which includes billing and the collection of consumer debt. The average collection rate was 67% for the year under review. The asset management section deals with movable and immovable assets in terms of various GRAP standards. Creditors and payroll management deals with the payment of creditors through procurement processes and direct payment. In addition, it deals with the remuneration of salaries and councillors allowances. At the reporting date, there were no issues in terms of salaries and allowances. Matters raised by the Auditor General were in terms of major creditors such as Eskom, Department of Transport, and the Department of Water and Sanitation. The supply chain management section deals with the storage of goods and stock for use by various departments. This among others include fuel and oil, material for water, electrical, refuse, sewerage and stationary. This section also deals with procurement processes that deals with competitive bidding as well as quotations. The component of accounting management services deals with budget management and reporting to various structures as required in terms of inter alia MFMA sections 71,72, 52, 121, 122, 123,124,125 126, 131 and 132.

The challenges that needs to cleared out are procurement matters dealing with irregular, unauthorised, fruitless and wasteful expenditure. The other matter that in most instances complicate budget management is that the budget is not realistic and not cash backed. An audit recovery action plan had been developed to address matters raised by the Auditor General.

T 3.25.1

# Chapter 3

<b>Debt Recovery</b>				
<b>R' 000</b>				
<b>Details of the types of account raised and recovered</b>	<b>2021/2022</b>		<b>2022/2023</b>	
	<b>Actual revenue for accounts billed</b>	<b>Proportion of accounts value billed that were collected in the year %</b>	<b>Actual revenue for accounts billed</b>	<b>Proportion of accounts value billed that were collected %</b>
Property Rates	156,420	48%	164,886	61%
Electricity	328,976	92%	371,238	87%
Water	84,734	45%	71,728	53%
Sanitation	40,882	43%	37,169	45%
Refuse	26,464	40%	27,750	40%
<b>Total</b>	<b>637,476</b>		<b>672,771</b>	
				<i>T 3.25.2</i>



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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
129	Collection Rate 95%		68%	Achieved	65%		56%	Not Achieved	N/A		Quarterly report		Overall performance below 65% due to reversal of billing in August 2023	To improve the revenue collection through revenue enhancement programmes	Budget & Treasury	MP305
130	Cost / Cash Coverage = 6 Months		0.5 Months	Achieved	1 month		0,5 month	Not Achieved	N/A		Quarterly report; Cash flow management committee		Unfunded budget and cashflow constraints	Improve billing and revenue collection	Budget & Treasury	MP305

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
											e minutes					

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
131	Reduction of UIFW Expenditure R 100 mil		R 1.8 billion	Achieved	R 1.8 billion		The fruitless for the quarter amounts to R317 464 940 , Irregular amounts to R239 977.038 which was submitted to	Achieved			Quarterly report				Budget & Treasury	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
							council in the 4th quarter									

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
132	Efficient Contract Management		4 Contract register updates	Achieved	R 30 mil		All contracted services is updated / monitored on a monthly basis	Achieved			Quarterly report		None	N/A	Budget & Treasury	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
133	Number of service provider performance monitoring reports prepared		New KPI	New KPI	4 Reports on service provider performance monitoring		4 Reports on service provider performance	Achieved	N/A		Quarterly report		4	N/A	All Departments	MP305
134	GRAP Compliant FAR		4 Asset Register updates	Achieved	GRAP & mSCOA Compliant Assets Register		The FAR is prepared in accordance to GRAP	Achieved	N/A		Quarterly report		None	N/A	Budget & Treasury	MP305

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
							and Mscoa									

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
135	Cost Reflective Tariffs		Approved Trading Services Tariffs by 2023-06-30	Achieved	Reduction of Trading Services Operating Deficit		Tariffs were reviewed , submitted to council and approved with the Budget on the 4th June 2024 (see	Achieved	N/A		Quarterly report		None	N/A	Budget & Treasury	MP305



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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
							attached council resolution)									

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
136	Reduction of Accounting deficit on Budget		New KPI	New KPI	(R 252 mil)		The budget funding plan implemented and improved the total amount being being monthly as well as the revenue collected	Achieved	N/A		Quarterly report		None	N/A	Budget & Treasury	MP305

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
							the the 4th quarter									

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
137	Reduce outstanding creditors to R 2.7 billion		New KPI	New KPI	R –		The municipality is under financial distress and unable to pay all creditors within 30 days. Eskom debt still increasing	Not Achieved	N/A		Quarterly report		Cashflow constraints and below acceptable revenue generation limit means to pay creditors	Improve revenue collection and reduction of expenditure	Budget & Treasury	MP305

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
							9									
138	Number of reports on FRP		4 Reports	Achieved	12 Reports on FRP		12 FRP reports	Achieved	N/A		Monthly report		None	N/A	All Department	MP305

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	implementation				Implementation										ents	

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Employees: Financial Services					
Job Level	2021/2022	2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	4	4	3	75%
4 - 6	3	10	10	5	50%
7 - 9	6	12	12	9	75%
10 - 12	7	22	22	29	132%
13 - 15	9	0	0	0	#DIV/0!
16 - 18	11	6	6	4	67%
19 - 20	18	0	0	0	#DIV/0!
Total	55	54	54	50	93%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*  
T 3.25.4

# Chapter 3

## COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL

The Municipality had a total operating revenue for the reporting period ending 30 June 2023 which amounted to R 991 million which shows an increase of R 75 million when compared to the operating revenue for the period ended 30 June 2022 where the operating revenue amounted to R 915 million. The increase was mainly due to an increase in grants and subsidy received from National Treasury of R 63 million, interest on trade receivables and other receivables of R 40 million. The decline in the revenue mix for service charges and property rates remains a concern. This is a clear demonstration that the Municipality must be more aggressive in the implementation of the various revenue enhancement strategy as already initiated by National Treasury.

Grants receipts contributed R 228 million (23%) of the total revenue while revenue generated from property rates as well as service charges contributed R 648 million (65%) to the total revenue mix.

Although there are no specific norms and standards set to measure grant dependency, given the revenue mix outcome, it indicates that the Municipality is not entirely dependent on grants and subsidies to finance its operations, but more can be done to improve own revenue generation. The municipality endeavors to implement various revenue enhancement programs that will assist in reducing the operating deficit over the multi-year period.

The total revenue of the Municipality at the end of June 2023 has grown by R 75 million (8%) when compared to the reporting period ended 30 June 2022.

The main sources of revenue excluding Grants and Subsidies for the 2022/23 financial year were as follows:

Electricity R 354 million (55%)  
Property Rates R 153 million (24%)  
Water R 72 million (11%)  
Sanitation R 40 million (6%)  
Refuse R 29 million (4%)

The revenue generated from sales of electricity contributed 36% (R 354 million) of the total revenue mix, thus indicating that the electricity business unit should be nurtured and operated efficiently to ensure increased revenue from this service. This includes ensuring revenue protection by removing illegal connections, replacing bridged and tampered meters, ensuring accuracy of billing by effecting correct tariffs that are billed on time and accurate meter readings being taken.

The Municipality in conjunction with National Treasury, Vodacom and Development Bank of South Africa (DBSA) has initiated numerous revenue enhancement programs in order to improve the revenue of the Municipality whilst protecting the current revenue streams available to the Municipality. This



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includes but are not limited to the valuation roll reconciliation to ensure completeness of property rates billing. In addition, the following will also be undertaken:

- Tariff review to ensure that tariffs are realistic and the Municipality is able to recoup the cost of provision of services
- Policy reviews to ensure adherence with applicable legislation
- Improve meter reading
- 7678 electricity meters were replaced by the Vodacom project from February 2023. The number of meters replaced includes meters that were reported during the amnesty period.
- Water meter replacement and exposing for accessibility
- Performance of monthly billing reconciliation to ensure completeness of revenue generated.
- Increase access to pay point and receipt management to allow consumer to pay for services in various payment points
- Intensify indigent management in response to the socio-economic whilst protecting the poor from the severe economic impact.
- Vigorous implementation of credit control and debt collection
- The Municipality is further implementing a project to secure its electricity kiosks to avoid tampering with electricity infrastructure

The Municipality had a total operating expenditure for the reporting period ending 30 June 2023 amounting to R 1.4 billion. There was an increase in expenditure which amounted to R 98 million when compared to the period ended 30 June 2022. This was due to the increase in employee related cost of R 22 million, finance costs of R 59 million. The Municipality was able to reduce contracted services by R 19 million, electricity bulk purchases amounting to R 13 million and depreciation was reduced by R 30 million.

The following expenditures remains the highest cost drivers and have a significant impact on the revenue of the Municipality thus requiring the Municipality to vigorously implement the revenue enhancement strategy and continuous cost curtailment measures:

Bulk purchases R 475 million (34%)  
Employee related costs R 272 million (20%)  
Debt impairment R 255 million (18%)  
Depreciation R 50 million (3%)  
Finance costs R 163 million (12%)  
Contracted services R 87 million (6%)

The Municipality has further implemented cost curtailment measures as well as the establishment of a cash flow management committee in order to reduce expenditures. The Municipality is committed to reducing running overheads such as overtime, standby, telephone costs, printing and stationery, including the reduction of non-essential procurement and expenditure. Adequate provision is made

# Chapter 3

towards expenditure that can improve service delivery on water network maintenance, improved sanitation, electricity maintenance and road maintenance amongst other expenditure.

The municipality had an accumulated deficit of R 663 million for the period ending June 2023. The Municipality had cash and cash equivalents amounting to R 10 million at the end of June 2023.

*T 3.25.7*

## 3.26 HUMAN RESOURCE SERVICES

### INTRODUCTION TO HUMAN RESOURCE SERVICES

The impact of human resource services on the Municipality can especially be seen in the efforts made to ensure that both Councillors and officials are skilled through the various learning and skills development programmes. This ensures that the Municipality produces a well-capacitated leadership and management cadreship for improved service delivery.

*T 3.26.1*

### SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Support services to the following departments have been rendered to ensure a capable administration in prudent utilisation of minimal resources:

- Office of the Municipal Manager
- Budget and Treasury
- Corporate Services
- Community Services and Safety
- Technical Services
- Planning and Economic Development
- Services:
  - Recruitment and Selection
  - Training and Development
  - Employee Administration
  - Leave Administration
  - Health and Safety

*T 3.26.2*

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
42	100% senior management with signed performance agreements		100%	Achieved	100%		100%	Achieved	N/A		Signed performance agreements				All Departments	MP305

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
43	100% senior management performance assessments conducted		0%	Not Achieved	100%		0%	Not Achieved	N/A		Performance assessment reports		Formal assessments not conducted. Schedule not adhered to due to clash of meetings and other activities	Develop schedule to be adhered to. Senior managers to submit self-scoring assessment at least within 14 days	All Departments	MP305

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
														after end of quarter to schedule reviews		
44	Number of departmental		12 Meetings	Achieved	12 Departmental		12 Meetings	Achieved			Notice & Agenda;				All Department	MP305

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	meetings held				meetings held						Minutes				ents	
45	60 LLF meetings		12 Meetings	Achieved	12 LLF Meetings held		12 LLF Meetings held	Achieved			Notice & Agenda; Minutes				Corporate Services	MP305
46	10 workshops on prosecuting and presiding disciplinary		2 workshop	Achieved	2		2 Workshops conducted	Achieved			Notice & Agenda and attendance register				Corporate Services	MP305

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/24 Annual Target	2023/24 Actual Overall Achievement	2023/24 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	by cases															
47	Number of reports on disciplinary hearings		4 Reports	Achieved	4 Reports		4 Reports	Achieved			Signed reports				Corporate Services	MP305
48	Number of report on Centralized 24/7 customer care		4 Reports	Achieved	4 Reports		4 Reports	Achieved	Estimated at 800 000		Signed reports				Corporate Services	MP305

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	service															



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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
49	Efficient, effective IT Services		4 Reports	Achieved	20%		15%	Not Achieved	R 743,000.00		Quarterly report		Delay in payment of invoices. Project halted due to outstanding payments. To date 15% of work completed on the	To pay the invoices on time. The meeting was held between the municipality and the service provider. The service	Corporate Services	MP305

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
													server room upgrade.	provider committed to complete as they could be paid the outstanding invoices.		

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KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
50	Approved 5-year organogram		1 Reviewed and approved organisational structure by 2023-06-30	Achieved	Annually reviewed organogram and recruitment plan		Organogram reviewed and recruitment plan developed	Achieved	N/A		Signed Recruitment plan and council resolution for Organogram		N/A	N/A	Corporate Services	MP305
51	Annual Review of HRD Strategy		HRD policy/ strategy approved	Achieved	1		HRD Strategy developed	Achieved	N/A		Council resolution; Approved HRD Strategy		N/A	N/A	Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
52	Annual development and implementation of WSP		WSP developed and submitted	Achieved	1		WSP developed	Achieved	N/A		Approved WSP		N/A	N/A	Corporate Services	MP305
53	Annual development and implementation of EE Plan and Report		EE plan and report submitted	Achieved	1		1 EE plan submitted	Achieved	N/A		Letter of submission and EEP		N/A	N/A	Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
54	Efficient and effective Automated Leave Management		New KPI	New KPI	1		1 Automated leave management system	Achieved	N/A		Leave Management automation report; leave system screenshot		N/A	N/A	Corporate Services	MP305
55	Develop, approved and implement IPMS		New KPI	New KPI	4		4 Reports	Achieved	N/A		IPMS implementation reports		N/A	N/A	Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
56	% Individual Employees with signed performance agreements		New KPI	New KPI	100%		21% employees with signed performance agreements	Not Achieved	N/A		Signed performance agreements		Performance assessments not conducted	More workshops to be conducted on performance assessments	Corporate Services	MP305
57	Number of reports on document management		New KPI	New KPI	4 Reports on document management		4 Reports	Achieved	N/A		Quarterly report		N/A	N/A	Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	system				ment system											
58	Annual review of Job Descriptions		0%	Not Achieved	20%		20% job descriptions reviewed	Achieved	N/A		Quarterly report		N/A	N/A	Corporate Services	MP305
59	% completion of skills audit		Skills audit not conducted	Not Achieved	100%		100% skills audit completed by 30	Achieved	N/A		Skills audit report		N/A	N/A	Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
						June 2024										
60	Verification of qualifications	Number of reports on verification of qualifications	0 employees' qualifications verified	Not Achieved	1	1 Report by 30 June 2024 on qualifications verified	1 Report	Achieved	N/A		Qualification verification report		N/A	N/A	Corporate Services	MP305



# Chapter 3

<b>Employees: Human Resource Services</b>					
<b>Job Level</b>	<b>2021/2022</b>	<b>2022/2023</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 - 3	0	1	0	1	100%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
<b>Total</b>	<b>54</b>	<b>93</b>	<b>54</b>	<b>39</b>	<b>42%</b>

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*  
T3.26.4

# Chapter 3

## COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL

The priority within human resource services remains to ensure that the organizational structure of the Municipality is aligned to the IDP in order to achieve the Municipality's strategic objectives. Sound employee relations are critical to ensuring that the organization meets its objectives.

T 3.26.7

## 3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

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

Information and Communications Technology (ICT) is an extended term for information technology (IT) which stresses the role of unified communications and the integration of telecommunications (telephone lines and wireless signals), computers as well as necessary enterprise software, middleware, storage, and audio-visual systems, which enable users to access, store, transmit, and manipulate information.

ICT Framework and Policies were approved by Council to guide on the governance of the Information Communication Technology (ICT). The municipality has appointed the service provider to implement the internet connection and telephones system.

T 3.27.1

### SERVICE STATISTICS FOR ICT SERVICES

The following ICT services are aimed at enhancing IT connectivity and were provided to ensure continuous and effective organisational performance.

Communication – Emails, Teams, Zoom, and Telephone system

Security – Updated Anti-virus & Firewall (Network security).

The installation of software and hardware.

Upgrades to current systems – VIP System, Munsoft and Mun-Admin.

IT Governance – ICT Steering Committee

The following ICT policies and procedures were also approved for the period under review: 11 Policies were approved by 31 July 2023, 07 Policies were reviewed and awaiting Council approval.

\* Lekwa Local Municipality ICT Policy Framework

\* Lekwa Local Municipality ICT Strategy

\* Lekwa Local Municipality ICT Continuity Policy

\* Lekwa Local Municipality Disaster Recovery & Business Continuity Plan for ICT Services

# Chapter 3

- \* Electronic Communications Policy
- \* Backup and Recovery Policy
- \* Change Management Policy
- \* Firewall Policy
- \* Laptop Security Management Policy
- \* ICT Security Policy
- \* Information Security Policy
- \* Patch Management Policy
- \* Physical and Environmental Security Policy
- \* User Access Management Policy
- \* Virus and Malware Management Policy
- \* Change Management Procedure
- \* Access Control Procedure
- \* Directory User Account Managements Standards and Procedure

Internet connectivity at all municipal administrative offices has been completed, as well as telephones. This will in future also assist in work efficiency, especially once an intranet service is activated, which is in the future plans of the Municipality.

T 3.27.2

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved / Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
49	Efficient, effective IT Services		4 Reports	Achieved	20%		15%	Not Achieved	R 743,000.00		Quarterly report		Delay in payment of invoices. Project halted due to outstanding payments. To date 15% of work completed on the server room	To pay the invoices on time. The meeting was held between the municipality and the service provider. The service provider committed to	Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/24 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved / Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
													upgrade.	complete as they could be paid the outstanding invoices.		

# Chapter 3

Employees: ICT Services					
Job Level	2021/2022	2022/2023			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	0	0	0	0	#DIV/0!
10 - 12	0	0	0	0	#DIV/0!
13 - 15	2	2	2	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	#DIV/0!
Total	3	3	3	0	0%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.27.4*

# Chapter 3

Financial Performance 2022/2023: ICT Services						R
Details	2021/2022	2022/2023				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>						
Expenditure:						
Employees	R2,260,727	R2,653,845		R2,260,727	R393,118	
Repairs and Maintenance	R9,684,711	R11,552,211	R2,647,789	R9,684,711	R1,867,500	
Other	0	0	0	0	0%	
<b>Total Operational Expenditure</b>	R11,945,438	R14,206,056	R2,647,789	R11,945,438	R2,260,618	
<b>Net Operational Expenditure</b>						
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						
T 3.27.5						

## COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The performance of the ICT services has improved in aligning with the business needs brought about by the move to the Fourth Industrial Revolution (4IR). Municipal buildings' telephone and internet connectivity has been completed. The has also commenced the process of fibre connectivity to stabilize internet connection in all municipal offices. The Municipal website has been resuscitated with the intention to be internally responsible for managing the website. The ICT is in the process of digitalizing the administrative processes by introducing Employee Self Service (ESS) for leave management, electronic document management for online records management, thereby reducing paper costs. The appointment of a service provider for the upgrade of the server room had non-responsive bids and was re-advertised. This project will be finalized in the 2023/2024 financial year.

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

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

### INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

# Chapter 3

Within the Municipality, the components of property, legal, risk management and procurement services falls under Corporate Services, office of the Municipal Manager and Budget and Treasury respectively. Noting that the Municipality is required to establish and maintain effective, efficient and transparent systems of financial and risk management, internal controls and internal audit operating procedures in accordance with any prescribed norms and standards, the Auditor General's findings relating to these requires attention. It is evident from the findings that these areas are interrelated and internal controls must be strengthened in order to ensure improved compliance to regulatory frameworks. Dealing with litigation matters is ongoing as there has been a number of cases brought against the Municipality that has escalated the contingent liability provision.

T3.28.1

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

In respect of service statistics for legal, risk management and procurement services, the Municipality strives to provide these services in accordance with applicable legislative and regulatory frameworks.

T 3.28.2



# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
41	100% reduction in litigation		Achieved	Achieved	20%		10%	Not Achieved			Quarterly report		Nature of matters with some legacy cases and finalisation dependent on court roll	Quarterly update of litigation register and attempt settling some matters out of court to reduce overall	Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
														litigation register		
102	5 strategic risks registers		Strategic risk assessment was conducted and approved on 2022-	Achieved	1 strategic risk register developed	1 strategic risk register developed	Achieved	R0.00			Signed Risk register		N/A	N/A	Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
			07-29													
103	5 strategic risks mitigating action plan		New KPI	New KPI	4 Progress report on risk mitigation plan implementation	4 Progress report on risk mitigation plan implementation	Achieved	R0.00			Quarterly reports		N/A	N/A	All Departments	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
104			4 risk management anti-fraud, anti-corruption committee reports submitted	Achieved	4 reports on strategic risk mitigating action plan implementation		4 reports on strategic risk mitigating action plan implementation	Achieved	R0.00		Quarterly reports		N/A	N/A	Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
105			4 risk management anti-fraud, anti-corruption committee meetings held	Achieved	4 Risk Committee meetings held		4 Risk Committee meetings held	Achieved	R103000		Notice and Agenda ; Minutes		N/A	N/A	Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
106	10 anti-fraud and anti-corruption		2 anti-fraud and anti-corruption awareness conducted in October 2022 and April 2023	Achieved	4 anti-fraud and anti-corruption workshops / awareness		4 anti-fraud and anti-corruption workshops / awareness	Achieved	R0.00		Flyers & attendance registers		N/A	N/A	Office of the Municipal Manager	MP305
107	Conduct 5 Audit committee charters		Audit Committee charter approved on 21 July	Achieved	1 Audit committee charter		Approved Audit Committee Charter on 2023-08-	Achieved			Approved Audit committee				Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
			2022				29				charter					

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
108	20 Audit committee meeting to be held		4 Audit committee meetings held on the following dates 21 July 2022, 20 October 2022, 20 Jan 2023 & 20 April 2023	Achieved	4 Audit committee meetings to be held		4 Audit Committee meetings	Achieved			Notice and Agenda ; Minutes				Office of the Municipal Manager	MP305



# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
109	5 Internal audit charter		New KPI	New KPI	1 Internal audit charter		Approved Internal Audit Charter (Audit Committee 2023-07-20)	Achieved			Approved Internal Audit charter				Office of the Municipal Manager	MP305
110	5 three year rolling internal audit plan		Internal Audit Plan approved on 21 July 2022	Achieved	1 three year rolling internal audit plan		Approved Three year internal audit plan (Audit Committee 2023-07-	Achieved			Approved Three year internal audit				Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
							20)				plan					
111	20 Reports on implementation of annual audit plan submitted to audit		4 Reports on implementation on the annual audit plan	Achieved	4 Reports on implementation of annual audit plan submitted to Audit	4 Reports	Achieved				Quarterly reports				Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	committee				Committee											
112	5 Audit action plans		New KPI	New KPI	1 Audit action plan developed and monitored for implementation	1 Audit Action plan	Achieved				Audit action plan				All Departments	MP305

# Chapter 3

KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
113	20 Progress report implemented on action plan		4 Reports on audit action plan	Achieved	4 Progress reports on AGSA action plan implementation		4 Progress reports on AGSA action plan implementation	Achieved			Quarterly reports				All Departments	MP305
114			4 Reports on audit action plan	Achieved	4 Progress reports on internal audit action plan implementation		4 Progress reports on internal audit action plan implementation	Achieved			Quarterly reports				All Departments	MP305

# Chapter 3

Capital Expenditure 2022/2023 Property; Legal; Risk Management and Procurement Services					
					R' 000
Capital Projects	2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
No capital expenditure relating to property, risk management and procurement services were undertaken					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.28.6</i>

## COMMENT ON THE PERFORMANCE OF PROPERTY SERVICES OVERALL:

Property services is divided into property administration through the development of leases, deeds of sale, etc under the auspices of the Manager Legal Services within the Corporate Services department. The component dealing with the alienation of property falls within the ambit of the Municipality's Planning and Economic Development's Department under the human settlements unit. Capital projects undertaken relies largely on external grant funding as the Municipality does not have sufficient cash reserves to undertake property development. Partnerships have been created for both residential and commercial property development.

*T 3.28.7*

# Chapter 3

## COMPONENT J: MISCELLANEOUS

### INTRODUCTION TO MISCELLANEOUS

This component includes the provision of airports, abattoirs, municipal courts and forestry as municipal enterprises. The Municipality does not provide any of these services within its area of jurisdiction.

## COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

The 2023/2024 Annual Performance Report was compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act of 2000.

The purpose of this report is to provide feedback regarding the performance of Lekwa Local Municipality, noting that the information included in this report is based on the IDP and the approved Adjusted SDBIP as developed for the 2023/2024 financial year. The annual performance report is based on the overall cumulative performance for the period 1 July 2023 to 30 June 2024.

It is against this backdrop that the 2023/2024 Annual Performance Report of Lekwa Local Municipality was prepared and submitted in terms of the Municipal Systems Act of 2003. This report covers the performance information and focuses on the operationalization and implementation of the approved Service Delivery Budget and Implementation Plan (SDBIP) objectives as encapsulated in the Municipality's 2023/2024 Integrated Development Plan (IDP), as approved by the Municipal Council on 15 June 2023. The report seeks to reflect on actual performance of the Municipality as measured against the performance indicators and targets, in line with the six (6) Key Performance Areas (KPAs) which are:

- ✓ Service Delivery and Infrastructure Development
- ✓ Municipal and Institutional Development and Transformation
- ✓ Financial Viability and Management
- ✓ Good Governance and Public Participation
- ✓ Local Economic Development
- ✓ Spatial Rationale

Each KPA has a strategic goal and objectives which were developed to help focus the Municipality on its developmental role in a more coherent manner. The IDP was developed and approved for the 2022-2027 term and has been reviewed and approved for the 2023/2024 financial year.

The 2023/2024 Annual Performance Report (APR) is presented in terms of section 46 (1) and (2) of the Municipal Systems Act (MSA), Act 32 of 2000, read together with the MFMA Circular 63 on annual reporting and sections 121 (3) (c) and 127(2) of the Local Government: Municipal Finance Management (MFMA) Act 56 of 2003. Every municipality and municipal entity must prepare and adopt

# Chapter 3

an annual report for each financial year in accordance with the MFMA. Section 46 of the MSA provides that an annual performance report must be submitted to the municipal council, which will eventually form part of and be included in the final annual report to be prepared in terms of the MFMA.

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 2000; which stipulates the following:

- “(1) A municipality must prepare for each financial year a performance report reflecting—
- (a) the performance of the Municipality and each external service provider during that financial year;
  - (b) a comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and
  - (c) measures taken to improve performance. “

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 states that “A Municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players.

Performance management is not only relevant to the organisation as a whole, but also to the individuals employed within the organisation and external service providers. The Performance Management System (PMS) Framework, which was adopted on by Council under Resolution A90 on 30 June 2023 by the Municipality inter alia, reflects the linkage between the IDP, Budget, the organisational SDBIP and individual performance.

This report serves as the Annual Performance Report for the 2023/2024 financial year ended 30 June 2024, also taking into account the adjusted SDBIP which was approved by Council under Resolution A22 on 2 April 2024. In the case of underperformance and deviations from meeting set targets, challenges to achieving targets and details pertaining to the relevant measures taken to address these challenges, are also provided. The overall cumulative organisational performance achieved for the 2023/2024 Annual Performance Report ended 30 June 2024 is at 78% compared to the 2022/23 financial year performance which was at 76%.

For the period under review, the Municipality was still faced with challenges relating to improving its financial position. The mandatory section 139 intervention and the Financial Recovery Plan (FRP) is testimony to this. On a monthly basis, progress on implementation of the FRP is submitted to National Treasury and on a quarterly basis, the same is discussed in War Room meetings. The effective implementation of the FRP is critical towards the turnaround in the financial and service delivery challenges faced by the Municipality.

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Key successes under very trying and challenging circumstances include a senior management team which key towards ensuring that every Department is fully accountable towards the achievement of performance targets. This, supported by a more stable political environment enhances strategic decision making towards service delivery and an improved financial position.

Sincere gratitude and appreciation is herewith extended to the Honourable Executive Mayor, Mayoral Committee, MPAC, Section 79 and 80 Committees, the Audit and Performance Audit Committee and Council for their strategic direction and leadership during the financial year and our extended management team who remains hands on and take responsibility and accountability towards the preparation of the APR.

According to the provisions of chapter 6 of the municipal systems act, 32 of 2000, municipalities must monitor and measure the progress of their performance by preparing quarterly, mid-year and annual performance reports. These quarterly and mid-year reports make up the municipality's section 46 annual performance report, which is submitted to the Auditor-General South Africa (AGSA), along with the annual financial statements and annual report for auditing. This report is based on information received from each department for assessment of their performance for the cumulative annual performance for the 2023/2024 financial year which ended on 30 June 2024. This is a high-level report based on actual performance per key performance area (KPA), key performance indicators (KPIs) and annual targets in line with the adjusted and approved 2023/2024 SDBIP. The Organisational Performance is evaluated at an organisational level through the Top-layer SDBIP as informed by Departmental targets cutting across the following six KPAs:

- ✓ KPA: Service Delivery and Infrastructure Development
- ✓ KPA: Financial Viability and Management
- ✓ KPA: Local Economic Development
- ✓ KPA: Municipal Institutional Development and Transformation
- ✓ KPA: Good Governance and Community Participation
- ✓ KPA: Spatial Rationale

The Annual Performance Report is herewith submitted in terms of the (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circulars 11 and 63 on annual reporting. The supporting **Annexure APR** contains the consolidated performance for the year under review. This report covers the performance information for the period 1 July 2023 to 30 June 2024, focusing on the extent to which the SDBIP targets were achieved. The adjusted SDBIP was approved by Council on 2 April 2024 under Resolution A22 to ensure adherence to the strategic objectives, contained in the (IDP) with the approval of the Budget Adjustment.

For the period under review, the Municipality had to address the following key disclaimer audit findings as it related to the 2022/2023 audit of performance objectives:

AUDIT FINDING	CORRECTIVE ACTION TAKEN
Indicators are not well defined and verifiable	Technical Indicator Definitions (TIDs) developed for KPA Basic Service Delivery and Infrastructure



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Indicators with its related targets are not relevant	Reviewed 2023/24 SDBIP targets and indicators to refine indicators for a logical link between indicators and targets
Inconsistency between the planned targets as per the SDBIP and the reported target in the APR	Consolidated quarterly reports used to prepare APR. Review of consolidated draft APR submitted to Internal Audit for final review before submission to AG.

On a quarterly basis, the SDBIP performance report was prepared and reviewed by the Performance Management System (PMS) unit, prior to the report being submitted to Internal Audit for auditing. The assessment of performance reports and supporting portfolios of evidence by the PMS-unit provides an initial review processes, whereafter the final quality assurance is provided by the Internal Audit unit. These audited performance reports are subsequently submitted at the various platforms which include Top Management Committee and the Mayoral Committee. These reports are ultimately presented through the Audit Committee Chairperson to Council.

The overall performance of Lekwa Local Municipality is based on the Departmental Performance scorecards which is aligned to the IDP and approved Adjusted SDBIP KPI's applicable to each department in terms of their respective contribution thereto. The departmental scorecard information is, for the purpose of annual performance reporting reconfigured into reporting per KPA, in line with the approved and adjusted 2023/2024 SDBIP. Results are presented in the form of an audited score of whether a target was achieved or not achieved. The total number of targets that are achieved and not achieved are counted and a total is allocated to determine the overall level of performance.

For the 2023/2024 period under review, both administrative and governance structures were in place. In respect of the Audit Committee, as per the provisions of the Municipal Planning and Performance Management Regulation 14(2)(c), the Municipality utilised its established Audit Committee as its Performance Audit Committee. The following are the members and invited representatives who served on the Audit Committee for the year under review:

- Mr. T Gafane (Audit Committee Chairperson)
- Mr. S Dube (Audit Committee member)
- Mr. P Rambuda (Audit Committee member)
- Mr. I Motala (Audit Committee member)

The Audit Committee held meetings on the following dates:

- 2023-07-20
- 2023-08-28
- 2023-10-19
- 2024-01-26
- 2024-04-19

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Under the guidance and leadership of the Municipal Manager, Mr M.J. Lamola, the senior management team was constituted as follows:

- (a) Executive Manager Planning & Economic Development: MP Phosa
- (b) Executive Manager Community Services & Safety: T Mtshiselwa
- (c) Executive Manager Technical Services: MS Jiyane
- (d) Executive Manager Corporate Services: L Khoza who resigned in December 2023 . Mr S Khumalo was appointed in an acting capacity for the remainder of the financial year.
- (e) Chief Financial Officer: K Duba whose contracted ended in February 2024. Ms. V Nkatha was appointed with effect from 1<sup>st</sup> April 2024.

The appointed senior managers all signed their performance agreements within the required 30 days after the commencement of the financial year. The Chief Financial Officer, Ms Nkatha, who was appointed in April 2024, concluded her performance agreement within sixty days of her appointment.

The Local Government: Municipal Staff Regulations promulgated in 2021 which objectives inter alia provides for a local public administration that is fair, effective and transparent and to create a development oriented local administration that is governed by accountable and ethical standards, the cascading of individual performance reviews have been implemented within the Municipality. An implementation plan has been put in place towards fully implementing the said Regulations.

This Annual Performance Report provides an overview of performance information, based on progress made against predetermined objectives towards meeting set targets in line with the approved SDBIP. Every effort has been made to ensure that the Annual Performance Report (APR) reflects accurate non-financial performance information that provides a reflection on achievements against predetermined objectives and KPIs, in line with the SDBIP targets for the year under review. Through the reporting on and auditing of performance information governance and oversight structures are afforded an opportunity to account to communities and stakeholders on organisational municipal performance, from an independent source, the Auditor General of South Africa.

The audit of predetermined objectives is regarded as an annual procedure for reporting on actual performance against set predetermined objectives of the Municipality to provide assurance to Council, members of the public and other relevant stakeholders that the “actual performance reported” is useful, reliable and accurate. The objective of an audit of predetermined objectives is to enable AGSA to conclude whether the reported performance against predetermined objectives is useful and reliable, in all material respects, based on predetermined audit criteria. This audit is executed as an integral part of the annual regularity audit, to confirm compliance with applicable laws and regulations as well as the usefulness and reliability of the reported performance information to be published in the annual report of the Municipality. Through the independent auditing of predetermined objectives, quality assurance is aimed at giving effect to the economical procurement and efficient and effective utilisation of resources. To this end the following key concepts are critical in this regard:

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2. Economy: for the procurement of resources of the right quality in the right quantities at the right time and place at the lowest possible cost;
3. Efficiency: To achieve the optimal relationship between the output of goods, services or results and the resources used to produce them;
4. Effectiveness: To achieve policy objectives, operational goals and other intended outcomes.

Through the audit of predetermined objectives, democracy is strengthened by enabling oversight, accountability and good governance in the public sector following which such findings are reported accordingly.

The AGSA had the responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for a selected development priority presented in the annual performance report. Procedures were performed to identify material findings. The usefulness and reliability of the reported performance information was evaluated in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the municipality's annual performance report for the year ended 30 June 2024. From the audit of performance information, the accuracy of various reported achievements could not be determined, as indicators were not well defined, and could thus not verify the methods and processes used to measure the achievements. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets have been achieved.

Development priorities	Opinion	Movement
Basic Service Delivery	Disclaimer	Stagnant

The following was noted in respect of the audit of performance information:

- (a) That not maintaining sufficient and appropriate audit evidence to support the reported achievements on this key performance area, resulting in disclaimer of conclusion.
- (b) The impact of this is that the limitations experienced result in a lack of transparency and accountability as the achievement reported on service delivery and infrastructure development is not confirmed due to the limitations found.
- (c) Material findings were identified on the overall presentation of performance information in the annual performance report. Indicators were not measurable and reported indicators in the Annual Performance Report thus might not be measurable and verifiable, as a result, reliability of these indicators could not be tested.
- (d) Material misstatements were also identified in the reported performance information in the annual performance report submitted for auditing. Some of these misstatements are repeat from previous years.

The 2023/2023 annual performance report has been prepared based on the institutional Performance Scorecard (SDBIP) of the Municipality. This report is herewith submitted in line

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with section 126 (1) (a) of the MFMA, within two months after the end of the financial year to which the financial statements relate, to the Audit Committee, Mayoral Committee and Council in preparation for submission to the Auditor-General for auditing together with the unaudited 2023/2024 Annual Financial Statements.

This 2023/2024 annual performance report, as audited and incorporated into the 2023/2024 Annual Report, as provided for by section 121 (3) (c) of the MFMA which stipulates that the annual report must inter alia include the audited Annual Performance Report of the Municipality as prepared in terms of section 46 of the MSA. The annual report will also include the audited Annual Financial Statements as well as the AGSA's Report on both the Annual Financial Statements and Annual Performance Report information for the financial year audited.

The organisational performance report relates to achievements for the financial year under review as well as corrective measures to be taken to improve areas of under achievement. This section of the Annual Performance Report will reflect the Municipality's actual performance against the planned targets as contained in the Municipality's SDBIP as per the six (6) KPA's based on the approved SDBIP.

7.1 The following table below is a breakdown of performance per KPA in line with its KPIs:

KEY PERFORMANCE AREA	2022/2023				2023/2024			
	Achieved	% Achieved	Not Achieved	% Not Achieved	Achieved	% Achieved	Not Achieved	% Not Achieved
Basic Service Delivery and Infrastructure Development	24	80	6	20	27	77	8	23
Municipal Transformation and Institutional Development	22	76	7	24	16	80	4	20
Spatial Rational	21	62	13	38	18	86	3	14
Local Economic Development	7	78	2	22	5	63	3	37
Good Governance and Public Participation	29	76	9	24	30	79	8	21

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KEY PERFORMANCE AREA	2022/2023				2023/2024			
	Achieved	% Achieved	Not Achieved	% Not Achieved	Achieved	% Achieved	Not Achieved	% Not Achieved
Financial Viability and Management	19	90	2	10	7	70	3	30
<b>TOTALS</b>	<b>122</b>	<b>76</b>	<b>39</b>	<b>24</b>	<b>103</b>	<b>78%</b>	<b>29</b>	<b>22%</b>
<b>Total KPIs</b>	<b>161</b>				<b>132</b>			

7.2 The graphs below depict the level of performance per KPA for the 2022/23 and 2023/24 financial years as outlined above:

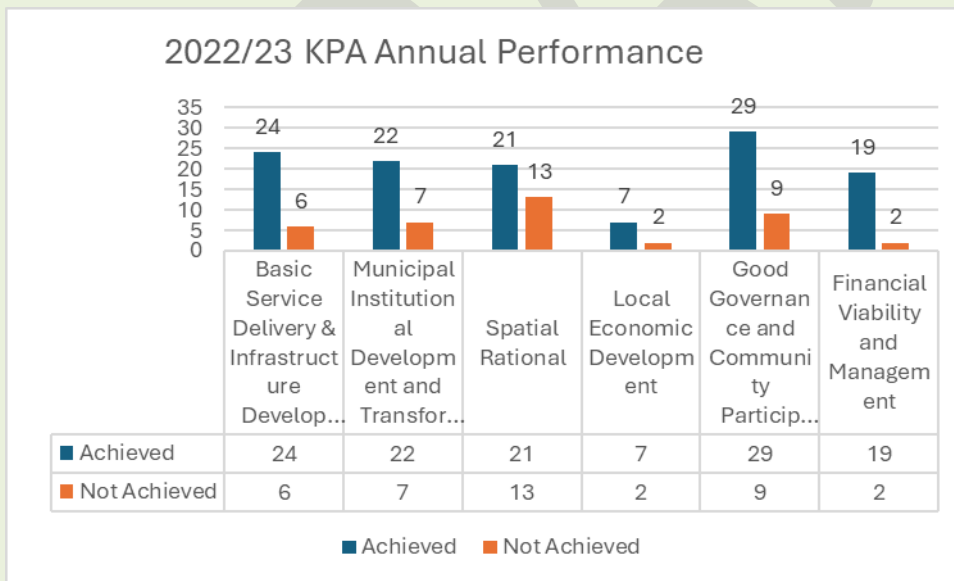
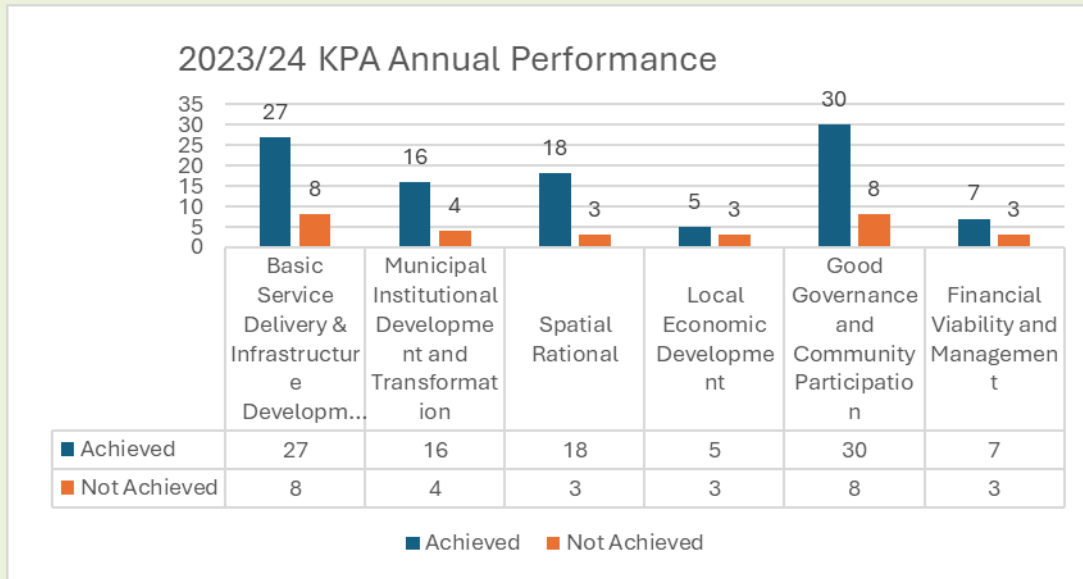


Figure 1: 2022/2023 Performance per KPA

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**Figure 2: 2023/2024 Performance per KPA**

7.3 The following provides a general summary of performance achievements and areas for improvement per KPA:

Key Performance Areas	Significant Highlights	Areas of underperformance
Basic Service Delivery and Infrastructure Development	<p>Capital project implementation and expenditure is on track, with most projects practically complete.</p> <p>Operation and maintenance plans, which were long outstanding have been developed for sanitation services; electricity, an energy efficiency and demand management strategy as well as a fleet maintenance plan</p>	Capital projects not completed at year end, acceleration plans are in place for completion in the 24/25 financial year;
Municipal Transformation and Institutional Development	The implementation of individual performance management is being implemented and has been cascaded to all levels below senior managers	The overall implementation and conducting of performance reviews still requires attention for improved individual accountability towards overall improved organisational performance

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Key Performance Areas	Significant Highlights	Areas of underperformance
	Automation of the leave management and document management systems for improved administrative efficiency	
Spatial Rational	Implementation of spatial development framework for approval of land use applications	Slow progress has been made on the implementation of human settlements projects, considering the dire need for low-income residential developments
Local Economic Development	The municipality is actively involved in CSI and SLP projects	The non-functionality of the LED Forum also impacted the planned Economic development summit
Good Governance and Public Participation	Governance structures, both the Risk Management and Audit Committee are fully functional and is a great value add towards organisational accountability	Council and committees of council not convening meetings according to the approved schedule impacts on legislative compliance
Financial Viability and Management	Improved contract management to reduce UIFW expenditure	Low cost coverage and revenue collection remains a concern towards the long term financial sustainability of the Municipality

## 7.8 Comparative 2021/2022 and 2022/2023 Annual Report

As part of strengthening governance, accountability and oversight, Council delegates the Municipal Public Accounts Committee (MPAC) to exercise oversight role in respect of the annual report. The 2022/2023 Annual Report was tabled by MPAC to Council at a sitting on 2 April 2024, under Council Resolution A25, where the report was referred back in order to allow MPAC to complete its oversight and in-loco inspections. Council finally resolved to adopt the Oversight Report without reservations on 2 July 2024 under Resolution A68. For the 2021/2022 financial year, by comparison, Council has steadily improved and gained some political stability in the 2023/24 period.

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The performance of service providers is monitored through a signed Service Level Agreement (SLA). It remains the responsibility of a department, to ensure that the necessary SLA is in place and the performance of a service provider is monitored. In addition, the end user department provides monthly reports to the Supply Chain Management (SCM) unit. Appointed service providers who fail to perform are reported to SCM and the necessary remedial action follows, including, but not limited to, the termination of the contract.

In view of the fact that the previous year's APR did not include information on external service provider performance, the following provides a general reflection in respect thereof, based on the assessment by user departments, in line with the attached schedule **Annexure SCM**:

- (a) Service provider performance was found to be acceptable across the board;
- (b) Instances where the service was not at a satisfactory level, was largely due to key timelines not being met;
- (c) Certain suppliers were appointed on an as and when required basis for operational reasons. The aforementioned service providers' performance will therefore be assessed when such service is utilised.

The reporting on credible performance information plays a significant role in good governance and accountability within any organisation.

The greater the focus therefore is on the quality and timely auditing of performance information to provide assurance that the performance information is reliable, relevant and accurate.

Performance information and reporting focuses the attention of the public and oversight bodies on whether public institutions such as municipalities are delivering value for money, by comparing their performance against their budgets and service delivery plans. It is also intended to alert managers to areas where corrective action is required. The most important reason for measuring performance is that what gets measured gets done. If an institution knows that its performance is being monitored, it is more likely to perform the required tasks and perform them well. This can greatly enhance the level of public confidence that communities and other stakeholders can once again have in the Municipality.

The organisational performance report relates to achievements for the financial year under review as well as reflecting corrective measures taken to improve areas of under achievement, as contained below:



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<b>MUNICIPAL KPA: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>
Municipal Priority: Provision of efficient and effective solid waste management service
<ul style="list-style-type: none"> <li>▪ Improve Water and Sanitation provision</li> <li>▪ Provide reliable electricity supply</li> <li>▪ Provision of safe and dependable roads</li> <li>▪ Provision of efficient and effective fleet services</li> </ul>
Strategic Objective: Provision of basic services (solid waste removal by 100%, emergency fire, Traffic Control, Disaster, Parks & Recreational Facilities and Libraries)
Impact statement: Improved quality of life and safe living

K P I N O	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
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# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
1	Percentage households with refuse removal services		75%	Not Achieved	100% (30518) households with access to refuse removal service	100% (23862) households with access to refuse removal as per the valuation roll	99% (-1 variance)	Not Achieved	R1 907 991,00	R1 151 851,37	Refuse Removal Schedule	Refuse removal report	Refuse was not collected during public holidays for the division not to exceed the 40hrs overtime	Catch-up programme where refuse is collected within a 14 day period	Community Services & Safety	1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 14, 15

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KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
													monthly limit			
2	Percent age businesses with refuse removal		75%	Not Achieved	% of businesses with access to refuse removal	100% (720) businesses with access to	99,5% (-0,50 variance)	Not Achieved	19079 91,00	11518 51,37	Refuse Removal Schedule	Refuse removal report	Refuse was not collected during public holidays	Catch-up programme where refuse is	Community Services & Safety	10

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K P I N O	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	services				service	refuse removal services							for the division not to exceed the 40hrs overtime monthly limit	collected within a 14 day period		
3	Percentage Upgrading of Stander		New KPI	New KPI	100% Upgrade of Standerton	100% upgrade of Standerton Landfill site	Achieved		R21 000,00	R19 334 704,46	Progress report				Community Services &	1,2,3,4,5,6,7,8,10,11,14 &15

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K P I N O	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	ton landfill site				Landfill site										Safety	
4	Improve landfill site compliance	% completion of Morgenzon landfill site designs	New KPI	New KPI	Designs for rehabilitation of Morgenzon rehabilitation	100% Completion of designs	8% progress toward Morgenzon landfill site designs. Consultant appointed for designs.	Not Achieved	0	0	Appointment Letter, Designs, Tender Document, Advert	Advertisement, Tender document; Appointment letter; design	Funding removed due to reduced MIG allocation as per Mid Term Budget Adjustm	Project to be completed in the 2024/25 FY	Community Services & Safety	14

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KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
												s	ent presented by Minister of Finance in October 2023.			
5	CBD street cleaning reported on quarterl	Number of streets cleaned	4 Reports	Achieved	4 reports prepared on CBD street cleaning	11 streets cleaned	11 streets cleaned	Achieved	R1 907 991,00	R1 151 851,37	Schedule of Street Cleaning , Dated				Community Services & Safety	10



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	y										pictures					
6	Number of illegal dumping sites cleared and removed	Number of illegal dumping sites cleaned	New KPI	New KPI	6 illegal dumping sites cleared and removed	6 Illegal dumping sites cleaned	48 Illegal dumping sites cleaned (+42 variance)	Achieved	R1 907 991,00	R1 151 851,37	Illegal dumping site schedule and report.				Community Services & Safety	MP305

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KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
7	Emergency, fire and rescue services rendered	% Emergency, fire and rescue services attended	4 Reports (397 emergencies, accidents, fires attended)	Achieved	4 Reports on emergencies, accidents, house fires and veld fires attended to	100% Emergency, fire and rescue services attended	100% Emergency, fire and rescue services rendered	Achieved	340 000,00	110 835,58	Report on Emergency and Rescue Services	Quarterly Reports on Emergency and Rescue Services			Community Services & Safety	MP305



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KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
8	Conduct safety awareness campaigns	Number of safety awareness campaigns conducted	4 Campaigns	Achieved	12 safety awareness campaigns conducted	10 safety awareness campaigns conducted (-2 variance)	Not Achieved	20 000,00	17 280,60	Pictures and attendance registers		Awareness campaigns not undertaken due to other daily operations	Adherence to annual plan for activities to be undertaken	Community Services & Safety	MP305	

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KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
9		Number of roadblocks conducted	4 Reports	Achieved	48 roadblocks conducted		18 roadblocks conducted (-30 variance)	Not Achieved	50 000,00	36 385,05	Trailor Report	Quarterly Roadblock Report	Shortage of Traffic Officers. Road blocks not conducted on public holidays	Recruitment of additional personnel	Community Services & Safety	1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 14, 15

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KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
10	Number of reports on management of cemeteries	Number of cemeteries cleaned	KPI was removed due to financial constraints	KPI Removed	4 Reports	4 cemeteries cleaned	7 Cemeteries maintained (+3 variance)	Achieved	75 000,00	54 819,77	Maintenance Report				Community Services & Safety	1, 2, 3, 4, 5, 6, 7, 10, 11, 14, 15
11	Number of reports on management of	Number of parks and amenities maintained	2 Reports	Not Achieved	4 Reports	12 Parks and amenities maintained	12 Parks maintained	Achieved	75 000,00	54 819,77	Maintenance Report				Community Services & Safety	MP305

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KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	parks and amenities	ned				ned										
12	Number of reports on library promotions conducted	Number of library promotions conducted	4 Reports	Achieved	4 Reports	4 Library promotions conducted	4 Library promotions conducted	Achieved	10000	8747,54	Pictures; Attendance registers				Community Services & Safety	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
13	Number of reports on library material circulated	% Library material circulated	4 Reports	Achieved	4 Reports	100% library material circulated	100% library material circulated	Achieved	10000	8747,54	Pictures or attendance register	Library information system report			Community Services & Safety	2, 4, 10, 14

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
14	100% access to water	KPI removed. Internal budget funding not available			Calibration of 5 Bulk Meters @ WTW		KPI Removed. Not for annual reporting	KPI Removed. Not for annual reporting			Quarterly Progress Report				Technical Services	10
15	100% access to water	Number of water leaks repaired	1215 Water leaks repaired	Achieved	Repair of 1000 water leaks	1000 water leaks repaired	1140 water leaks repaired (+140)	Achieved	50400	33714 10,48	Quarterly Progress Report				Technical Services	1-12,14 & 15

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
		d				d	variance)									



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
16	100% access to water	% construction of reservoir and pressure tower	Construction @25%	Achieved	Construction of Kieser reservoir and pressure tower	100% construction of Kieser reservoir and pressure tower	95% construction of Kieser reservoir and pressure tower completed (-5% variance)	Not Achieved	27 545 575,00	27 545 575,00	Quarterly Progress Report	Progress Reports; Completion certificate	Delays due to water tightness testing and commissioning. Sealing of reservoir and connection of water from bulk water supply to the reservoir to enable the concrete reservoir and elevated water tank to be filled with water	Water tightness testing and commissioning be completed. Contractor to connect bulk water supply to the reservoir, seal the the reservoir and conduct water tightness testing to ensure that there is no leakage	Technical Services	10



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
17	100% access to water	Number of boreholes installed	New KPI	New KPI	Installation of two boreholes	2 Boreholes installed	2 Boreholes installed	Achieved	2 200 000,00	1 933 664,78	Quarterly Progress Report	Progress Reports; Completion certificate			Technical Services	9; 12
18	100% access to water	% refurbishment of water infrastr	New KPI	New KPI	Refurbishment of Morgenzon raw water pumping	100% refurbishment of Morgenzon raw	100% refurbishment of Morgenzon raw water pumping	Achieved	10777 90	93720 9,86	Progress Reports	Progress Reports; Completion			Technical Services	14

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
		ucture			units	water pumping units	units					certificate				

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
19	100% access to water	KPI removed. Appointment of Service Provider to be undertaken by DBSA to develop WSDP.			Develop WSDP		KPI Removed. Not for annual reporting	KPI Removed. Not for annual reporting			Progress Reports				Technical Services	1 to 15

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
20	100% access to sanitation	Date by which Sanitation Operations and Maintenance Plan developed	New KPI	New KPI	Develop Operation and Maintenance Plan	Sanitation Operations and Maintenance Plan developed by 30 June 2024	Sanitation Operations and Maintenance Plan developed	Achieved	0	0	Quarterly Progress Report	Draft Operations and Maintenance Plan			Technical Services	MP305
21		Number of VIP toilets	50 VIP toilets	Achieved	Installation of 100 VIP	100 VIP toilets installed	100 VIP Toilets	Achieved	2 000	2 000	Progress Reports	Progress Report			Technical Services	9; 12; 13

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
		installed	installed		toilets	d	installed		000	000		s			es	
22		% refurbishment of sanitation infrastructure	New KPI	Achieved	Refurbishment of Johan, Steijn and Rooikppen sewer pump stations	100% Refurbishment of Johan, Steijn and Rooikppen sewer pump	100% refurbished sewer pump stations	Achieved	100000	100000		Progress Reports	Progress reports; Completion certificate		Technical Services	4

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
						stations										
23	100% access to electricity	km of bulk electricity line to Meyerville	New KPI	New KPI	Construction of 2km bulk electricity line to Meyerville	2km bulk electricity line to Meyerville	2km bulk electricity line installed	Achieved	0		Quarterly Progress Report				Technical Services	4

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
		constructed			e.	constructed										
24	100% access to electricity	MVA transformer installed	Transformer ordered.	Not Achieved	A substation upgrade d. (Installation of 20 MVA transformer	20 MVA transformer installed by 30 June 2024	20 MVA transformer installed	Achieved	70000	70000	Quarterly Progress Report	Progress reports ; Completion certificate			Technical Services	7

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
					mer)											
25	100% access to electricity	% completion of design for kV line	New KPI	New KPI	Design for 11kV line between A Substation and Rooikop pen.	100% Design completion for 11kV line between A Substation and Rooiko	100% completed designs on 11 KV lines	Achieved	15000	15000	Quarterly Progress Report	Completed designs			Technical Services	11



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
						open.										

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
26	100% access to electricity	KPI removed. Previous application submitted to Eskom and Eskom responded by saying application will only be considered if the Municipality is in a position to service current account.			Submit request to Eskom for upgrade of NMD		KPI Removed. Not for annual reporting	KPI Removed. Not for annual reporting			Quarterly Progress Report				Technical Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
27	100% access to electricity	% progress on designs and tender documentation for installation of high mast lights	New KPI	New KPI	Design and tender documentation for installation of high masts lights	100% progress on design and tender documentation for installation of high mast lights by 30	100% design and tender documentation for installation of high mast lights concluded	Achieved	0		Quarterly Progress Report	Progress reports; Designs			Technical Services	8; 10

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
						June 2024										
28		Number of street lights repaired	317 street lights repaired	Achieved	Repair 400 street lights	400 street lights repaired	977 Street lights repaired (+577 variance)	Achieved	85215	85215	Monthly progress reports	Quarterly progress reports			Technical Services	3,4,8,10

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
		d														
29		Number of highmast lights repaired	37 highmast lights repaired	Achieved	Repair 20 highmast lights	20 highmast lights repaired	114 Highmast lights repaired (+94 variance)	Achieved	25000	23695 48	Monthly progress reports	Quarterly progress reports			Technical Services	1,2,3, 4, 5,6,7,15, 12, 14

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
30		Number of electricity meters installed	4946 electricity meters inspected and audited	Achieved	Installation of 100 electricity meters	100 electricity meters installed	3128 Electricity meters installed (+3028 variance)	Achieved	34000	34193	Monthly progress reports	Quarterly progress reports			Technical Services	1 to 11, 13 & 15

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
31		Date for development of Energy Efficiency and Demand Side Management (EEDSM) Strategy	New KPI	New KPI	EDMS Strategy Document developed	Energy Efficiency and Demand Side Management (EEDSM) Strategy developed by 30 June 2024	Energy Efficiency and Demand Side Management (EEDSM) Strategy developed	Achieved	0		Quarterly progress report	Progress reports on development of EEDSM Strategy document			Technical Services	MP305



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
32		Date for development of Electricity Maintenance Plan	New KPI	New KPI	Development of Electricity Maintenance Plan	Electricity Maintenance Plan developed by 30 June 2024	Electricity Maintenance Plan developed	Achieved	0		Quarterly progress report	Progress reports on development of Electricity Maintenance Plan;			Technical Services	MP305



# Chapter 3

K P I N O	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
33		% Expenditure on rehabilitation of electricity infrastructure	New KPI	New KPI	Rehabilitation of water drainage system, installation of 0.5HP and drainage pipe (showground, BB and Sakhile switching stations), Rehabilitation of water drainage system, Installation of storm water drainage pump (ext-8 switching stations)	100% Expenditure on rehabilitation of electricity infrastructure	100% Expenditure on rehabilitation of electricity infrastructure	Achieved	34930696	39501269,85	Progress Reports	Progress reports ; Completion certificates			Technical Services	1,2,3, 5,6,8,9,10,11

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
34	192 km of Roads paved/tarred	KPI removed. Appointment of Service Provider to be undertaken by DBSA to develop Roads and			Roads and Storm water Master Plan Developed		KPI Removed. Not for annual reporting	KPI Removed. Not for annual reporting			Quarterly Progress report				Technical Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
		Stormwater Mater Plan.														



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
35	192 km of Roads paved/tarred	km of road rehabilitated			Designs developed for 4km of Roads to be constructed	KPI removed. No funding for this KPI and that the current focus is on rehabilitation and hence achieved	KPI Removed. Not for annual reporting	KPI Removed. Not for annual reporting			Quarterly Progress report				Technical Services	4,8,10

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
						ment would be impossible for this target.										
36	192 km of Roads paved/tarred	km of road rehabilitated	1,9km road rehabilitated	Achieved	Design and tender documentation for 5km Bauman	10km of roads rehabilitated	12,01km of road rehabilitated (+2km variance)	Achieved	SANRAL	SANRAL	Quarterly Progress report				Technical Services	8; 10

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
					street to be rehabilitated.											



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
37		Number of road bridges rehabilitated	New KPI	New KPI	Construction of wing walls and extension of renomattress or construction of gabions for embankment	Rehabilitation and upgrading of two damaged road bridges in Rooikoopen.	2 Bridges not completely upgraded and rehabilitated	Not Achieved	2,360,225.58	236025,58	Quarterly Progress report		2MC have submitted a Variation Order for change of Scope and additional funds to cover the	Variation Order for change of scope and additional funds to cover the additional scope for	Technical Services	11

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
					downstream. (Sakhile ward 11) Protection on both sides of the bridge. Cleaning of river bed and culverts								additional Scope.	completion in 24/25 FY		



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
38	Dependable fleet management	Number of vehicles procured	1 Refuse truck procured	Achieved	Procure 4 vehicles	4 vehicles procured	7 Vehicles procured (Variance of +3 due to additional finding set aside to procure vehicles)	Achieved	1000000	455838,92	Registration Certificates / Invoice				Technical Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
39		Number of vehicles disposed	New KPI	New KPI	Disposal of 8 vehicles	8 vehicles disposed	0 Vehicles disposed	Not Achieved	0	0	Transfer Certificate		Auction planned for 2024-06-29 postponed due to disruption by members of the public	Auction rescheduled to Q1 in 24/25 FY	Technical Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
40		Date for Fleet maintenance plan approval	New KPI	New KPI	Fleet Maintenance plan developed	Fleet maintenance plan approved by 30 June 2024	Fleet maintenance plan developed	Achieved	0	0	Maintenance Plan				Technical Services	MP305
<b>MUNICIPAL KPA: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT</b>																

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
Municipal Priority: Improved and capable institution																
Customer Care																
Improved individual and organizational performance																
Municipal employees and councillors trained – compliance and adherence to the approved WSP																



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
Impact statement: Improved organizational performance																
KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
41	100% reduction in litigation		Achieved	Achieved	20%		10%	Not Achieved		Budget	Quarterly report		Nature of matters with some legacy cases and finalisation	Quarterly update of litigation register and attempt	Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
													on dependent on court roll	settling some matters out of court to reduce overall litigation register		



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
42	100% senior management with signed performance agreements		100%	Achieved	100%		100%	Achieved	N/A		Signed performance agreements				All Departments	MP305



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
43	100% senior management performance assessments conducted		0%	Not Achieved	100%		0%	Not Achieved	N/A		Performance assessment reports		Formal assessments not conducted. Schedule not adhered to due to clash of meetings and other	Develop schedule to be adhered to. Senior managers to submit self-scoring assessment at least	All Departments	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
													activities	within 14 days after end of quarter to schedule reviews		
44	Number of		12 Meeting	Achieved	12 Departm		12 Meetings	Achieved			Notice & Agenda;				All Depart	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	departmental meetings held		12	Achieved	12 LLF Meetings held	12 LLF Meetings held	Achieved				Minutes				Corporate Services	MP305
45	60 LLF meetings		2	Achieved	2 workshops	2 Workshops conducted	Achieved				Notice & Agenda and attendance				Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	presiding disciplinary cases										register					
47	Number of reports on disciplinary hearings		4 Reports	Achieved	4 Reports		4 Reports	Achieved			Signed reports				Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
48	Number of report on Centralized 24/7 customer care service		4 Reports	Achieved	4 Reports		4 Reports	Achieved	Estimated at 800 000		Signed reports				Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
49	Efficient, effective IT Services		4 Reports	Achieved	20%		15%	Not Achieved	R 743,000.00		Quarterly report		Delay in payment of invoices. Project halted due to outstanding payments. To date 15% of work completed	To pay the invoices on time. The meeting was held between the municipality and the service provider	Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
													ed on the server room upgrade .	. The service provider committed to complete as they could be paid the outstanding invoices .		



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
50	Approved 5-year organogram		1 Reviewed and approved organisational structure by 2023-06-30	Achieved	Annually reviewed organogram and recruitment plan		Orgnogram reviewed and recruitment plan developed	Achieved	N/A		Signed Recruitment plan and council resolution for Organogram		N/A	N/A	Corporate Services	MP305



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
51	Annual Review of HRD Strategy		HRD policy/ strategy approved	Achieved	1		HRD Strategy developed	Achieved	N/A		Council resolution; Approved HRD Strategy		N/A	N/A	Corporate Services	MP305
52	Annual development and implementation of WSP		WSP developed and submitted	Achieved	1		WSP developed	Achieved	N/A		Approved WSP		N/A	N/A	Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
53	Annual development and implementation of EE Plan and Report		EE plan and report submitted	Achieved	1		1 EE plan submitted	Achieved	N/A		Letter of submission and EEP		N/A	N/A	Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
54	Efficient and effective Automated Leave Management		New KPI	New KPI	1		1 Automated leave management system	Achieved	N/A		Leave Management automation report; leave system screenshot		N/A	N/A	Corporate Services	MP305
55	Develop, approved and		New KPI	New KPI	4		4 Reports	Achieved	N/A		IPMS implementation		N/A	N/A	Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	implement IPMS										reports				es	
56	% Individual Employees with signed performance agreements		New KPI	New KPI	100%		21% employees with signed performance agreements	Not Achieved	N/A		Signed performance agreements		Performance assessments not conducted	More workshops to be conducted on performance assessments	Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
57	Number of reports on document management system		New KPI	New KPI	4 Reports on document management system		4 Reports	Achieved	N/A		Quarterly report		N/A	N/A	Corporate Services	MP305
58	Annual review of Job Descript		0%	Not Achieved	20%		20% job descriptions reviewed	Achieved	N/A		Quarterly report		N/A	N/A	Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	ions															
59	% completion of skills audit		Skills audit not conducted	Not Achieved	100%	100% skills audit completed by 30 June 2024	100% skills audit conducted	Achieved	N/A		Skills audit report		N/A	N/A	Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
60	Verification of qualifications	Number of reports on verification of qualifications	0 employees' qualifications verified	Not Achieved	1	1 Report by 30 June 2024 on qualifications verified	1 Report	Achieved	N/A		Qualification verification report		N/A	N/A	Corporate Services	MP305
<b>MUNICIPAL KPA : SPATIAL RATIONALE</b>																

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
Municipal Priority : Integrated Human Settlements																
Strategic objective: Viable communities																
Impact statement: Reduced unemployment and poverty																





# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Status Actual Performance	2022/2023 Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
61	Council adopted IDP, Budget and PMS process plan		1 IDP, Budget, PMS Process Plan approved by August 2022	Achieved	2024/25 IDP, Budget and PMS process plan		Process Plan adopted by Council on 2023-08-29	Achieved	Not Applicable		Council Resolution and IDP/Budget/PMS Process Plan		None	Not Applicable	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
62	Strategic Planning Session convened		Strategic Planning Session convened 13-14 February 2023	Achieved	1 Strategic Planning Session convened		Strategic Planning session convened 4-5 March 2024 @ Waterfront Lodge	Achieved	R200 000		Attendance Register and the Report of the Strategic Planning Session		None	Not Applicable	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
63	Approved 2024/25 IDP		Final IDP approved 15 June 2023, Notices published	Achieved	2024/25 IDP approved		Q1: Situational Analysis Report developed, Q2: Strategic Development Report developed, Q3: Draft IDP approved 02 April 2024, Q4: Final	Achieved	R179 990		Q1: Situational Analysis Report, Q2: Strategic Development Report, Q3: Draft IDP and Council Resolution, Q4:		Rescheduling of council meetings led to delays in approval of final and draft IDP. IDPs were therefor	Not Applicable	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
							IDP approved 04 June 2024				Final IDP and Council Resolution		approved outside legislated timeframes			



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
64	Number of IDP Representative Meetings Convened		3 IDP Representative Forum meetings convened	Not Achieved	4 IDP Forum meetings		4 IDP Representative Forum meetings convened	Achieved	Not Applicable		Q1-Q4: Minutes and Attendance Register		None	Not Applicable	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
65	Number of progress reports on townships established		4 Reports on townships establishment of Morgenzon Extension 5 and Standerton	Achieved	4 Progress reports on 3 townships established (Morgenzon Ext 5, Sakhile Ext 7, Standerton Ext		4 Reports	Achieved	External Funding		Q1-Q4: Progress Reports		None	N/A	Planning & Economic Development	9; 10; 14

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
			Extension 11		11)											





# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
66	Number of Progress Reports on Development Applications Processed and Approved		4 Quarterly Reports	Achieved	4 Reports on Development Applications		4 Reports	Achieved	R5447.132 Revenue Generated		Q1-Q4: Progress Reports		None	N/A	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
67	Revenue Generated from Bulk Contribution Tariffs		New KPI	New KPI	4 Reports on Implementation of Bulk Contribution Policy		4 Reports	Achieved	R11 573.00 Revenue Generated		Q1-Q4: Progress Reports		None	N/A	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
68	Number of progress reports on precinct plans developed		3 Reports	Not Achieved	4 Progress reports on development of 2 Precinct plans for Riverpark and Sakhile - (Tsotetsi Str & Hlongw		4 Reports	Achieved	R0.00		Q1-Q4: Progress Reports				Planning & Economic Development	1; 2; 10; 11

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
					ane Drive)											
69	Frequency Review of SDF		New KPI	New KPI	Review of Spatial Development Framework		4 Reports	Achieved	R0.00		Q1-Q4: Progress Reports				Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
					ork											
70	Number of progress reports on informal settlements upgraded		4 Reports	Achieved	4 Progress reports on 1 Informal settlement upgraded (Welamlambo): Subdivisi		4 Reports	Achieved	R 115 690		Q1-Q4: Progress Reports				Planning & Economic Development	2

# Chapter 3

K P I N O	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
					on of Erf 7847 and 5348 Sakhile Ext 4											



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
71	Number of Stands identified for disposal		New KPI	New KPI	4 Progress reports on stands identified for disposal		3 Reports	Not Achieved	None		Q1-Q4: Progress Reports		Lack of personnel in Land & Property Division	Position of Property & Facilities management Officer was advertised. Shortlisting and interview	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
														was conducted. Awaiting appointment in 2024/25 FY		
72	Number of Municipal Owned Properties		New KPI	New KPI	4 Progress Reports on Leased Properties		4 Reports	Achieved	None		Q1-Q4: Progress Reports				Planning & Economic Development	MP305





# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	es Leased				s										ment	
73	Number of Regional Cemeteries Established		Wait for lessee to vacate property on 30 November and then continue with the	Achieved	4 progress reports on the establishment of 2 regional cemeteries (Stander ton &		4 Reports	Achieved	None		Q1-Q4: Progress Reports		Objection received on Standerton cemetery delayed it. Leasing of	Objection and leasing of Erdzak farm resolved	Planning & Economic Development	4; 14

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
			establishment of the cemetery		Morgenzon)								Erdzak farm not concluded.			

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
74	Number of Building Plans Approved within 30 Days		Approved 50 building plans	Achieved	50 Building Plans Approved within 30 Days		75 Building Plans approved	Achieved	None		Q1-Q4: Reports on Building Plans Approved within 30 Days				Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
75	Implementation of approved outdoor advertising policy		Tender went out in May 2023, need to be re-advised due to lack of submissions	Achieved	Management of outdoor advertising		Outdoor advertising managed	Achieved	None		Q1-Q4: Progress Reports				Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
76	Number of informal settlements Relocated		Nil informal settlements relocated	Not Achieved	4 Progress reports on 1 informal settlement relocated (Enkanini Camp; Mamsy village)		4 Reports	Achieved	N/A		Q1-Q4: Progress Reports				Planning & Economic Development	9

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
77	Number of Reports on Human Settlements Projects		4 Reports	Achieved	4 Reports on Human Settlements Projects		4 Reports	Achieved	N/A		Q1-Q4: Progress Reports		Projects funded by the provincial department	to engage provincial department on fastracking the projects	Planning & Economic Development	MP305
78	Number of Housing Beneficiaries		New KPI	New KPI	4 Beneficiary Management		4 Reports (6523 beneficiaries) registered	Achieved	N/A		Q1-Q4: Progress Reports		insufficient Capacity	Request for filling of vacant position	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	Registered				Reports									s	pment	
79	Number of Human Settlements Awareness Campaigns Held		2 Reports	Not Achieved	4 Human Settlements Awareness Campaigns		4 Human Settlements Awareness Campaigns	Achieved	N/A		Q1-Q4: Progress Reports		N/A		Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
80	Number of Land Invasions Reported and Attended		New KPI	New KPI	4 Land Invasion Reports		3 Land Invasion Reports	Not Achieved	N/A		Q1-Q4: Progress Reports		Insufficient Capacity	Request for filling of vacant positions	Planning & Economic Development	MP305
81	Number of Title deeds issued to rightful		4 progress reports (200 title	Achieved	4 Progress reports on 200 Title deeds		3 Progress reports on 200 Title deeds transferred	Not Achieved	N/A		Q1-Q4: Progress Reports		No control over funding title deeds	Conducting of beneficiary verification prior	Planning & Economic Development	MP305



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	owners		deeds)		transferred								and poor collection rate	registration	ment	
<b>MUNICIPAL KPA : LOCAL ECONOMIC DEVELOPMENT</b>																
Municipal Priority: Economic growth																



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
Strategic objective : Reduce unemployment rate by 10% and grow local economy 3%																
Impact statement : Reduced unemployment and poverty																
MTSF Target: Spatial integration, human settlements, and local government																



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
82	Number of LED Forums		3 LED Forum Meeting	Not Achieved	4 LED Forum meetings		0 LED Forum meetings	Not Achieved	R00.00		Q1-Q4: Minutes and Attendan		Planned meetings disrupte	Revised LEDTOR, target	Planning & Economic	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	Held		s held		held						ce Register		d	moved to 2024/25 FY	Development	
83	Number of SMMEs supported		4 Reports	Achieved	50 SMMEs supported through training interventions		50 SMMEs supported	Achieved	R00.00		Q2&Q3: Reports on SMMEs Supported		None	None	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
84	Number of SLP and CSI projects implemented		4 reports on Seriti SLP projects implemented	Achieved	4 Reports on SLP and CSI projects implemented		4 Reports	Achieved	Achieved		Q1-Q4: Progress Reports		None	None	Planning & Economic Development	MP305
85	Number Economic Development summit		Economic Business Indaba held 18-18	Achieved	Economic Summit by 31 December 2023	Economic Summit be held by 30 June	Economic Summit not held	Not Achieved	R00.00		Attendance Registers and Programme		All planned meetings were disrupted	LED F TORs were revised	Planning & Economic Development	10

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	held		August 2022			2024										

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
86	Number of Hawker stalls constructed	Target removed due to unavailability of budget for the project in the current financial year			Construction of hawkers' stalls in Standerton CBD	KPI removed. Not for annual reporting	KPI Removed. Not for annual reporting		R00.00		Q1-Q4: Progress Report (Close Out Report & Completion Certificate)		No budget allocated for the project	Target moved to the new Financial year	Planning & Economic Development	10

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
87	Number of Reports on Agriculture Development Strategy		New KPI	New KPI	4 Reports on implementation of agricultural development strategy	4 Reports	Achieved	R00.00			Q1-Q4: Progress Reports		None	none	Planning & Economic Development	MP305



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
88	Number of Reports on Tourism Development		New KPI	New KPI	4 Reports on implementation of tourism development strategy		3 Reports	Not Achieved	R00.00		Q1-Q4: Progress Reports		None	None	Planning & Economic Development	MP305
89	Number of Building License		New KPI	New KPI	4 Reports on Business		4 Reports	Achieved	R00.00		Q1-Q4: Progress Reports		None	None	Planning & Economic	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	Issued within 30 Days				Licenses Issued										Development	
90	Number Liquor License Applications Processed within 30 Days		New KPI	New KPI	4 Reports on Liquor Licenses Processing	4 Reports	Achieved	0			Q1-Q4: Progress Reports		None	None	Planning & Economic Development	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
<b>MUNICIPAL KPA : GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>																
Municipal Priority : Improved audit outcome; Community Participation																
Impact statement: Enhanced and strengthened Community Participation																
MTSF Target: Accountable, good governance and public participation																



# Chapter 3

K P I N O	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
K P I N O	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
91	5 review and Approved Public Participation Strategy		Community Participation Strategy not approved	Not Achieved	1 reviewed and approved Public Participation Strategy		Public participation strategy not reviewed for approval	Not Achieved					Public participation strategy approved 2023-01-31 used and not reviewed for 2023/24	Prepare public participation strategy for review and approval in Q2 of 2024/25	Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
92	Functional Ward Committees		15 Ward Committees established and functional	Achieved	180 Ward Committee meetings to be held		180 Ward Committee meetings held	Achieved			Minutes & attendance registers				Office of the Municipal Manager	MP305
93	300 ward Community Consultations		90 meetings held	Not Achieved	60 Ward Community Consultation		60 Ward community meetings	Achieved			Minutes & attendance registers				Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	held				Meetings										er	
94	300 Community outreach programmes conducted		45 programs implemented	Not Achieved	4 Community outreach programmes conducted	4 Community outreach programmes	Achieved				Flyers & attendance registers				Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
95	100% of community issues resolved		New KPI	New KPI	100% of issues resolved.		40% issues resolved	Not Achieved			Consolidated feedback report on complaints attended		Departments not attending to complaints as required due to cashflow constraints and slow responses	Develop monthly schedule for issues and complaints raised to be attended and reported on	Office of the Municipal Manager	MP305



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
													e time	Top Management meetings		



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
96	5 Review and Approval of OPMS Framework		22/23 Organisational PMS Policy Framework approved on 2022-07-29	Achieved	1 Review and Approval of OPMS Framework		OPMS Policy reviewed. Not approved by Council	Not Achieved	N/A		Council resolution; Approved OPMS Policy		Review of OPMS delayed. Awaited inputs and consolidation of inputs from SALGA	Dereferred for approval in Q1 of 2024/2025	Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
97	5 SDBIP approved		22/23 SDBIP Approved on 2022-06-28	Achieved	1 SDBIP		2023/24 SDBIP approved by 2023-07-14 after budget approved on 2023-06-15	Achieved	N/A		Signed SDBIP		N/A	N/A	Office of the Municipal Manager	MP305
98	20 quarterly reports prepared		4 Reports	Achieved	4 quarterly reports prepared		4 Reports	Achieved	N/A		SDBIP reports; Council resolution		N/A	N/A	Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
99	5 annuals performance reports prepared		1 Annual Performance Report submitted by 2022-08-31	Achieved	1 annual performance reports prepared		1 annual performance report prepared	Achieved	N/A		Annual Performance Report; Proof of submission to AGSA		N/A	N/A	Office of the Municipal Manager	MP305
100	5 oversight and annual reports		1 Annual Report tabled by	Achieved	1 annual report tabled		Annual Report tabled on 2024-01-31	Achieved	N/A		Council resolution; Annual		N/A	N/A	Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	tabled		2023-01-31								report				er	
101			1 Oversight Report on Annual Report adopted by 2023-	Achieved	1 oversight report adopted		2022/23 Oversight report not adopted on time, Adopted 2024-07-02	Not Achieved			Council resolution; Oversight report		Oversight report tabled to Council on 2024-04-02. Referred back for	Deferred and approved in Q1 of 2024/24	Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
			03-31										MPAC to complete oversight work			
102	5 strategic risks registers		Strategic risk assessment was conducted and	Achieved	1 strategic risk register developed		1 strategic risk register developed	Achieved	R0.00		Signed Risk register		N/A	N/A	Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
			approved on 2022-07-29													
103	5 strategic risks mitigation action plan		New KPI	New KPI	4 Progress report on risk mitigation plan implementation		4 Progress report on risk mitigation plan implementation	Achieved	R0.00		Quarterly reports		N/A	N/A	All Departments	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
					ntation		on									
104			4 risk management anti-fraud, anti-corruption committ	Achieved	4 reports on strategic risk mitigating action plan implementation		4 reports on strategic risk mitigating action plan implementation	Achieved	R0.00		Quarterly reports		N/A	N/A	Office of the Municipal Manager	MP305



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
			ee reports submitted													



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
105			4 risk management anti-fraud, anti-corruption committee meetings held	Achieved	4 Risk Committee meetings held		4 Risk Committee meetings held	Achieved	R103 000		Notice and Agenda; Minutes		N/A	N/A	Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
106	10 anti-fraud and anti-corruption		2 anti-fraud and anti-corruption awareness conducted in October 2022 and April 2023	Achieved	4 anti-fraud and anti-corruption workshops / awareness		4 anti-fraud and anti-corruption workshops / awareness	Achieved	R0.00		Flyers & attendance registers		N/A	N/A	Office of the Municipal Manager	MP305



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
107	Conduct 5 Audit committee charters		Audit Committee charter approved on 21 July 2022	Achieved	1 Audit committee charter		Approved Audit Committee Charter on 2023-08-29	Achieved			Approved Audit committee charter				Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
108	20 Audit committee meeting to be held		4 Audit committee meetings held on the following dates 21 July 2022, 20 October 2022, 20 Jan 2023 & 20 April	Achieved	4 Audit committee meetings to be held		4 Audit Committee meetings	Achieved			Notice and Agenda; Minutes				Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
			2023													



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
109	5 Internal audit charter		New KPI	New KPI	1 Internal audit charter		Approved Internal Audit Charter (Audit Committee 2023-07-20)	Achieved			Approved Internal Audit charter				Office of the Municipal Manager	MP305
110	5 three year rolling internal audit plan		Internal Audit Plan approved on 21 July	Achieved	1 three year rolling internal audit plan		Approved Three year internal audit plan (Audit Committee	Achieved			Approved Three year internal audit plan				Office of the Municipal Manager	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
			2022				2023-07-20)									
111	20 Reports on implementation of annual audit		4 Reports on implementation on the annual audit	Achieved	4 Reports on implementation of annual audit		4 Reports	Achieved			Quarterly reports				Office of the Municipal Manager	MP305



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	plan submitted to audit committee		plan		plan submitted to Audit Committee											
112	5 Audit action plans		New KPI	New KPI	1 Audit action plan developed and monitored for implementation	1 Audit Action plan	Achieved				Audit action plan				All Departments	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
					ntation											
113	20 Progress report implemented on action plan		4 Reports on audit action plan	Achieved	4 Progress reports on AGSA action plan implementation		4 Progress reports on AGSA action plan implementation	Achieved			Quarterly reports				All Departments	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
114			4 Reports on audit action plan	Achieved	4 Progress reports on internal audit action plan implementation		4 Progress reports on internal audit action plan implementation	Achieved			Quarterly reports				All Departments	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
115	5 Approved Council Schedule of Council and Sub-Committees		Schedule of council meeting approved on the 30th of June 2023	Achieved	1 approved Schedule of Council and Sub-Committees	1 approved Schedule of Council and Sub-Committees	Achieved				Council resolution; Approved schedule				Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
116	100% Implementation of Council Resolution		3 Reports on council and subcommittees of council meetings held	Not Achieved	4 Council Resolutions implementation tracking register		4 Council Resolutions implementation tracking register	Achieved			Council resolution implementation reports; Council Resolution				Corporate Services	MP305
111	20 council		14 Council Meeting	Achieved	4 council sittings		4 Council sittings	Achieved			Notice and Agenda;				Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
7	sittings		s held								Minutes				es	
118	20 mayoral Com sittings		12 Mayoral Committee Meetings held	Achieved	4 mayoral Com sittings		4 Mayoral Committee sittings	Achieved			Notice and Agenda; Minutes				Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
119	120 Section 79 meetings to be held		11 Section 79 meetings held	Not Achieved	24 Section 79 meetings to be held		18 Section 79 meetings	Not Achieved			Notice and Agenda; Minutes		Non-adherence to schedule of council activities; Changes in composition of committees	Adhere to schedule of council and committees as approved	Corporate Services	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
120	Number of section 80 Meetings to be held		7 MPAC Meetings held	Achieved	12 Meeting to be held		12 Section 80 Meetings	Achieved			Notice and Agenda; Minutes				Corporate Services	MP305
121	Approved Youth development strategy		Not Achieved	Not Achieved	Youth development Strategy approved by 2023-07-		Youth Development Strategy not approved	Not Achieved			Council Resolution; Approved Youth Development		Youth development strategy not reviewed	Prepare Youth Development Strategy for review	Community Services & Safety	MP305



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
					31						Strategy		d	by end Q1 of 2024/25		
122	Implementation of approved Youth development strategy		Not Achieved	Not Achieved	4 Reports on implementation of approved youth development		4 Reports on implementation of approved youth development strategy	Achieved			Quarterly reports				Community Services & Safety	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
					ment strategy											
1 2 3	Number of reports on HIV/AIDS plan implem		4 Reports	Achieved	4 Reports on implementation of HIV/Aids		4 Reports on implementation of HIV/Aids plan	Achieved			Quarterly reports				Community Services & Safety	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	ented				plan											
124	Number of Sports Council meetings held		New KPI	New KPI	Number of Sports Council meetings held by 2024-06-30		3 Sports Council meetings held	Not Achieved			Notice and Agenda; Minutes				Community Services & Safety	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
125	Number of Civil Society meetings convened		4 Meetings	Achieved	4 Civil society meetings convened		3 Civil society meetings convened	Not Achieved			Notice and Agenda; Minutes				Community Services & Safety	MP305
126	Number of Anti-gender-based Violence Campaigns		4 GBV Campaigns	Achieved	4 Anti-gender-based Violence Campaigns conducted		4 Anti-gender-based Violence Campaigns conducted	Achieved			Flyers & attendance registers				Community Services & Safety	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	gns conducted				d											
127	Number of women's forum meetings		4 Meetings	Achieved	4 Women's forum meetings held by 2023-06-30		4 Women's forum meetings held	Achieved			Notice and Agenda; Minutes				Community Services & Safety	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
128	Number of People Living with Disabilities forum meetings held		4 Meetings	Achieved	4 Forum meetings of People Living with Disabilities forum meetings held		4 Forum meetings of People Living with Disabilities forum meetings held	Achieved			Notice and Agenda; Minutes				Community Services & Safety	MP305
<b>MUNICIPAL KPA : FINANCIAL VIABILITY AND MANAGEMENT</b>																

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
Municipal Priority : Improve financial viability of the Municipality through the implementation of the Financial Recovery Plan & Financial Long-Term Plan																
Strategic objective : To render the Municipality fully financially sustainable																
Impact statement: Reduced unemployment and poverty																



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
KPI NO	KPI	Proposed Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Proposed Adjusted 2023/2024 Annual Target	2023/2024 Actual Overall Achievement	2023/2024 Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Proposed Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
129	Collection Rate 95%		68%	Achieved	65%		56%	Not Achieved	N/A		Quarterly report		Overall performance below 65 % due to reversal of billing in August 2023	To improve the revenue collection through revenue enhancement programmes	Budget & Treasury	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
130	Cost / Cash Coverage = 6 Months		0.5 Months	Achieved	1 month		0,5 month	Not Achieved	N/A		Quarterly report; Cash flow management committee minutes		Unfunded budget and cashflow constraints	Improve billing and revenue collection	Budget & Treasury	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
131	Reduction of UIFW Expenditure R 100 mil		R 1.8 billion	Achieved	R 1.8 billion		The fruitless for the quarter amounts to R317 464 940 , Irregular amounts to R239 977.038 which was submitted to council in the 4th quarter	Achieved			Quarterly report				Budget & Treasury	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
132	Efficient Contract Management		4 Contract register updates	Achieved	R 30 mil		All contracted services is updated / monitored on a monthly basis	Achieved			Quarterly report		None	N/A	Budget & Treasury	MP305
133	Number of service provider performance		New KPI	New KPI	4 Reports on service provider performance		4 Reports on service provider performance	Achieved	N/A		Quarterly report		4	N/A	All Departments	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
	monitoring reports prepared				nce monitoring											
134	GRAP Compliant FAR		4 Asset Register updates	Achieved	GRAP & mSCOA Compliant Assets Register		The FAR is prepared in accordance to GRAP and Mscoa	Achieved	N/A		Quarterly report		None	N/A	Budget & Treasury	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
135	Cost Reflective Tariffs		Approved Trading Services Tariffs by 2023-06-30	Achieved	Reduction of Trading Services Operating Deficit		Tariffs were reviewed, submitted to council and approved with the Budget on the 4th June 2024 (see attached council resolution)	Achieved	N/A		Quarterly report		None	N/A	Budget & Treasury	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
136	Reduction of Accounting deficit on Budget		New KPI	New KPI	(R 252 mil)		The budget funding plan implemented and improved the total amount being monthly as well as the revenue collected the 4th quarter	Achieved	N/A		Quarterly report		None	N/A	Budget & Treasury	MP305

# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
137	Reduce outstanding creditors to R 2.7 billion		New KPI	New KPI	R –		The municipality is under financial distress and unable to pay all creditors within 30 days. Eskom debt still increasing	Not Achieved	N/A		Quarterly report		Cashflow constraints and below acceptable revenue generation limit means to pay creditors	Improve revenue collection and reduction of expenditure	Budget & Treasury	MP305



# Chapter 3

KPI NO	KPI	Approved Adjusted KPI / Performance Measure	2022/2023 Overall Audited Actual Performance	2022/2023 Audited Achievement Status	2023/24 Annual Target	Approved Adjusted 2023/2024 Annual Target	2023/2024 Audited Overall Achievement	2023/2024 Audited Achievement Status (Achieved/ Not Achieved)	2023/2024 Actual Adjusted Budget	2023/2024 Actual Expenditure based on Adjusted Budget	Portfolio of Evidence	Approved Adjusted Portfolio of Evidence	Blockage / Challenges or deviation from meeting targets	Corrective measures	Department	Ward Location / Regional Identifier
138	Number of reports on FRP implementation		4 Reports	Achieved	12 Reports on FRP Implementation		12 FRP reports	Achieved	N/A		Monthly report		None	N/A	All Departments	MP305

# Chapter 3

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# Chapter 4

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

### INTRODUCTION

The human resource management of the Municipality comprises of activities relating to the rendering of a comprehensive human resource management function to Council by ensuring an efficient personnel administration system, recruitment and selection, sound labour relations, human resources development, implementation of affirmative action measures, occupational health and safety of employees and compliance with all relevant labour legislation.

The employees of the Municipality is informed and supportive of the Municipality's vision, mission and strategic direction.

The composition of people with disabilities and gender within the Municipality remains a challenge as reflected by the workplace profile of the institution. Recruitment of black females and people with disabilities remains our priority; however, it has been a challenge to recruit from the disabled designated group

An Employment Equity Plan has been developed and approved, which continues to have a bias towards the above stated challenges, i.e. gender and people with disabilities. Monitoring, implementing and reporting on the Employment Equity Plan (EEP) continues to be a priority for the institution. The recruitment of top and divisional managers has been aligned to the current EEP to close the gaps. The Municipality will continuously align the EEP and the recruitment plan to eliminate gaps.

T 4.0.1

## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	Employees				
	2022/2023	2023/2024			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	44	67	48	19	28,36
Waste Water (Sanitation)	43	120	43	77	64,17
Electricity	32	70	32	38	54,29
Waste Management	41	98	62	36	36,73
Housing	13	12	5	7	58,33
Waste Water (Stormwater Drainage)	0	0	0	0	#DIV/0!

# Chapter 4

Roads	46	100	30	70	70,00
Transport	9	23	9	14	60,87
Planning	3	8	2	6	75,00
Local Economic Development	2	4	2	2	50,00
Planning (Strategic & Regulatory)	2	2	2	0	0,00
Local Economic Development	0	0	0	0	#DIV/0!
Community & Social Services	76	255	139	116	45,49
Environmental Protection	26	53	38	15	28,30
Health	0	0	0	0	#DIV/0!
Security and Safety	0	0	0	0	#DIV/0!
Sport and Recreation	0	0	0	0	#DIV/0!
Corporate Policy Offices and Other	54	98	54	44	44,90
<b>Totals</b>	<b>391</b>	<b>910</b>	<b>466</b>	<b>444</b>	<b>48,79</b>

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

T 4.1.1

Vacancy Rate: 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	1	100.00
Other S57 Managers (excluding Finance Posts)	2	2	100.00
Other S57 Managers (Finance posts)	1	0	0.00
Traffic Officers	42	29	69.05
Fire fighters	73	30	41.10
Senior management: Levels 13-15 (excluding Finance Posts)	33	6	18.18
Senior management: Levels 13-15 (Finance posts)	6	55	916.67
Highly skilled supervision: levels 9-12 (excluding Finance posts)	146	73	50.00
Highly skilled supervision: levels 9-12 (Finance posts)	23	14	60.87

# Chapter 4

Total	328	210	64.02
-------	-----	-----	-------

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2021/2022	27	25	93%
2022/2023	45	6	13%
2023/2024	84	30	36%
* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year			T 4.1.3

## COMMENT ON VACANCIES AND TURNOVER:

For the year under review, the position of the municipal manager and the entire senior management team were filled for the year under review. The fast-tracking of processes for the filling of vacancies has improved with the developed recruitment plan. A relatively higher turnover rate was experienced mainly due to resignations, deaths and employees reaching retirement age.

T 4.1.4

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The human resource management of the municipality comprises of activities relating to the rendering of a comprehensive human resource management function to Council by ensuring an efficient personnel administration system, recruitment and selection, sound labour relations and human resources development. The implementation of affirmative action measures, occupational health and safety of employees and compliance with all relevant labour legislation is also adhered to.

The policies in the table below were approved by 30 June 2023, for implementation in the 2023/2024 financial year.

The staff of the municipality is informed and supportive of municipality's vision, mission and strategic direction. The gender composition and people with disabilities continues to be a challenge as reflected

# Chapter 4

by the workplace profile of the institution. Recruitment of black females and people with disabilities remain priority however, the appointment in these categories of people still is a challenge.

*T 4.2.0*

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# Chapter 4

## 4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Recruitment and Selection Policy	100%		30-Jun-23
2	HRD Policy	100%		30-Jun-23
3	Bursary Policy	100%		30-Jun-23
4	Promotion, Transfer, Secondment and Acting Appointment Policy	100%		30-Jun-23
5	OHS Policy	100%		30-Jun-23
6	Relocation Reimbursement Policy	100%		30-Jun-23
7	Danger Allowance	100%		30-Jun-23
8	Placement Policy	100%		30-Jun-23
9	Employment Equity Policy	100%		30-Jun-23
10	Name Tag Policy	100%		30-Jun-23
11	Orientation Induction Policy	100%		30-Jun-23
12	Injury on duty, accident prevention Policy	100%		30-Jun-23
13	PPE Policy	100%		30-Jun-23
14	Bereavement Policy	100%		30-Jun-23
15	EHW Policy	100%		30-Jun-23
16	Leave Policy	100%		30-Jun-23
17	HIV/AIDS Policy	100%		30-Jun-23
18	Incapacity due to ill health policy	100%		30-Jun-23
19	Incapacity due to poor work policy	100%		30-Jun-23
20	Substance Abuse Policy	100%		30-Jun-23
21	Smoking Policy	100%		30-Jun-23
22	Overtime Policy	100%		30-Jun-23
23	IPMDS Policy	100%		30-Jun-23
Use name of local policies if different from above and at any other HR policies not listed.				T 4.2.1

# Chapter 4

## COMMENT ON WORKFORCE POLICY DEVELOPMENT:

Specific human resource policies as specified above were approved during the year under review. Other policies have been developed while others are due for review. Noting the need to regularly review policies, policies are reviewed annually.

T 4.2.1.1

## 4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	13	9	69%	1	12040
Temporary total disablement	0			0	
Permanent disablement	0			0	
Fatal	0			0	
<b>Total</b>	<b>13</b>	<b>9</b>	<b>69%</b>	<b>13</b>	<b>12040</b>

T 4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	501	15%	99	137	3,66	401500
Skilled (Levels 3-5)	415	9%	82	122	3,40	422301
Highly skilled production (levels 6-8)	226	12%	75	112	2,01	312459
Highly skilled supervision (levels 9-12)	176	9%	42	78	2,26	221459



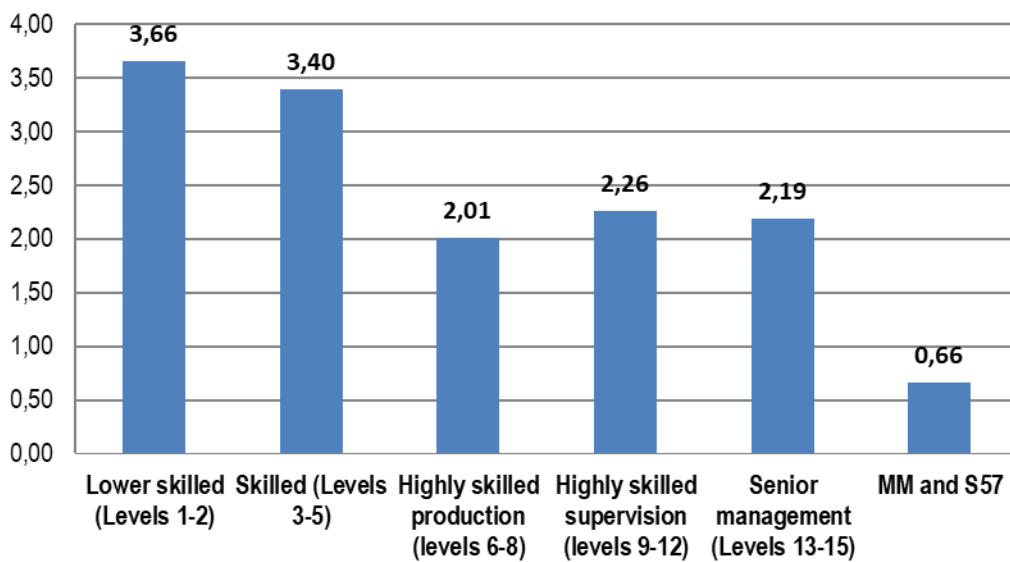
# Chapter 4

Senior management (Levels 13-15)	125	3%	29	57	2,19	261458
MM and S57	4	0%	1	6	0,66	18400
<b>Total</b>	<b>1356</b>	<b>11%</b>	<b>212</b>	<b>484</b>	<b>2.83</b>	<b>1637577</b>

\* - Number of employees in post at the beginning of the year

T 4.3.2

## Average Number of Days Sick Leave (excluding IOD)



T 4.3.3

### COMMENT ON INJURY AND SICK LEAVE:

The municipality is monitoring and reports on injuries on duty to the Compensation Commission as required by legislation. All types of leave is monitored using VIP Payroll system. The Occupational

# Chapter 4

Health and Safety (OHS) Committee is functional and all related health and safety issues are deliberated on, including the monitoring of the mitigation plans of the OHS Risk Register.

T 4.3.4

Number and Period of Suspensions				
Position/Department	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
CSS	Absent without authorization		Disciplinary proceedings still ongoing	Pending
PED	Gross dishonesty		Disciplinary proceedings still ongoing	Pending
BTO	Absent without authorization		Disciplinary proceedings still ongoing	Pending
BTO	Gross negligence		Suspension without pay for 10 days	19/04/2023
BTO	Gross negligence		Disciplinary proceedings still ongoing	Pending
BTO	Negligence		Disciplinary proceedings still ongoing	Pending
BTO	Negligence		Disciplinary proceedings still ongoing	Pending
Technical Services	Negligence		Disciplinary proceedings still ongoing	Pending
CSS	Insubordination		Disciplinary proceedings still ongoing	Pending
CSS	Insubordination		Disciplinary proceedings still ongoing	Pending
CSS	Dishonesty		Disciplinary proceedings still ongoing	Pending
Corporate Services	Negligence		Disciplinary proceedings still ongoing	Pending
PED	Negligence		Disciplinary proceedings still ongoing	Pending
PED	Negligence		Disciplinary proceedings still ongoing	Pending
Technical Services	Negligence		Disciplinary proceedings still ongoing	Pending
BTO	Negligence		Disciplinary proceedings still ongoing	Pending

T 4.3.5

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 Finalised
Acc. Rates, Admin &Sundry Debtors	Fraud	Disciplinary proceedings still ongoing	Pending

# Chapter 4

General Assistant	Fraud	Disciplinary proceedings still ongoing	Pending
Records Clerk	Fraud	Disciplinary proceedings still ongoing	Pending
Manager Income	Fraud	Disciplined and dismissed	06/03/2023

*T 4.3.6*

## COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

For the year under review, four cases of financial misconduct were still under investigation. Disciplinary processes have taken longer than usual to finalise due to postponement for various reasons relating to but not limited to the unavailability of the Presiding Officer and the employee representative. It is worth mentioning though that the matter of the Manager Income has been concluded. Again, an observation is made that its almost four months since the matter was concluded and the municipality is consulting on a recourse as it is obvious that the Presiding Officer is not in compliance with the disciplinary collective agreement. It must be further noted that the municipality welcomes the appointment of its Manager Legal Services who has been available to preside on disciplinary matters which has made a huge difference in handling and fast tracking the finalisation of cases.

*T 4.3.7*

## 4.4 PERFORMANCE REWARDS

The performance management system has not yet been cascaded to levels below section 56 employees, no performance rewards were paid during the year under review.

### COMMENT ON PERFORMANCE REWARDS:

For the year under review, performance rewards were not paid to any municipal employees, including the Municipal Manager and section 56 managers. It must be noted that performance reviews were not conducted. Efforts are continually being made to strengthen the performance review processes. Adherence to scheduled review sessions in line with the signed performance agreements will be strengthened. The cascading of individual performance management has not yet been introduced, but it is anticipated that a gradual phased approach over the next financial years, will be implemented to roll out this process, starting with the development of a phased roll-out plan, a draft policy and extensive engagement with organised labour and employees at large. The promulgation of the Staff Establishment Regulations of 2021 will also greatly assist in further clarifying roles, responsibilities and functions towards the cascading of individual performance management.

*T 4.4.1.1*

# Chapter 4

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

In line with the MSA 2000 S68 (1) human resource policies were customized line with the South African Local Government Association's generic policies that enables the institution to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. A critical function within the Human Resources division is the implementation of training interventions for human capital development. The following is a breakdown of training interventions undertaken during the 2022/2023 financial year:

*T 4.5.0*

# Chapter 4

## 4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 1 July 2022	Number of skilled employees required and actual as at 30 June 2023											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: 2021/2022	Actual: 2022/2023	2022/2023 Target	Actual: 2021/2022	Actual: 2022/2023	2022/2023 Target	Actual: 2021/2022	Actual: 2022/2023	2022/2023 Target	Actual: 2021/2022	Actual: 2022/2023
MM and s57	Female	2	0						0			0		
	Male	4	0						1			1		
Councillors, senior officials and managers	Female	23	0			9			0			0		
	Male	37	0			10			0			0		
Technicians and associate professionals*	Female	21	0			1			15			15		
	Male	12	0			1			6			6		
Professionals	Female	8	0						2			2		
	Male	7	0						2			2		
Sub total	Female	54												
	Male	60												

# Chapter 4

Total	228	0	0	0	21	0	0	26	0	0	26	0	0
<i>*Registered with professional Associate Body e.g CA (SA)</i>													<i>T 4.5.1</i>

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# Chapter 4

<b>Financial Competency Development: Progress Report*</b>						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>						
<i>Accounting officer</i>	1	0	1	0	1	1
<i>Chief financial officer</i>	1	0	1	0	1	1
<i>Senior managers</i>	4	0	4	0	4	4
<i>Any other financial officials</i>	1	0	1	0	0	0
<b>Supply Chain Management Officials</b>						
<i>Heads of supply chain management units</i>	1	0	1	0	1	1
<i>Supply chain management senior managers</i>	3	0	3	1	1	1
<b>TOTAL</b>	<b>11</b>	<b>0</b>	<b>11</b>	<b>1</b>	<b>8</b>	<b>8</b>
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						T 4.5.2

# Chapter 4

Skills Development Expenditure										
										R'000
Management level	Gender	Employees as at 1 July 2022	Original Budget and Actual Expenditure on skills development 2022/2023							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	2	0	0	0	0	0	0	0	0
	Male	4	0	0	0	0	0	0	0	0
Legislators, senior officials and managers	Female	23	0	0			100000	75000	100000	75000
	Male	37	0	0						
Professionals	Female	2	0	0			80000	54000	80000	54000
	Male	2	0	0				60000		60000
Technicians and associate professionals	Female	1	0	0			100000	27500	100000	27500
	Male	1	0	0				27500		27500
Clerks	Female	15	0	0			150000	101450	150000	101450
	Male	5	0	0				93676		93676
Service and sales workers	Female	2	0	0			80000	44325	80000	44325
	Male	16	0	0				32568		32568
Plant and machine operators and assemblers	Female	0	0	0			0	0		
	Male	3	0	0			50000	28500	50000	28500
Elementary occupations	Female	2	0	0			85000	39140	85000	39140
	Male	16	0	0				39140		39140



# Chapter 4

Sub total	Female	45	0	0			30000	286324	30000	286324
	Male	65	0	0				213744		213744
Total		110	0	0	0	0	30000	500068	30000	500068
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R
										T4.5.3

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# Chapter 4

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

A needs-based approach in consultation with labour is followed and skills audits are to be conducted to identify training needs of all employees after which the Workplace Skills Plan (WSP) is developed with emphasis on learnerships and apprenticeships. The WSP, which also includes the Annual Training Report on implemented training for the previous financial year is submitted to the LGSETA in line with the Skills Development Act. Training is then monitored and reported on a quarterly basis.

Inadequate budget in the area of workforce development continues to be a challenge. The budget has remained stagnant to fund such programmes.

*T 4.5.4*

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

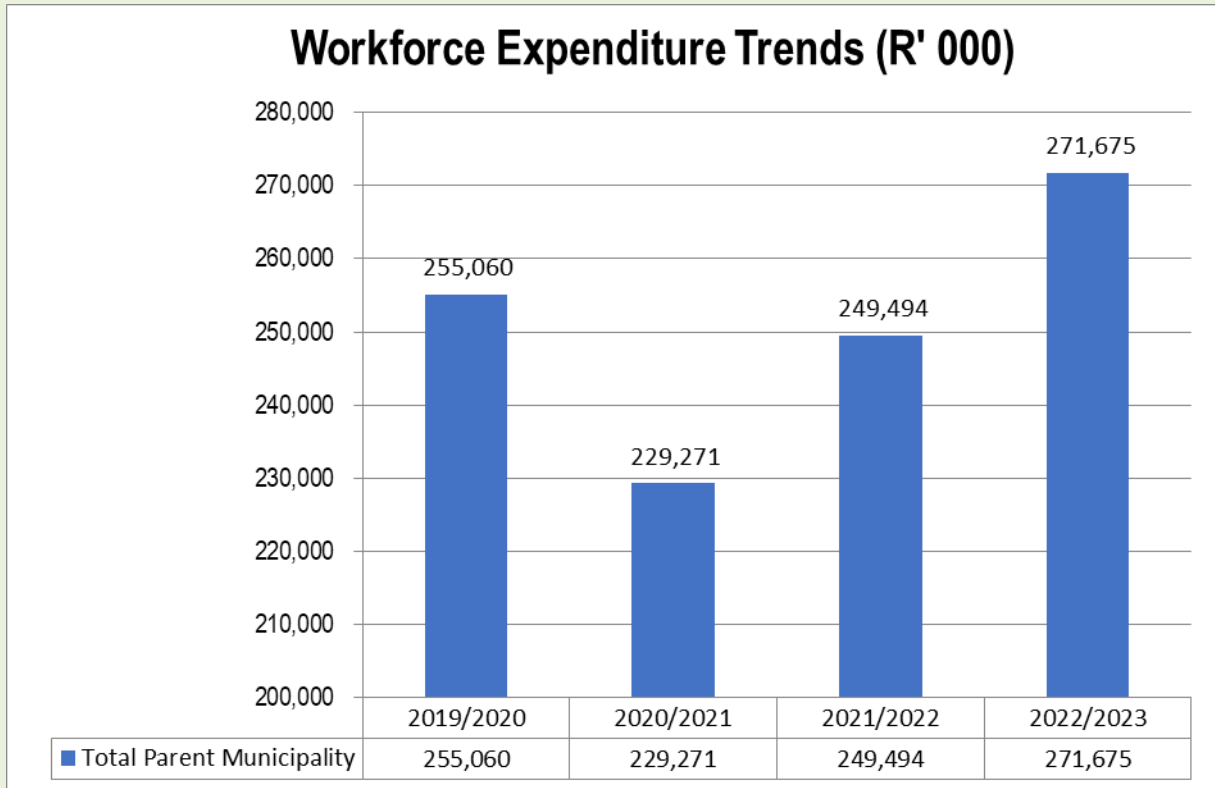
### INTRODUCTION TO WORKFORCE EXPENDITURE

It is critical to manage workforce expenditure. Pressures to fill vacancies within budgetary constraints placed a strain on the certain components of the workforce, especially in essential services areas of fire and rescue services, water and sanitation, electricity and refuse collection. The vacancy rate within these components saw a substantial increase in expenditure on overtime. This is still to ensure that services are still rendered within the limited human resources employed and available. Concerted efforts must still be made to reduce overtime and to employ additional staff to address human resource shortages.

*T 4.6.0*

# Chapter 4

## 4.6 EMPLOYEE EXPENDITURE



Source: MBRR SA22

T 4.6.1

### COMMENT ON WORKFORCE EXPENDITURE:

Employee cost to total operating expenditure measures the total employment cost to total operating expenditure and the norm is between 25% - 40%. Lekwa Local Municipality is within the acceptable norm, it is on the increase and if not monitored, it will approach the upper end of the norm. It must also be noted that total workforce expenditure decreased due to the municipality being placed under administration, thus reducing overall councillor remuneration costs.

T 4.6.1.1

### DISCLOSURES OF FINANCIAL INTERESTS

Annually, Councillors as political office bearers, senior officials and Supply Chain Management officials are required to complete declarations indicating financial interest, thus a disclosure form is completed.

# Chapter 4

It is also a requirement that section 56 senior management must declare their financial interest and other interest when signing their annual performance agreements with the Municipal Manager. The Municipal Manager also signs a declaration for financial interest and submits it to the Executive Mayor with the signed performance agreement. Appendix J tabulated the disclosures made.

*T 4.6.6*

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# Chapter 5

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

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

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

*T 5.0.1*

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL STATEMENTS

The statement is assessed by summarizing how the municipality incurs its revenues and expenses through both operating and non-operating activities. It also shows the net profit or loss incurred over a specific accounting period. These include service charges and the various expenses incurred during the processing as well as the rendering the services.

Revenue management, and particularly revenue assurance, should be high up on the list of priorities.

Debt owed to municipality was R 2 103 546 738.96 with R 1 950 365 530 impaired as a result of non-payment of services. In addition, the municipality had payables from exchange transactions amounting to R 3 355 733 728. Effective revenue assurance could rescue the municipality and underpin improved financial management, especially at a time where more challenges are forecast for the South African economy, already caught in the grip of stagnant economic growth. As the economy continues to decline, the municipality will face even bigger challenges in

# Chapter 5

generating revenue. The continued restructuring and closure of businesses, which lead to job losses, would have far reaching effects for the municipality.

Revenue generated from rates, taxes, and service charges will also dwindle and the ratio of indigents compared to paying customers is likely to increase.

The equitable share from national government is expected to be under pressure going forward. So, while communities deserve and continue to demand quality and timely services, some members of communities cannot afford to pay for the services rendered.

It is, therefore, imperative that the municipality develop a comprehensive revenue assurance system. Financial sustainability can be achieved through appropriate funding, financial viability, revenue generation capability, and revenue management processes.

Auditor General fees is the service for the external audit provided by the Auditor General of South Africa. The total cost was R 9.2 million.

The operating deficit is attributed mainly to bulk purchases, employee related costs, debt impairments and write off of irrecoverable debt as well as depreciation incurred during the financial period under review. The Municipality has put in place systems to address the deficit and to ensure that the Municipality is financially sustainable. This includes revenue enhancement, cost curtailment, ensuring that trading services are operating efficiently in order to reduce the trading losses.

The table below reflects the performance of trading services. The real picture is that comparing the actual revenue to expenditure, all services are running at a deficit. These services are yet to yield profit. The attributes to the deficits are the following factors:

- 1) Tariffs are not cost reflective
- 2) Billing that is inaccurate
- 3) High operating costs such as bulk purchases & employee related costs.

# Chapter 5

The Municipality in conjunction with National Treasury, Vodacom and the Development Bank of South Africa (DBSA) has initiated numerous revenue enhancement programs in order to improve the revenue of the Municipality whilst protecting the current revenue streams available to the Municipality. This includes but is not limited to:

- Valuation roll reconciliation to ensure completeness of property rates billing
- Tariff review to ensure that tariffs are realistic and the Municipality is able to recoup the cost for the provision of services
- Policy reviews to ensure adherence with applicable legislation
- Improve meter reading
- Installation of 7678 electricity smart meters
- Water meter replacement and exposing meters that are not easily accessible
- Performance of monthly billing reconciliation to ensure completeness of revenue generated
- Increase access to pay point and receipt management to allow consumer to pay for services at various payment points
- Intensify indigent management in response to the socio-economic climate, to protect the poor from the severe economic impact
- Vigorous implementation of credit control and debt collection
- The Municipality appointed a service provider to perform meter reading
- The Municipality is further implementing of a project to secure electricity kiosks to avoid tampering with electricity infrastructure.

Remedies to these challenges will be to strictly apply and adhere to austerity and cost curtailment measures.

T 5.1.0

Financial Services: 2023/2024				
Details	Original Budget	Adjustment Budget	Actual	Variance to Budget R'000
Electricity	467 837	507 826	458 033	-49 793

# Chapter 5

Water	84 352	87 781	97 467	9 686
Sewerage	42 598	41 172	78 524	37 352
Refuse Removal	33 115	33 115	59 487	26 372

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# Chapter 5

## 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

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# Chapter 5

## Lekwa Local Municipality

(Registration number MP305)  
Annual Financial Statements for the year ended 30 June 2024

### Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Sale of goods	17	2 187 688	1 629 783
Service charges	17&18	693 513 176	494 274 145
Rental of facilities and equipment	17&19	3 003 212	1 643 457
Other income		910	-
Interest received on trade and other receivables	17&22	82 020 347	68 928 071
Interest received bank and other financial assets	17&22	4 135 090	2 484 376
<b>Total revenue from exchange transactions</b>		<b>785 467 023</b>	<b>568 959 832</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	23	217 714 619	128 624 550
Licences and Permits (Non-exchange)		2 478	-
Interest, Dividends and Rent on Land	53	40 819 964	33 494 534
<b>Transfer revenue</b>			
Government grants & subsidies	17&24	219 896 269	228 015 864
Public contributions and donations	25	245 423 591	78 511 729
Fines, Penalties and Forfeits	20	3 582 214	2 593 669
Debt relief and incentives	17	211 869 657	-
<b>Total revenue from non-exchange transactions</b>		<b>939 308 792</b>	<b>471 240 346</b>
<b>Total revenue</b>	17	<b>1 724 775 815</b>	<b>1 040 200 178</b>
<b>Expenditure</b>			
Employee related costs	26	282 231 288	271 712 173
Remuneration of councillors	27	14 740 484	13 787 568
Depreciation and amortisation	28	60 376 738	55 352 335
Finance costs	30	181 672 963	161 359 305
Lease rentals on operating lease	21	1 801 021	2 074 055
Debt impairment	32	214 613 319	255 426 283
Bad debts written off	32	123 959 726	99 982
Bulk purchases	35	544 068 888	475 583 610
Contracted services	36	122 044 053	86 658 325
Transfers and Subsidies	55	1 156 470	732 848
Inventory consumed	33	20 067 873	20 860 422
General Expenses	34	85 899 472	68 355 930
<b>Total expenditure</b>		<b>1 652 632 295</b>	<b>1 412 002 826</b>
<b>Operating surplus (deficit)</b>		<b>72 143 520</b>	<b>(371 802 648)</b>
Loss on disposal of assets and liabilities		(3 121 954)	(216 582)
Gain on foreign exchange		46 661	-
Fair value adjustments	56	(702 686)	5 277 247
Actuarial gains/losses	9	2 020 397	13 928 000
Reversal of impairments/(impairment loss)	29	(1 487 252)	6 145 344
		<b>(3 244 834)</b>	<b>25 134 009</b>
<b>Surplus (deficit) for the year</b>		<b>68 898 686</b>	<b>(346 668 639)</b>

Audited  
By  
2024-11-1  
Auditor General South Africa  
Mpumalanga Business Unit

# Chapter 5

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### COMMENT ON FINANCIAL PERFORMANCE

The Municipality had a total operating revenue for the reporting period ending 30 June 2024 which amounted to R 1 724 775 815 which shows an increase of R 684 575 637 million when compared to the operating revenue for the period ended 30 June 2023 where the operating revenue amounted to R 1 040 200 178. The increase was mainly due to an increase in Public Contributions and donations of R 166 million, service charges of R 199 million (the municipality discovered through its data cleansing processes that there were consumers accounts that were not billed basic charges, the correction of this resulted in an improved revenue from service charges) and property rates of 89 million, furthermore the municipality applied to participate in the Municipal debt relief programme and was approved on 1 December 2023. As a result of the process Eskom wrote off interest amounting to R136 535 833, moreover in terms of section 76(1)(e) and 76(4)(a) the accounting officer of the Provincial Department of Transport wrote-off a debt of R 75 333 825 owed by the municipality as irrecoverable debt in the benefit of the municipality. These write-offs further contributed to the increased revenue by R 211 869 657 (Debt Relief and Incentives), this is a new Revenue line item which was not there in the past years.

Grants receipts contributed R 219 million (12.7%) of the total revenue while revenue generated from property rates as well as service charges contributed R 911 227 795 million (52.8%) to the total revenue mix.

Although there are no specific norms and standards set to measure grant dependency, given the revenue mix outcome, it indicates that the Municipality is not entirely dependent on grants and subsidies to finance its operations, but more can be done to improve own revenue generation. The municipality is implementing various revenue enhancement programs that will assist in reducing the operating deficit over the multi-year period.

The total revenue of the Municipality at the end of June 2024 has grown by R 684 million (65%) when compared to the reporting period ended 30 June 2023.

The main sources of revenue excluding Grants and Subsidies for the 2023/24 financial year were as follows:

Electricity R 458 million (26.5%)  
Property Rates R 217 million (12.6%)  
Water R 97 million (5.6%)  
Sanitation R 78 million (4.5%)  
Refuse R 59 million (3.4%)

The revenue generated from sales of electricity contributed 26.5% (R 458 million) of the total revenue mix, thus indicating that the electricity business unit should be nurtured and operated efficiently to ensure increased revenue from this service. This includes ensuring revenue protection by removing illegal connections, replacing bridged and tampered meters, ensuring accuracy of billing by effecting correct tariffs that are billed on time and accurate meter readings being taken.

## Chapter 5

The Municipality had a total operating expenditure for the reporting period ending 30 June 2024 amounting to R 1 652 632 295 billion. There was an increase in expenditure which amounted to R 240 629 469 when compared to the period ended 30 June 2023. The main contributors to this increase are the increase in Bad debt written off of R123 859 744, bulk purchases of R68 485 278, contracted services of R35 385 728, employee related costs of R10 519 115 and an increase in finance costs of R20 313 658. The Municipality was able to reduce Debt impairment by R40 812 964, this can be attributed to an improvement in collection rate and a change in impairment calculation methodology.

The following expenditures remains the highest cost drivers and have a significant impact on the revenue of the Municipality thus requiring the Municipality to vigorously implement the revenue enhancement strategy and continuous cost curtailment measures:

Bulk purchases R 544 068 888 million (33%)

Employee related costs R 282 231 288 million (17%)

Debt impairment R 214 613 319 million (13%)

Depreciation R 60 376 738 million (4%)

Finance costs R 181 672 963 million (11%)

Contracted services R 122 044 053 million (7%)

The Municipality has further implemented cost curtailment measures as well as the establishment of a cash flow management committee in order to reduce expenditures. The Municipality is committed to reducing running overheads such as overtime, standby, telephone costs, printing and stationery, including the reduction of non-essential procurement and expenditure. Furthermore the municipality took an initiative to renegotiate contracts with its service providers to reduce their scopes to affordable levels. Adequate provision is made towards expenditure that can improve service delivery on water network maintenance, improved sanitation, electricity maintenance and road maintenance amongst other expenditure.

The municipality had a surplus for the year of R68 898 686 for the period ending June 2024. The Municipality had cash and cash equivalents amounting to R14 998 240 at the end of June 2024.

T5.1.3

## Chapter 5

### 5.2 GRANTS

Grant Performance							R'000
	2022-23	2023-24			2023-24		
	Actuals	Original Budget	Adjustments Budget	Actuals	Original Budget %	Adjustments Budget %	
<b>Transfers and Subsidies</b>							
<b>National Government:</b>							
Equitable Share	152 423	167 773	167 773	167 773	100%	100%	
Municipal Systems Improvement Grant							
Municipal Infrastructure Grant	67 888	33 828	31 565	31 565	93%	100%	
Local Government Financial Management Grant	2 850	2 850	2 850	2 850	100%	100%	
Expanded Public Works Grant	1 855	1 643	1 643	1 643	100%	100%	
Integrated Electrification Grant	3 000	8 500	8 500	8 500	100%	100%	
<b>Provincial Government</b>							
COGTA (Municipal Disaster Recovery Grant)	6 625		11 000	940	N/A	9%	
<b>Total Transfer and Subsidies</b>	<b>234 641</b>	<b>214 594</b>	<b>223 331</b>	<b>213 271</b>	<b>99%</b>	<b>95%</b>	

#### COMMENT ON GRANTS

Grants receipts contributed R 223 million (13%) of the total revenue mix. This further affirms that the Municipality does not depend entirely on grants to finance its operations.

Although there are no specific norms and standards set yet to measure grants dependency, given the revenue mix outcome it is evident that the Municipality is not dependent on grants and subsidies to finance the operations. The municipality endeavors to implement various revenue enhancement programs that will assist in reducing the operating deficit over the multi-year period.

The Municipality had unspent conditional grants amounting to R 10 million for the Disaster Management Relief Grant. The unspent grant mainly relates to the timing when the funds were transferred to the Municipality which was in March 2024. The allocation was earmarked for projects to be implemented in the 2023/2024 and 2024/2025 financial years.

## Chapter 5

In an effort to ensure that projects are completed in time and all conditional grants are spent by the end of the financial year, the Municipality has streamlined the appointment of consultants and contractors. The Municipality has concluded multiyear appointment of consultants and contractors.

The non-conditional equitable share grant was utilized for indigents' free basic services and to cover other operational expenses. The Finance Management Grant as a conditional grant was used for its intended purposes.

T 5.2.2

### COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

The Municipality received R 11 million as part of the Municipal Disaster Relief Grant for the 2023/2024 financial year. Though the grant was unspent as 30 June 2024, the funding was earmarked for projects to be implemented in the 2024/2025 financial year.

T 5.2.4

## 5.3 ASSET MANAGEMENT

### INTRODUCTION TO ASSET MANAGEMENT

The Municipality made significant strides in ensuring that assets are verified periodically. All assets that required bar codes were bar coded and those that required GPS co-ordinates had been provided. The assets are annually recorded in the Annual Financial Statement in terms of GRAP standards, Council's assets management policy and accounting policy. Recognition also take effect of depreciation and impairment where it is applicable.

The Asset Management Policy was developed to comply with all relevant legislative requirements and complies with the standards specified by the Accounting Standards Board. Asset management within the municipality is overseen by the Chief Financial Officer.

## Chapter 5

The Chief Financial Officer established and maintained an asset register containing key financial data on each item of property, plant, or equipment that satisfies the criterion for recognition.

### Organizing Asset Management, Staff Involved, and Delegations

The CFO is responsible to the Municipal Manager and needs to ensure that the financial investment in the municipality's assets is safeguarded and maintained.

The Asset Manager must ensure that appropriate physical management and control systems are established and maintained for all assets in their area of responsibility and that the municipal resources assigned to them are utilized effectively, efficiently, economically, and transparently.

The Asset Champion must assist the Asset Manager in performing his/her functions and duties in terms of asset management.

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2022/2023				
Asset 1				
Name	Coligny sewer line Upgrade			
Description	Upgrade of 2.2km Coligny sewer line			
Asset Type	Sanitation			
Key Staff Involved	PMU			
Staff Responsibilities	Project Management			
Asset Value	2022/2023	2021/2022	2021/2020	2019/2020
	23 401 723			
Capital Implications	Asset upgraded			
Future Purpose of Asset	Bulk Sewer transmission from CBD to Muller Sewer Pump Station			
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 2				
Name	Refurbishment of Standerton Waste Water Treatment Works			
Description	Refurbishment of Standerton Waste Water Treatment Works			
Asset Type	Sanitation			
Key Staff Involved	PMU			
Staff Responsibilities	Project Management			
Asset Value	2022/2023	2021/2022	2021/2020	2019/2020
	19 898 376			
Capital Implications	Asset renewed			
Future Purpose of Asset	Treatment of Sewer			
Describe Key Issues				



## Chapter 5

Policies in Place to Manage Asset				
<b>Asset 3</b>				
Name	Rehabilitation of Hlongwane Drive			
Description	Rehabilitation of 1.9km of Hlongwane Drive			
Asset Type	Road			
Key Staff Involved	PMU			
Staff Responsibilities	Project Management			
Asset Value	2022/2023	2021/2022	2021/2020	2019/2020
	11 685 898			
Capital Implications	Asset renewed			
Future Purpose of Asset	Road link to various communities in Sakhile			
Describe Key Issues				
Policies in Place to Manage Asset				
<i>T 5.3.2</i>				

### COMMENT ON ASSET MANAGEMENT

There are three major types of assets that the municipality has focused on:

Water: the municipality has and is focusing on a drive to ensure that there is adequate water supply as well as ensuring that the quality standards of water supply are always maintained.

Sewer: The sewer pump stations which were not functional have been refurbished to ensure transmission of sewer to the Standerton WWTW.

Waste Water Treatment upgrade: the capacity of the Standerton waste water treatment works is unable to meet the current effluent. This might lead to processes of litigations against the municipality, which will result in high provision on contingencies.

*T 5.3.3*

### Repair and Maintenance Expenditure: 2023/2024

R' 000

## Chapter 5

	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	62495	63342	55799	11%
				T 5.3.4

### COMMENT ON REPAIRS AND MAINTENANCE EXPENDITURE

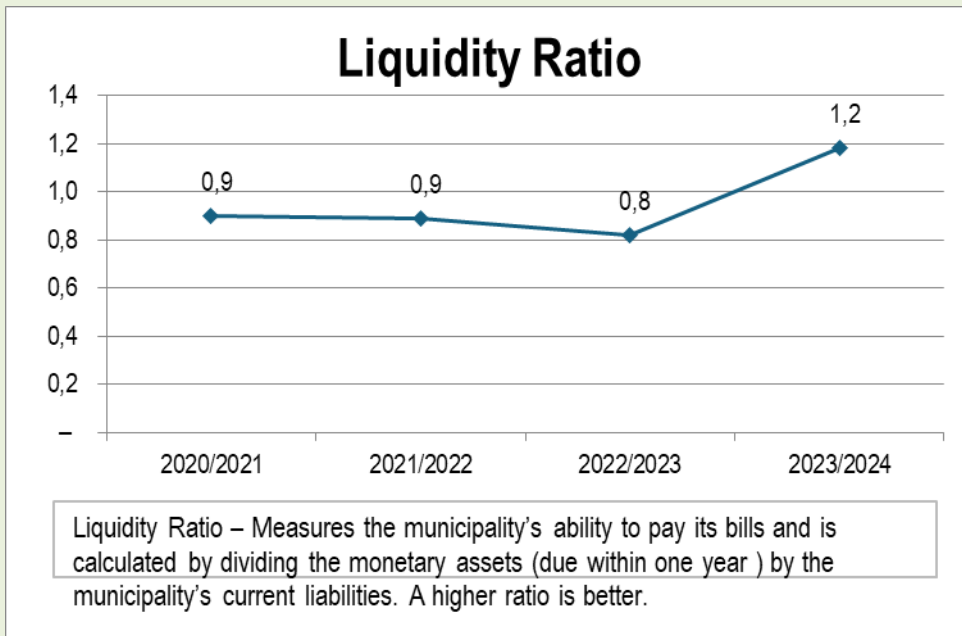
Repairs and maintenance expenditure amounted to R55 million in 2023/2024. A larger portion was spent on the electricity network, water and sanitation. The R55 million expenditure on repairs and maintenance represent 3% of the total operating expenditure compared to the 8% norm. It should be noted that this reflect a 1% decrease when compared to the expenditure incurred during the 2022/2023 reporting period. The Municipality has prioritized expenditure towards repairs and maintenance in an effort to improve service delivery.

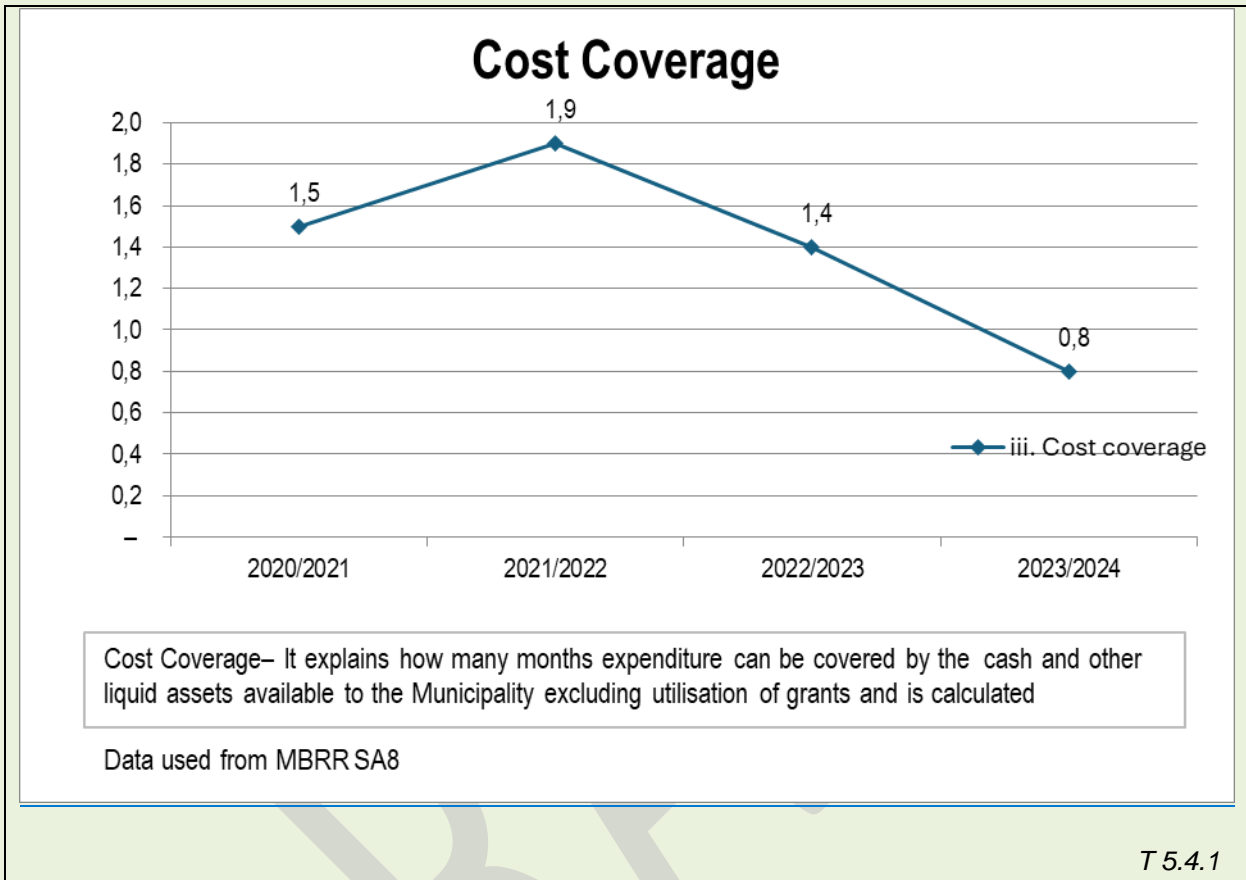
The aging infrastructure of the municipality in actual fact requires that larger amounts be made available for the maintenance and replacement of especially water pipes & electricity network.

However, the pressure placed on budget provision for the extension of infrastructure to cater for new developments limits the availability of funds for maintenance purposes. The intention is to substantially increase maintenance expenditure in future budgets. The amount spent on repairs and maintenance is for materials only and decline proportionate to the budget considering the increases in other expenditures.

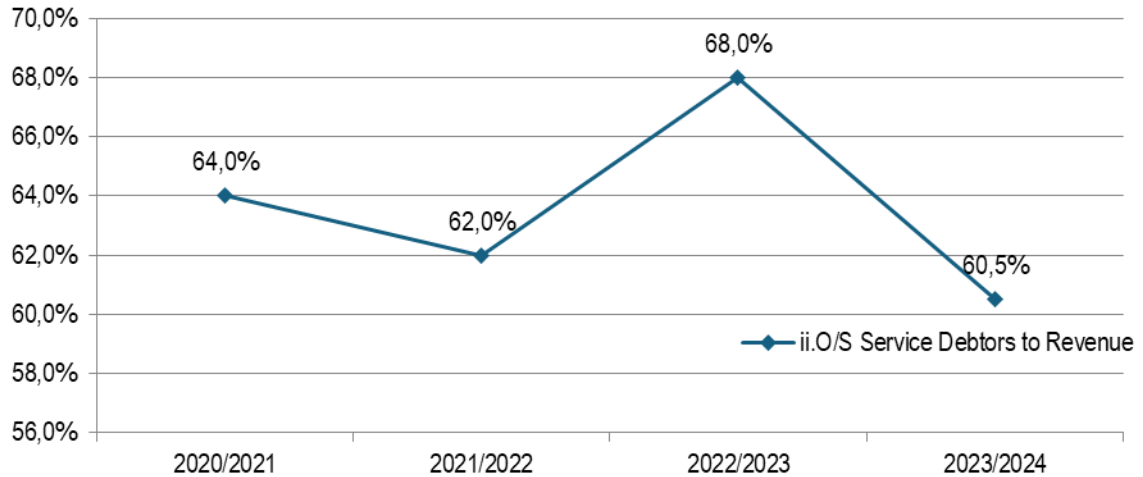
T 5.3.4.1

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS





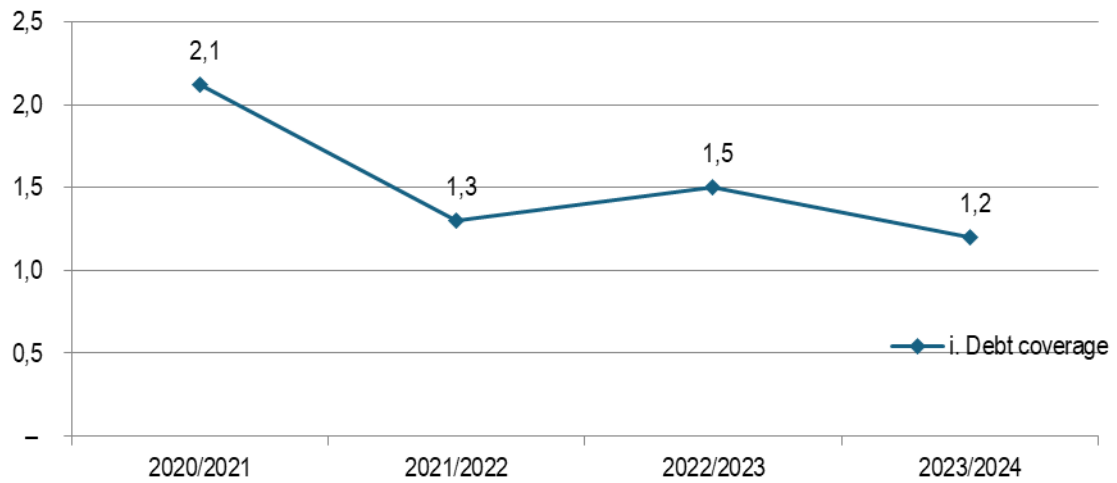
### Total Outstanding Service Debtors



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.

T 5.4.3

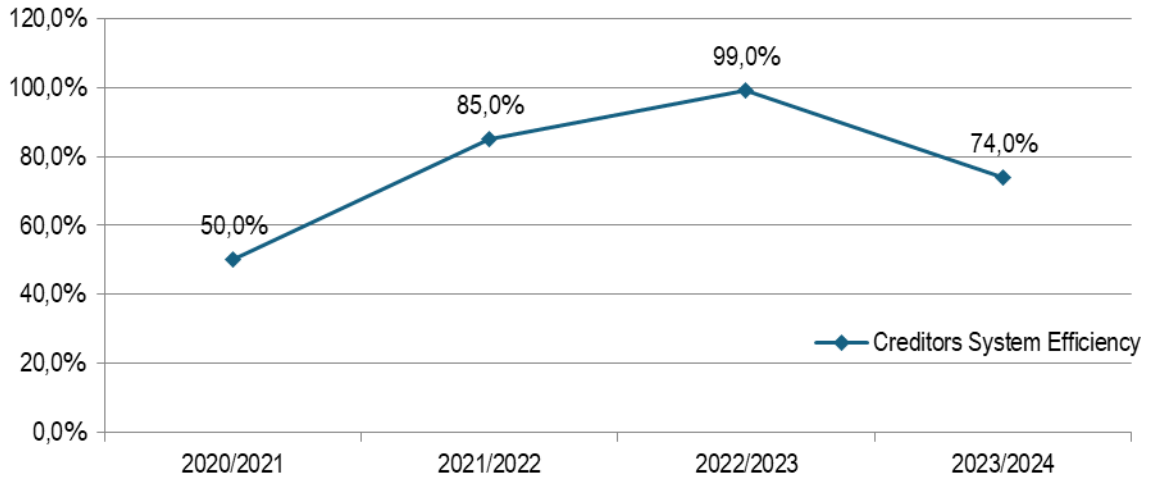
### Debt Coverage



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

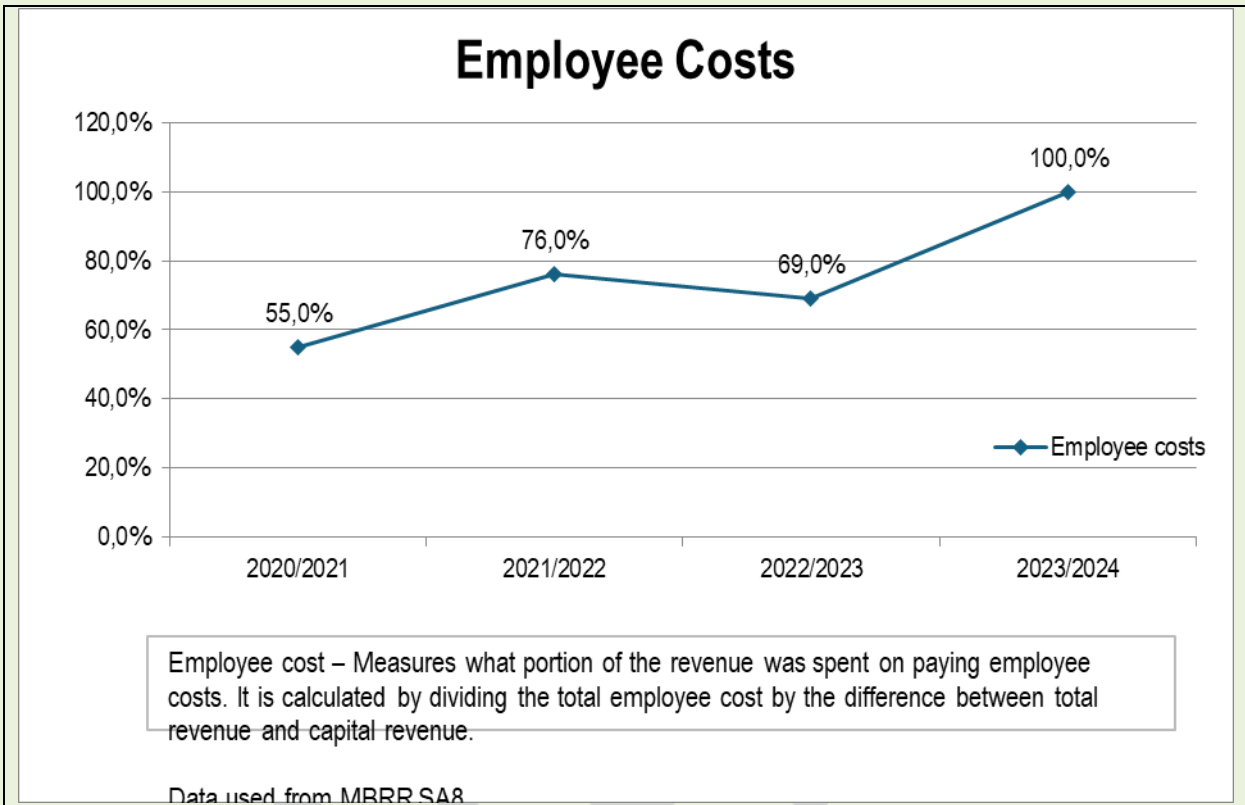
Data used from MBRR SA8

### Creditors System Efficiency



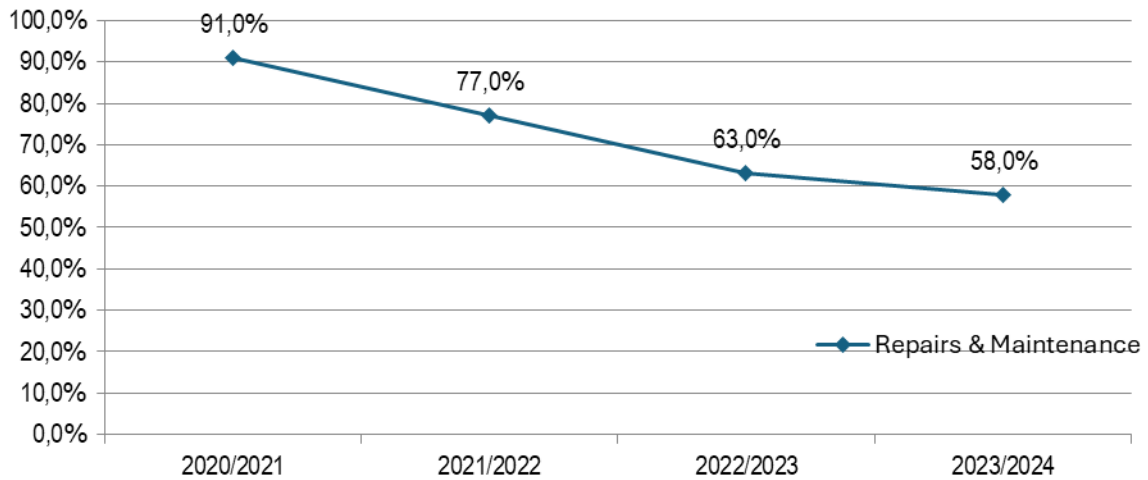
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8





## Repairs & Maintenance



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

Data used from MBRR SA8

T 5.4.8

### COMMENT ON FINANCIAL RATIOS

The **liquidity ratio** measures the extent to which the municipality has cash and short term investments available to settle short-term liabilities. The ratio has not increased, meaning the municipality is less able to settle its short-term liabilities with cash and short-term investments.

The **cost coverage ratio** indicates the time taken to pay for expenditure incurred to be paid; this has increased. It thus indicates that the Municipality takes longer to pay its creditors faster.

Total **outstanding service debtors to revenue** has increased. This indicates that fewer accounts are recoverable in proportion to billed revenue.

**Repairs and maintenance** has decreased. This highlights that less spending has been incurred on repairs and maintenance.

These ratios are derived from table SA8 of the MBRR.

### COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

#### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to the construction of assets that will have value, lasting over many years. Capital expenditure is funded from grants, borrowings, and operating expenditures and surpluses.

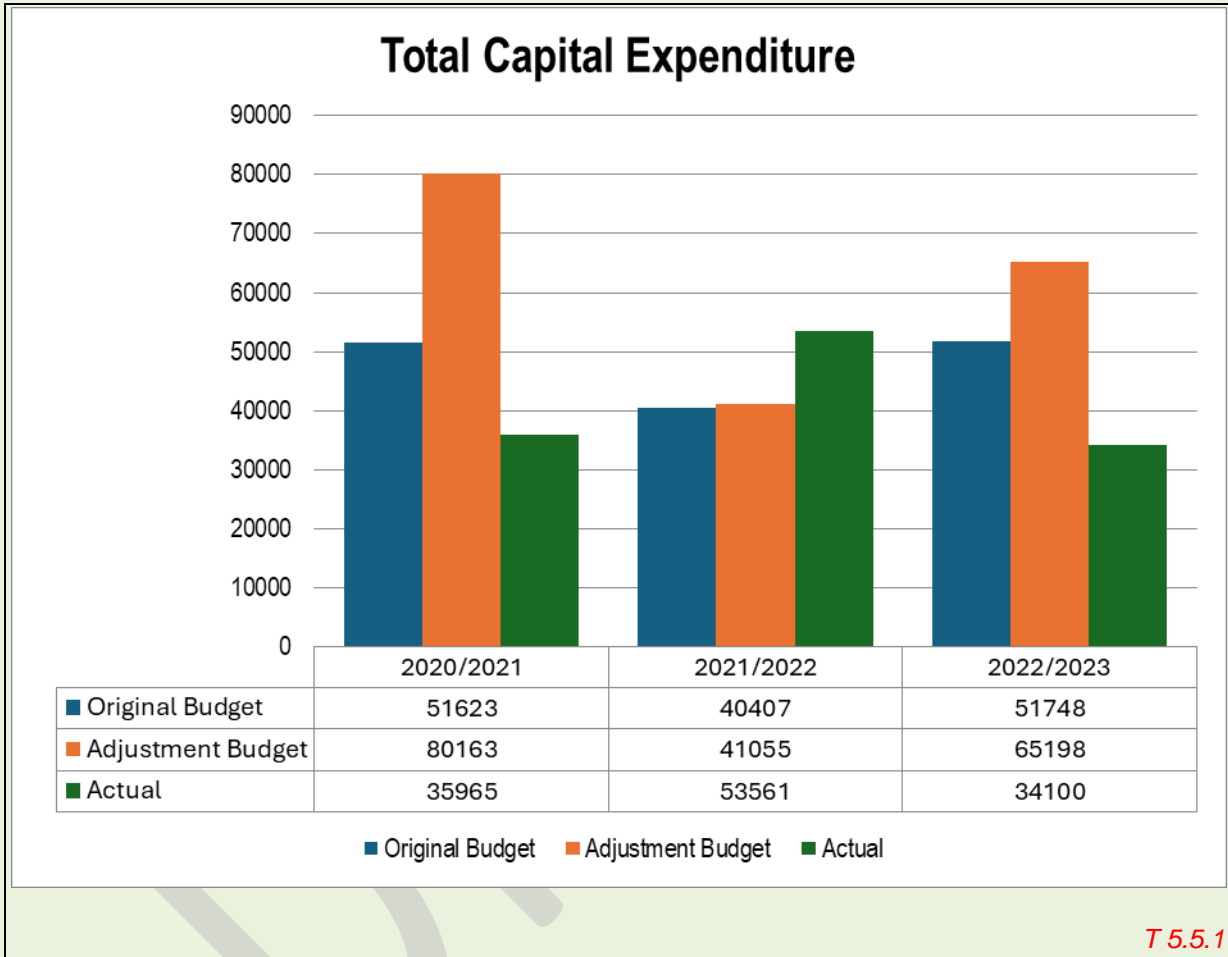
The five largest projects implemented were the refurbishment and upgrade of portions of the Standerton water supply scheme, Refurbishment and Upgrading of Morgenzon and Sivukile Bulk Water Supply System, Design for upgrade of the Standerton WWTW, Refurbishment and upgrade of sewer pump stations (Johan Street, Muller, Taljaard, TLC) and upgrade of Coligny sewer line and Construction of the 10 MVA switching station at Standerton extension 8.

The budget provision to complete projects in the near future are limited as the MIG allocation is insufficient to complete the projects within a one-year financial cycle. Other sources of funding are to be explored in order to ensure that the project is completed within a reasonable period, mindful of the importance of the WWTW operating optimally. These projects were implemented to ensure that Council priorities were attended to.

T 5.5.0

## Chapter 5

### 5.5 CAPITAL EXPENDITURE



### 5.6 SOURCES OF FINANCE

## Chapter 5

Capital Expenditure - Funding Sources: 2021/2022 – 2022/2023							R' 000
Details	2021/2022	2022/2023					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
<b>Source of finance</b>							
Municipal Infrastructure Grant	14933	67887	0	67887	-100,00%	0,00%	
Integrated National Electrification Programme	10000	7000	3000	3000	-57,14%	-57,14%	
Grants and subsidies	0	6625000	0	3856	-100,00%	-99,94%	
Public contributions and donations	1151	1740	0	1740	-100,00%	0,00%	
<b>Total</b>	<b>26084</b>	<b>6701627</b>	<b>3000</b>	<b>76483</b>	<b>-357,14%</b>	<b>-157,08%</b>	
<i>Percentage of finance</i>							
Municipal Infrastructure Grant	57,2%	1,0%	0,0%	88,8%	28,0%	0,0%	
Integrated National Electrification Programme	38,3%	0,1%	100,0%	3,9%	16,0%	36,4%	
Grants and subsidies	0,0%	98,9%	0,0%	5,0%	28,0%	63,6%	
Public contributions and donations	4,4%	0,0%	0,0%	2,3%	28,0%	0,0%	
<b>Capital expenditure</b>							
Capital Expenditure	53561	51748	65198	34100	25,99%	-34,10%	
						<b>T 5.6.1</b>	

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2022/2023				
Asset 1				
Name	Coligny sewer line Upgrade			
Description	Upgrade of 2.2km Coligny sewer line			
Asset Type	Sanitation			
Key Staff Involved	PMU			
Staff Responsibilities	Project Management			
Asset Value	2022/2023	2021/2022	2021/2020	2019/2020
	23 401 723			

## Chapter 5

Capital Implications	Asset upgraded			
Future Purpose of Asset	Bulk Sewer transmission from CBD to Muller Sewer Pump Station			
Describe Key Issues				
Policies in Place to Manage Asset				
<b>Asset 2</b>				
Name	Refurbishment of Standerton Waste Water Treatment Works			
Description	Refurbishment of Standerton Waste Water Treatment Works			
Asset Type	Sanitation			
Key Staff Involved	PMU			
Staff Responsibilities	Project Management			
Asset Value	2022/2023	2021/2022	2021/2020	2019/2020
	19 898 376			
Capital Implications	Asset renewed			
Future Purpose of Asset	Treatment of Sewer			
Describe Key Issues				
Policies in Place to Manage Asset				
<b>Asset 3</b>				
Name	Rehabilitation of Hlongwane Drive			
Description	Rehabilitation of 1.9km of Hlongwane Drive			
Asset Type	Road			
Key Staff Involved	PMU			
Staff Responsibilities	Project Management			
Asset Value	2022/2023	2021/2022	2021/2020	2019/2020
	11 685 898			
Capital Implications	Asset renewed			
Future Purpose of Asset	Road link to various communities in Sakhile			
Describe Key Issues				
Policies in Place to Manage Asset				
<i>T 5.3.2</i>				

### COMMENT ON SOURCES OF FUNDING:

In respect of capital funding, the Municipality utilized conditional grants for the completion of projects.

*T 5.6.1.1*

## Chapter 5

### 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: 2022/2023			Variance: Current Year 2022/2023	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
	R' 000				
Construction of Kieser reservoir and pressure tower	13 248	7 950	8 179	38%	40%
Upgrade of Coligny sewer line	13 000	21 938	22 006	-69%	-69%
Upgrade of A Sub (Phase 1)	7 000	3 000	3 000	57%	57%
Purchase of a 10 ton refuse truck	2 640	2 640	2 640	0%	0%
Installation of VIP Toilets	1 000	843	843	16%	16%
* Projects with the highest capital expenditure in Year 0					
<b>Construction of Kieser reservoir and pressure tower</b>					
Objective of Project	Refurbishment of water treatment infrastructure				
Delays	Delays in appointment of consultant and resultant delay in appointment of contractor				
Future Challenges	Funding shortfalls; Project overruns				
Anticipated citizen benefits	Improved and consistent water supply				
<b>Upgrade of Coligny sewer line</b>					
Objective of Project	Refurbishment of sanitation infrastructure				
Delays	None				
Future Challenges	Insufficient capacity due to densification				
Anticipated citizen benefits	Reduced sewer spillages				
<b>Upgrade of A Sub (Phase 1)</b>					
Objective of Project	Improved reliability of electricity supply				
Delays	Delays in appointment of consultant and resultant delay in appointment of contractor				
Future Challenges	Insufficient capacity due to densification				
Anticipated citizen benefits	Improved access to electricity supply				
<b>Purchase of a 10 ton refuse truck</b>					
Objective of Project	Improved refuse collection services				
Delays	None				
Future Challenges	Extension of refuse removal services to additional areas may result in useful life of truck being reduced				
Anticipated citizen benefits	Improved environmental health				
<b>Installation of VIP Toilets</b>					

## Chapter 5

Objective of Project	Installation of rural sanitation
Delays	Unresponsive bids initially. Bid re-advertised
Future Challenges	None
Anticipated citizen benefits	Improved rural sanitation services

T 5.7.1

### COMMENT ON CAPITAL PROJECTS:

The five largest projects implemented were construction of Kieser reservoir and pressure tower, the upgrade of Coligny sewer line, upgrade of A Sub (Phase 1), the purchase of a 10 ton refuse truck and the installation of VIP toilets.

The budget provision to complete projects is limited as the MIG allocation is insufficient to address all the service delivery backlogs. Other funding sources and engagements with strategic partners were explored in order to ensure that the state of the infrastructure is upgraded. These projects were implemented towards the continued refurbishment of existing infrastructure, in line with identified Council priorities. The role of the Department of Water and Sanitation, National Treasury through its Municipal Disaster Relief Grant and SANRAL, has been instrument to this end.

T 5.7.1.1

## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Masterplans need to be developed or revised and costed per infrastructure service in order to correctly allocate financial resources where mostly needed and in terms of reprioritizing the needs of the municipality. Assets that are not properly maintained will cost the user and municipality more in the future. Proper planning based on the plans will improve service delivery.

T 5.8.1

Service Backlogs as at 30 June 2023				
	Households (HHs)			
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	33 734	90%	3 599	10%
Sanitation	32 318	87%	5 016	13%
Electricity	33 991	91%	3 343	9%
Roads	422.9km	40,3%		59,9%

## Chapter 5

Waste management	25,946	82,2%	1,772	%
Housing	22,858	73.6%	7,414	23.9%
<i>% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements. # Refers to paved roads and ## refers to gravel roads</i>				T 5.8.2

### COMMENT ON BACKLOGS:

MIG & INEP grants have been utilised to redress the backlogs, although the available funding is insufficient to completely address all backlogs, thus the phased approach as multi-year projects to ensure the eventual upgrade and refurbishment of such backlogs.

T 5.8.4

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Proper cash flow management is a critical element to ensure the municipality meets its obligations. A stable positive cash flow balance relative to the growth of the municipality is a good indication of the municipality financial position and health. Cash flow projections are done on a monthly basis, and cash not immediately required are invested for a better return on the short term.

T 5.9



## Chapter 5

### 5.1 CASH FLOW

#### Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property Rates		101 614 494	179 665 245
Sale of goods and services		307 221 271	265 128 376
Interest income		4 084 848	2 484 376
Grants and subsidies received - Operational		223 331 000	199 266 999
Other income		-	225 547
		<b>636 251 613</b>	<b>646 770 543</b>
<b>Payments</b>			
Employee costs		(258 395 071)	(232 653 718)
Suppliers		(235 522 186)	(348 356 665)
Other payments		(143 981)	-
		<b>(494 061 238)</b>	<b>(581 010 383)</b>
<b>Net cash flows from operating activities</b>	<b>37</b>	<b>142 190 375</b>	<b>65 760 160</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	<b>4</b>	(137 049 788)	(71 354 926)
<b>Cash flows from financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5 140 587</b>	<b>(5 594 766)</b>
Cash and cash equivalents at the beginning of the year		9 857 653	15 452 419
<b>Cash and cash equivalents at the end of the year</b>	<b>14</b>	<b>14 998 240</b>	<b>9 857 653</b>

#### COMMENT ON CASH FLOW OUTCOMES

The cash and cash equivalents at the end of the reporting period indicates a surplus of R14. 9 million. The Municipality has put in place systems to address the cash flow challenges.

5.9.1.1

### 5.10 BORROWING AND INVESTMENTS

#### INTRODUCTION TO BORROWING AND INVESTMENTS

**Borrowing:** The Municipality, for the period under review did not seek any funding in terms of sections 45 and 46 of the MFMA. In respect of investments, the Municipality did not have long-term investments due to cash flow challenges. Investment held, were for shorter periods of less than 31

## Chapter 5

days' notice for operational expenditure. Investments for conditional grants were ring-fenced and were for shorter periods to enable the Municipality to meet the obligation requirements within limited timeframes.

T 5.10.1

Actual Borrowings: 2020/2021 to 2022/2023			
	R' 000		
Instrument	2021/2022	2022/2023	2023/2024
<b>Municipality</b>	0	0	0
Long-Term Loans (annuity/reducing balance)	0	0	0
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Municipality Total</b>	0	0	0
<b>Municipal Entities</b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Entities Total</b>	0	0	0

T 5.10.2

### COMMENT ON BORROWING AND INVESTMENTS:

Borrowing: The Municipality, for the period under review did not seek any funding in terms of sections 45 and 46 of the MFMA. In respect of investments, the Municipality did not have long-term investments due to cash flow challenges. Investment held, were for shorter periods of less than 31 days' notice for operational expenditure. Investments for conditional grants were ring-fenced and were for shorter periods to enable the Municipality to meet the obligation requirements within limited timeframes. T 5.10.5

### 5.11 PUBLIC PRIVATE PARTNERSHIPS

#### PUBLIC PRIVATE PARTNERSHIPS

The Municipality did not have any public private partnerships for the year under review. T 5.11.1

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.12 SUPPLY CHAIN MANAGEMENT

#### SUPPLY CHAIN MANAGEMENT

Supply chain management (SCM) is the oversight function of materials, information, and finances as they move in a process from supplier to the Municipality. Supply chain management involves coordinating and integrating these flows. It is said that the ultimate goal of any effective supply chain management system is to reduce stock levels, with the assumption that products are available when needed.

The department (usually abbreviated to SCM) manages the supply and acquisition of goods and services to the Municipality or on behalf of the Municipality. This includes construction works and consultant services, the disposal of goods no longer needed, and the selection of contractors to assist in the provision of municipal services.

SCM is responsible for ensuring a sound, sustainable and accountable supply chain process that promotes black economic empowerment and local economic development, and encourages small businesses and joint venture partnerships. This procurement system must be fair, equitable, transparent, competitive and cost effective, in accordance with the Constitution of South Africa. The

## Chapter 5

composition of SCM consists of Demand, Acquisition and Logistic Management. The Unit has 7 permanent employees and 2 vacancies.

The Municipality has established 3 Committees, namely: Specifications Committee, Evaluation Committee and the Adjudication Committee. No councillors are members of any committee of the committees dealing with supply chain processes.

The Council has approved a Supply Chain Management (SCM) Policy with practises in compliance with the guidelines set down by the Supply Chain Management Regulations, 2005, which was approved with effect from 1 March 2006. The new Preferential Procurement Regulations, 2011, with effect from 7 December 2011 has been incorporated into the policy as adopted. The SCM policy is reviewed annually with other budget-related policies to incorporate any changes that were not covered in the previous policy, taking into consideration legislative and regulatory circulars and provisions.

The Auditor General indicated significant issues regarding the SCM Unit which included:

Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1).

Some of the contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).

Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c). Similar non-compliance was also reported in the prior year.

Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM Regulation 22(1) and 22(2).

The invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2). Similar non-compliance was also reported in the prior year. Similar non-compliance was also reported in the prior year.

The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2) (b) of the MFMA. Similar non-compliance was also reported in the prior year.

The Municipality has introduced various systems to curb the increase in irregular expenditure. This includes but not limited to:

- 1) Restructuring the Supply Chain Management Unit to be in line with the SCM Pillars
- 2) Introduction of SoPs and checklists to ensure adherence to SCM policies & Regulations
- 3) Establishment and appointment of Bid Committees in line with the SCM Regulation
- 4) Introduction of Request for Quotes register
- 5) Introduction of contract management policy.

The Municipality has developed Unauthorised Irregular Fruitless and Wasteful expenditure reduction strategy. The centralisation of the supply chain management function will further strengthen the managing of service providers as well as the procurement of goods and services.

T 5.12.1

### 5.13 GRAP COMPLIANCE

#### GRAP COMPLIANCE

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

The Municipality has not deviated from applicable GRAP Standards applicable to Municipalities

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:

The following GRAP standards have been approved and effective to the municipality for the 2022/23 financial year and are unlikely to be a material impact:

- GRAP 1 Presentation of Financial Statements
- GRAP 2 Cash Flow Statements
- GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 4 The Effects of Changes in Foreign Exchange Rates
- GRAP 5 Borrowing Costs
- GRAP 9 Revenue from Exchange Transactions

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GRAP 10 Financial Reporting in Hyperinflationary Economies  
GRAP 11 Construction Contracts  
GRAP 12 Inventories  
GRAP 13 Leases  
GRAP 14 Events After the Reporting Date  
GRAP 16 Investment Property  
GRAP 17 Property Plant and Equipment  
GRAP 18 Segment Reporting  
GRAP 19 Provisions, Contingent Liabilities and Contingent Assets  
GRAP 20 Related Party Disclosures  
GRAP 21 Impairment of Non -Cash Generating Assets  
GRAP 23 Revenue from Non- Exchange Transactions (Taxes and Transfers )  
GRAP 24 Presentation of Budget Information in Financial Statements  
GRAP 25 Employee Benefits  
GRAP 26 Impairment of Cash-Generating Assets  
GRAP 27 Agriculture  
GRAP 31 Intangible Assets  
GRAP 32 Service Concession Arrangements: Grantor  
GRAP 34 Separate Financial Statements  
GRAP 35 Consolidated Financial Statements  
GRAP 36 Investments in Associates and Joint Ventures  
GRAP 37 Joint Arrangements  
GRAP 38 Disclosure of Interests of Other Entities  
GRAP 100 Discounted Operations  
GRAP 103 Heritage Assets  
GRAP 104 Financial Instruments  
GRAP 105 Transfer of Functions Between Entities Under Common Control  
GRAP 106 Transfer of Functions Between Entities Not Under common Control  
GRAP 107 Mergers  
GRAP 108 Statutory Receivables  
GRAP 109 Accounting by Principals and Agents  
GRAP 110 Living and Non-Living resources

T 5.13.1

# Chapter 6

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General. Every municipality must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year; and disclose the information required in terms of sections 123, 124 and 125 of the MFMA.

Annual financial statements must be prepared within two months after the end of the financial year to which those statements relate and submit the statements to the Auditor-General for auditing. The accounting officer is responsible to at least once per year measures and reviews the performance of the municipality. The results of the performance measurement must be audited annually by the Auditor-General.

Therefore the performance results are submitted with the annual financial statements.

The responsibility of the Auditor-General is to express an opinion on the financial statements based on the audit. The audit is conducted in accordance with International Standards on Auditing. Those standards require that the Auditor-General comply with ethical requirements, a plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

# Chapter 6

The Auditor-General must audit the financial statements and performance results and submit an audit report to the accounting officer within three months of receipt of the statements.

T 6.0.1

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

### 6.1 AUDITOR GENERAL REPORT : 2022/2023 FINANCIAL YEAR

Auditor-General Report on Financial Performance: 2022/2023	
<b>Audit Report Status*:</b>	<b>Qualification</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Non-compliance issues and the remedial action plan is being attended to. The audit recovery action plan is attached as Appendix T6.1	
<i>Note: *The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</i>	

T 6.1.1

Auditor-General Report on Service Delivery Performance: 2022/2023	
<b>Audit Report Status:</b>	<b>Disclaimed</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Non-compliance issues and the remedial action plan is being attended to. The audit recovery action plan is attached as Appendix T6.1	

T 6.1.2

## COMPONENT B: AUDITOR-GENERAL OPINION : 2023/2024

### 6.2 AUDITOR GENERAL REPORT : 2023/2024 FINANCIAL YEAR

Auditor-General Report on Financial Performance 2023/2024	
<b>Status of audit report:</b>	<b>Qualification</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Non-compliance issues and the remedial action plan is being attended to. The audit recovery action plan is attached as Appendix T6.2	



# Chapter 6

Note:\* The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.

T 6.2.1

Auditor-General Report on Service Delivery Performance: 2023/2024	
Status of audit report**:	Disclaimed
Non-Compliance Issues	Remedial Action Taken
Non-compliance issues and the remedial action plan is being attended to. The audit recovery action plan is attached as Appendix T6.2	
* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 0	
** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.	

T 6.2.2

## AUDITOR GENERAL REPORT ON THE ANNUAL FINANCIAL STATEMENTS: 2023/2024

The following is the 2023/2024 Audit Report as received from AGSA:

In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Lekwa Local Municipality as at 30 June 2024, and financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (GRAP), the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) the Division of Revenue Act 5 of 2023 (Dora).

### Basis for qualified opinion

#### 1. Irregular expenditure

The municipality did not include all instances of irregular expenditure to the financial statements, as required by section 125(2)(d) of the MFMA, as the municipality did not have adequate systems to identify all prior year's irregular expenditure. I was unable to determine the full extent of the understatement of irregular expenditure stated at R 197,86 million (2022-23: R 143,64 million) in note 48 to the financial statements, as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustments made to the irregular expenditure in the prior period adjustment disclosure in note 41 to the financial statements were necessary.

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## 2. Property, plant and equipment

During 2023, the municipality did not appropriately account for changes in useful lives for some of the property, plant and equipment in accordance with GRAP 17, Property, plant and equipment. Changes in remaining useful lives of the assets that were incorrectly accounted as an error instead of change in accounting estimates. Consequently, the opening balance of the property, plant and equipment was understated by R26,86 million and the opening balance of accumulated depreciation was overstated by the same amount.

## 3. Segment reporting

The municipality did not accurately disclose segment reporting in the financial statements, as required by GRAP 18, Segment reporting for prior year. The segment information disclosed for expenditure in the current and prior year and assets in the prior year did not reconcile back to the GRAP amounts disclosed in the financial statements. Consequently, segment information was misstated by R295,48 million.

## 5. Cash flow statement

### Net cash flows from operating activities

Net cash flows from operating activities were not correctly prepared and disclosed as required Standards of GRAP 2, Cash flow statements. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated at R142,19 million in the financial statements were necessary.

### COMMENTS ON AUDITOR GENERAL'S OPINION: 2023/2024

The Municipality is committed to further improving the audit where the ultimate objective is to obtain Unqualified Audit Opinion (Clean Audit). This process will be closely monitored through the developed post audit action plan to address the audit findings that remained. The following key findings will be addressed in the 2024/2025 financial year:

# Chapter 6

Irregular expenditure  
Property, plant and equipment  
Cash flow statement  
Segment Reporting

The Municipality has developed an audit action plan that will be monitored on a quarterly basis in an effort to ensure that we are able to improve from the qualified audit opinion. The Municipality will again request Auditor General (SA) to perform a status of records review, which has assisted as an early warning or alert system to enable the Municipality to take required steps to correct potential control deficiencies. It will also assist in the implementation of the action plan to be more insightful and relevant, ensuring greater impact towards an improved audit outcome for the 2024/2025 financial year.

In order for the Municipality to improve the audit outcome, it will be important to constantly look at ways to further improve systems and the key drivers of internal control in order to move from the recently obtained qualified audit outcome in the 2023/2024 financial year, to an unqualified audit outcome for 2024/2025.

Emphasis will also be placed on improving areas for the audit of performance against predetermined objectives by ensuring that findings raised in respect consistency between planned and reported Indicators and targets as well as consistency between planning and reporting documents to ensure that indicators are well defined and additional reviews of reported achievements in the annual performance report will be undertaken.

The Municipality will continue to strive to improve in respect of the following key aspects:

a) Governance.

- A functional Internal Audit unit
- Quarterly performance reviews.
- Functional Audit Committee.
- Compliance with legislation.

b) Financial Management.

- Records keeping and document management.
- Adherence to reporting requirements.
- Compliance to Generally Recognized Accounting Practice (GRAP) accounting standards.
- Monthly balancing of registers and control accounts.

## COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

# Chapter 6

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

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

T 6.2.5

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# GLOSSARY

## GLOSSARY

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

# GLOSSARY

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

# GLOSSARY

	outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

## APPENDICES

### APPENDIX A – COUNCILLORS

#### APPENDIX A.1 COUNCILLORS

##### Councillors, Committees Allocated and Council Attendance 2023/2024

	Council Members	Gender (Male / Female)	Ward / Proportional Representation (PR)	Full Time / Part Time FT/PT	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
						% = number of meetings attended x 100/total number of council meetings (12 Council sittings held)	% = number of apologies x 100 / total number of council meetings
1	Michael Sifiso Mngomezulu	Male	Ward 1	PT	African National Congress (ANC)	6/12 (50%)	6 Apologies
2	Piet Melusi Radebe	Male	Ward 2	PT	African National Congress (ANC)	12/12 (100%)	None
3	Mapaseka Molaba	Female	Ward 3	PT	African National Congress (ANC)	8/12 (67%)	4 Apologies
4	Litheko Moses Marago	Male	Ward 5	PT	African National Congress (ANC)	11/12 (92%)	1 Apology
5	Smanga Phillemon Ngwenya	Male	Ward 6	PT	African National Congress (ANC)	7/12(58%)	5 Apologies
6	Swazi Albert Tshabalala	Male	Ward 7	PT	African National Congress (ANC)	9/12 (75%)	3 Apologies
7	John Daniel Nkutha	Male	Ward 9	PT	African National Congress (ANC)	9/12 (75%)	2 Apologies
8	Sibusiso Blessing Ngqulunga	Male	Ward 11	PT	African National Congress (ANC)	11/12 (92%)	1 Apology
9	Thabang Colette Motaung	Male	Ward 12	PT	African National Congress (ANC)	11/12 (92%)	1 Apology
10	Sesana Witnes Masondo	Female	Ward 13	PT	African National Congress (ANC)	12/12 (100%)	None



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11	Doctor Robert Manana	Male	Ward 14	PT	African National Congress (ANC)	11/12 (92%)	1 Apology
12	Malekoa Rose Motlounq	Female	Ward 15	PT	African National Congress (ANC)	9/12 (75%)	3 Apologies
13	Sekoele Aubrey Maboea	Male	PR	PT	African National Congress (ANC)	11/12 (92%)	1 Apologies
14	Seipati Mitta Modise	Female	PR	FT (Member of Mayoral Committee)	African Transformation Movement (ATM)	12/12 (100%)	None
15	Carlos Alberto Olim Franco	Male	Ward 8	PT	Democratic Alliance (DA)	11/12 (92%)	1 Apology
16	Gibson Jabulani Xulu	Male	PR	PT	Democratic Alliance (DA)	11/12 (92%)	1 Apology
17	Sithi Aluncedo Silosini	Female	PR	PT	Democratic Alliance (DA)	11/12 (92%)	1 Apology
18	Nwabisa Sheila Tlhakudi	Female	PR	PT	Democratic Alliance (DA)	12/12 (100%)	None
19	Dumisani Joseph Msibi	Male	PR	FT (Whip of Council)	Economic Freedom Fighters (EFF)	12/12 (100%)	None
20	Phindile Cynthia Mahlaba	Female	PR	FT (Member of Mayoral Committee)	Economic Freedom Fighters (EFF)	10/12 (83%)	2 Apologies
21	Amanda Patricia Mancane Mthimkhulu	Female	PR	PT	Economic Freedom Fighters (EFF)	10/12 (83%)	2 Apologies
22	Delani Louis Thabethe	Male	PR	FT (Executive Mayor)	Lekwa Community Forum (LCF)	12/12 (100%)	None
23	Oliver Phiri	Male	PR	FT (Speaker of Council)	Lekwa Community Forum (LCF)	12/12 (100%)	None
24	Jan Thabo Sebilwane	Male	PR	FT (Member of Mayoral)	Lekwa Community Forum (LCF)	12/12 (100%)	None

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				Committee)			
25	Sipho Amos Majozi	Male	PR	FT (Member of Mayoral Committee)	Lekwa Community Forum (LCF)	12/12 (100%)	None
26	Nomakhosi Cynthia Nhlapo	Female	PR	PT	Lekwa Community Forum (LCF)	11/12 (92%)	1 Apology
27	Ronald Sello Tsoetsi	Male	PR	PT	Lekwa Community Forum (LCF)	11/12 (92%)	1 Apology
28	Jacobus Cornelius Stoltz	Male	Ward 4	PT	Independent	12/12 (100%)	None
29	Wilma Venter	Female	Ward 10	PT	Vryheids Front Plus (VFP)	12/12 (100%)	None
30	Daniel Jakobus Venter	Male	PR	PT	Vryheids Front Plus (VFP)	10/12 (83%)	2 Apologies
<p><i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i></p>							

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

### APPENDIX B - COMMITTEES AND THEIR PURPOSES

#### Committees (other than Mayoral / Executive Committee) and Purposes of Committees

Municipal Committees	Purpose of Committee
<b>AUDIT COMMITTEE</b>	
<b>1. Audit and Performance Audit Committee</b>	The purpose of the Audit Committee is to advise the municipal Council, the political office-bearers, the accounting officer and Management staff of the municipality on matters relating to:
	1. Internal financial control and internal audits;
	2. Risk Management;
	3. Accounting Policies;
	4. The adequacy, reliability and accuracy of financial reporting and information;
	5. Performance management;
	6. Effective governance;
	7. Compliance with the MFMA, Division of Revenue Act (DoRA) and other applicable legislation;
	8. Performance evaluation; and
9. Any other issues referred to it by the Municipality.	

# APPENDICES

	<p>In terms of Regulation 14 (c) of the Municipal Planning and Performance Management Regulations, 2001, the Municipality has opted to utilise the established Audit Committee as the Performance Audit Committee and is required to inter alia do the following:</p> <ol style="list-style-type: none"> <li>1. Review the quarterly reports submitted to it by the Internal auditors on the performance measurements of the municipality;</li> <li>2. Review the municipality's performance management system and make recommendations in this regard to the municipal council;</li> <li>3. At least twice during a financial year submit an audit report to the municipal council;</li> <li>4. Any other issues referred to it by the Municipality</li> </ol>
<b>MUNICIPAL PUBLIC ACCOUNTS COMMITTEE</b>	
<b>2. Municipal Public Accounts Committee (MPAC)</b>	<p>MPAC performs an oversight function on behalf of Council and is not a duplication of and should not be confused with the role played by the Audit Committee or that of the Finance Committee.</p> <p>The primary function of the MPAC is to assist Council to hold the executive and the municipal administration to account and to ensure the effective and efficient use of municipal resources. It executes this function by reviewing the accounts and financial statements of the municipality and exercising oversight on behalf of Council and to report to council on its activities.</p> <p>MPAC acts independently has the right to refer or receive matters and reports from other committees.</p> <p>MPAC may inter alia consider the following:</p> <ul style="list-style-type: none"> <li>To examine the annual financial statements;</li> <li>Any audit reports issued on the Annual Financial Statements;</li> <li>Any reports issued by the Auditor-General on the affairs of the municipality;</li> <li>Receive reports from the Audit Committee;</li> <li>Any other report referred to the Committee by Council;</li> </ul> <p>As an Oversight Committee, review the Annual Report on behalf of Council and make recommendations to Council thereafter;</p> <p>MPAC may also:</p> <ul style="list-style-type: none"> <li>Table reports with findings and recommendations on any financial statements or reports to Council;</li> <li>Initiate and develop the annual oversight report based on the annual report;</li> <li>Recommend and initiate any investigation in its area of competence;</li> <li>Seek information from any councillor, employee or any person outside council when conducting an investigation;</li> <li>Perform any other functions assigned to it by resolution of Council;</li> </ul> <p>When examining financial statements and audit reports, the committee to consider improvements from previous statements and must monitor the extent to which the committee's and the Auditor General's recommendations are implemented.</p> <p>The outcomes and the resolutions taken by the MPAC must be reported to Council and must be made public.</p>
<b>COUNCIL OVERSIGHT COMMITTEES</b>	
<b>3. Council section 79 Oversight Committees</b>	<p>The Council had established the following committees in terms of section 79 of the Municipal Structures Act, 117 of 2008 in order to allow an oversight role to be exercised in respect of service delivery and budget implementation:</p> <ol style="list-style-type: none"> <li>a) Corporate Services and Community Services and Safety</li> <li>b) Technical Services and Planning</li> <li>c) Budget and Treasury</li> </ol>
<b>RULES, ETHICS, BY-LAWS AND POLICIES COMMITTEE</b>	
<b>4. Rules, Ethics, By-laws &amp; Policies Committee</b>	<ul style="list-style-type: none"> <li>Foster and maintain discipline among the Councillors</li> <li>Monitor the implementation of rules and ethical behaviour of Councillors</li> <li>Attend to petitions and motions</li> <li>Monitor the implementation of Council resolutions</li> </ul>

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	Review the standing orders
	Propose the establishment of a particular committee
	Review the delegations register
	Initiate the development, rationalisation and review of by-laws and policies
	Perform any other functions assigned to it by resolution of Council
<b>LOCAL GEOGRAPHICAL NAMES COMMITTEE (LGNC)</b>	
<b>5. Local Geographical Names Committee (LGNC)</b>	To identify or help to identify geographical features for possible name standardisation;
	To receive and process submissions/applications from individuals and or organisations regarding the standardization of geographical names;
	To conduct public participation programmes in which proposed name changes will be discussed by the relevant stakeholders;
	To ensure that the standardization of geographical names takes place within a municipal area of jurisdiction area in line with guidelines published by the Mpumalanga Provincial Geographical Names Committee (MPGNC);
	Create an atmosphere and mechanisms including sub structures, suitable for the participation of all stakeholders;
	To conduct awareness raising activities about the programme of standardising geographical names and to ensure that the public is adequately informed about such processes;
	Receive and strive to resolve any objections related to the process of standardizing geographical names in line with MPGNC guidelines for handling objections;
	Prepare and submit reports on a regular basis to Council, the Regional Geographical Names Committee and the MPGNC;
	Monitor the implementation of standardized geographical names in its jurisdictional area and report any failure to implement to Council and the MPGNC;
	Ensure that all the administration related to the process of standardizing geographic names in its jurisdictional area is properly addressed;
	Ensure correspondence with all parties concerned especially the applicants and identifiable objectors as per the applicable MPGNC guidelines;
	Interface and interact with the Town Planning, property developers and residents on the naming of any new settlements, streets, public spaces or any related geographic features;
Implement provisions of the SAGNC Act, SAGNC Regulations, Provincial policy and related provincial regulations on the standardisation of geographic names as may be promulgated from time to time.	

## APPENDIX –THIRD TIER ADMINISTRATIVE STRUCTURE

Within the Municipality, the next tier of the administrative structure consists of managers across the various departments. This tier of management is permanently employed and are not required to sign performance agreements on an annual basis. They are however bound by their approved and signed job descriptions as a means to hold them accountable for duties that ought to be performed. It is envisaged that the implementation of individual performance management and with the signing of some kind of a commitment to hold this tier of management more responsible to fulfil their employment obligations will also be introduced.

## APPENDIX C – FUNCTIONS OF MUNICIPALITY / ENTITY

### APPENDIX C - FUNCTIONS OF THE MUNICIPALITY

#### Municipal / Entity Functions

# APPENDICES

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

## APPENDIX D – WARD REPORTING

# APPENDICES

Functionality of Ward Committees			
Ward Number	Name of Ward Councillor and elected Ward committee members	Ward Committee established with ward operational plans (Yes / No)	Functionality of Ward Committees through meetings convened
Ward 1	Michael Sifiso Mngomezulu	Yes	Functional
Ward 2	Piet Melusi Radebe	Yes	Functional
Ward 3	Mapaseka Molaba	Yes	Functional
Ward 4	Jacobus Cornelius Stoltz	Yes	Functional
Ward 5	Litheko Moses Marago	Yes	Functional
Ward 6	Smanga Phillemon Ngwenya	Yes	Functional
Ward 7	Swazi Albert Tshabalala	Yes	Functional
Ward 8	Carlos Alberto Olim Franco	Yes	Functional
Ward 9	John Daniel Nkutha	Yes	Functional
Ward 10	Wilma Venter	Yes	Functional
Ward 11	Sibusiso Blessing Ngqulunga	Yes	Functional
Ward 12	Thabang Colette Motaung	Yes	Functional
Ward 13	Sesana Witnes Masondo	Yes	Functional
Ward 14	Doctor Robert Manana	Yes	Functional
Ward 15	Malekoa Rose Motloun	Yes	Functional

## APPENDIX E – WARD CAPITAL PROJECTS 2022/2023

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest for 2022/2023 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
1	Coligny sewer line upgrade (2.2km)	Dec-21	Jun-22	23 401
2	Refurbishment of Standerton Waste Water Treatment Works	03-Jan	30-Jun	19 898
3	Rehabilitation of 1.9km Hlongwane Drive	01-Jul	30-Mar	11 686
4	Construction of Kieser reservoir and pressure tower	24-Oct	Multi-year project	
5	Purchase of a 10 ton refuse truck	01-Jul	31-Aug	2 640
6	Upgrade of gravel roads to paved finish (Sivukile Road - Morgenzon)	05-Nov-21	Jun-23	9 068
7	Installation of 50 VIP toilets in rural/farm areas (Ward 9)			
				T.F.1

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Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	33735	32318	33991	25946	
Households without minimum service delivery	3599	5016	3343	4419	
Total Households*	37334	37334	37334	30365	
Houses completed in year					442
Shortfall in Housing units for 2022/2023					468
<i>*Including informal settlements</i>					<i>TF.2</i>

APPENDIX F – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2022/2023

MEETING DATE	RESOLUTIONS	PROGRESS	RESPONSIBLE PERSON	IMPLEMENTED/RESOLUTION NOT IMPLEMENTED	DUE DATE
21-Jul-22	<b>Resolutions tracking for quarter 4</b>				
	<b>2022/2023 Audit Action Plan</b>				
1	That the CFO SUBMIT the unauthorized and fruitless expenditure report to council for further investigation.	The UIF register and reports have been submitted to council, council further referred the report to MPAC.	Chief Financial Officer	Resolution implemented	Completed
2	That the draft Annual financial statements BE SUBMITTED to Internal Audit and the Audit Committee on time for reviewal as this will assist with quality assurance prior to submission to the Auditor-General	The draft AFS were submitted to both Internal audit and Audit committee on 15 August 2022 for reviewal	Chief Financial Officer	Resolution implemented	Completed
The 4th Quarter Financial Performance Report					
3	That a plan BE DEVELOPED to address the billing estimates currently being currently used	<u>ELECTRICITY</u> , 2000 meters are currently being procured for residual properties that needed to be replaced.	Chief Financial Officer and Executive Manager Technical services	In progress	On- Going
<b>Year-end process plan</b>					



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MEETING DATE	RESOLUTIONS	PROGRESS	RESPONSIBLE PERSON	IMPLEMENTED/RESOLUTION NOT IMPLEMENTED	DUE DATE
4	That the draft Annual Performance Report <u>BE CIRCULATED</u> after the meeting, so that departments can add their input on making assessment of the 4 quarters' performances on: what is the overall performance reported and challenges for targets not achieved and what can be done to those challenges.	The draft Annual Performance Report was circulated after the meeting, and departments submitted their inputs	ALL HOD's	Resolution implemented	Completed
5	That the Annual Financial Statements and Annual Performance Report with the audit file <u>BE SUBMITTED</u> by the 30 <sup>th</sup> of August 2022 to the Auditor-General South Africa	The AFS/APR was submitted to Auditor-General with the audit file and all other supporting schedules	Accounting Officer, CFO & Manager PMS	Resolution implemented	Completed
	<b>Internal Audit Reports</b>				
6	That training <u>BE PROVIDED</u> to all official who are serving in the various SCM committees.	A request has been prepared and submitted to the training officer to assist	Chief Financial Officer and Manager SCM	In progress	On- Going
7	That ALL Findings raised BE <u>ADRESSED</u> and <u>MONITORED</u> through the I.A Action plan	All findings are addressed and monitored through the I.A action plan	ALL HOD's & Manager I.A	In progress	On- Going
8	That all policies (Fleet management) <u>SHOULD BE</u> developed and adopted.	Draft policy to be submitted to Manco by end January. Council Submission by February	Executive manager: Technical & Manager Fleet	Resolution implemented	Completed

# APPENDICES

MEETING DATE	RESOLUTIONS	PROGRESS	RESPONSIBLE PERSON	IMPLEMENTED/RESOLUTION NOT IMPLEMENTED	DUE DATE
9	That the tariffs <u>BE CORRECTED AND UPDATED</u> to ensure that the community of Lekwa is getting billed accurately.		Accounting Officer & Chief Financial Officer	Resolution implemented	Completed
10	That all the findings raised by Internal Audit <u>ARE ADRESSED</u> through an action plan. And this BE <u>PRESENTED</u> in the next Audit committee meeting.	Some of the findings have been addressed. Implementation is as follows:	ALL HOD'S and Manager I.A	Resolution implemented	Completed
<b>Quarterly Section 52</b>					
11	That management <u>SHOULD</u> ensure that the cashflow management committee of the Municipality <u>IS RESASITATED</u> to try and curb/decline the expenditure or spending patten of the municipality.	Cashflow management committee is not yet established but most of the issued were addressed during the steering committee meeting that sets Fridays	Accounting Officer & Chief Financial Officer	Resolution on progress	On-going
12	That a project implementation catch-up <u>BE DEVOPLED</u> to ensure that funds are spent in line with deadlines.	A project implementation catch up plan has been developed and is currently being implemented	Accounting Officer, CFO & Executive manager Technical	Resolution implemented	Completed
<b>Risk Management Report</b>					

# APPENDICES

MEETING DATE	RESOLUTIONS	PROGRESS	RESPONSIBLE PERSON	IMPLEMENTED/RESOLUTION NOT IMPLEMENTED	DUE DATE
13	That the procurement of a generator BE FASTTRACKED as the loadshedding affects the operations of the Municipality.	No progress	Accounting Officer, CFO & Executive Manager Technical		Not implemented
	Resolutions implemented = 8(61.52%)				
	Resolutions in progress = 3 (23.1%)				
20 Oct 2022	Resolutions tracking (Audit Committee meeting)				
Audit Strategy – Auditor-General					
1	The Audit Committee member raised <u>CONCERNS</u> about the AGSA <u>INCREASED FEES</u> as this is higher than the normal annual 5% increment especially noting the financial position of the Municipality.		CFO		On- Going
2	AGSA explained that the fees increment is also attributed to the time that will be used to audit opening balances as		Acting HOD: Technical services	In progress	On- Going

# APPENDICES

MEETING DATE	RESOLUTIONS	PROGRESS	RESPONSIBLE PERSON	IMPLEMENTED/RESOLUTION NOT IMPLEMENTED	DUE DATE
	they were not audited in the previous year.				
3	The Audit Committee member was concern about the competence of the AGSA's staff as it is comprised of <u>MAJORITY OF JUNIORS</u> who are new in auditing Lekwa Municipality.	All issues raised for Technical Services in the 19/20 AC Plan were attended and resolved	ALL HOD's	Resolution implemented	On- Going
4	AGSA assured the municipality that there is <u>quality control</u> in place as the juniors are well trained and supervised during the audit by their seniors.	Action plan was updated and submitted to Internal Audit on the monthly basis	Acting HOD: Technical services	Resolution implemented	On- Going
<b>Quarterly Section 52</b>					
5	The increased expenditure <u>BE NOTED</u> as a huge concern		CFO	Resolution implemented	Completed
6	That management <u>SHOULD</u> ensure that the cashflow management committee of the Municipality <u>IS RESASITATED</u> to try and curb/decline the expenditure or spending patten of the municipality.		ALL HOD's	Resolution in progress	2022-12-30

# APPENDICES

MEETING DATE	RESOLUTIONS	PROGRESS	RESPONSIBLE PERSON	IMPLEMENTED/RESOLUTION NOT IMPLEMENTED	DUE DATE
7	That a project implementation catch-up <u>BE DEVOPLED</u> to ensure that funds are spent in line with deadlines.	Most of the project were Fastrack and the funds were spent in-line with the deadline	HOD: Technical Services	Resolution implemented	Completed
<b>Litigation Report</b>					
8	The Municipal Council took a resolution to prioritize amicable settlement (Alternative Dispute Resolution)	Most of the cases were settled as per council resolution.	Legal Manager	Resolution implemented	Completed
<b>Risk Management Report</b>					
	There are currently four internal fraud related cases that under municipal disciplinary processes and judiciary systems.	The four cases that were report on the first quarter, are still in progress not concluded	HOD: Corporate services	Resolution still in-progress	On-going
<b>Performance Report</b>					
	That the performance agreements for 2022/2023 financial year signed by all HODs	All performance agreements are signed	All HODs	Resolution Implemented	Completed

# APPENDICES

MEETING DATE	RESOLUTIONS	PROGRESS	RESPONSIBLE PERSON	IMPLEMENTED/RESOLUTION NOT IMPLEMENTED	DUE DATE
	Departments were encouraged to try and maintain the high-performance percentage as this is a step in the right direction.	Departmental achieved more that 60% for the second quarter	All HODs	Resolution Implemented	Completed
	That the performance reported should reflect in service delivery as well.	Municipality is trying to priority that basis services is provided to everyone	All HODs	Resolution in progress	On-going
24 Jan 2023	<b>Draft Audit Action Plan</b>	<b>Resolutions tracking (Audit Committee meeting)</b>			
	Management <u>SHOULD ENSURE</u> that all the findings raised by the Auditor-General have been addressed before the start of the audit.	All finding is addressed	CFO	Resolution Implemented	Completed
	That the CFO and his team <u>SHOULD ENSURE</u> that all the <u>CASH AND CASH EQUIVALENTS</u> findings are adequately addressed.	Finding is addressed	CFO	Resolution Implemented	Completed
	That all <u>BANK RECONCILIATIONS</u> for <u>ALL MUNICIPAL</u> accounts <u>SHOULD BE COMPLETED</u> with all supporting evidence. This should be completed and included in the audit file.	All bank reconciliation municipal accounts were submitted to AGSA	CFO	Resolution Implemented	Completed
	Management <u>SHOULD ENSURE THAT</u> the <u>ANNUAL PERFORMANCE REPORT</u> and all supporting documents (Audit file) are ready for submission	Annual performance report and the supporting documents were submitted on time	PMS	Resolution Implemented	Completed

# APPENDICES

MEETING DATE	RESOLUTIONS	PROGRESS	RESPONSIBLE PERSON	IMPLEMENTED/RESOLUTION NOT IMPLEMENTED	DUE DATE
	That Management <u>SHOULD</u> address the <u>INTERNAL CONTROL DEFICIENCIES</u> identified by both AG and Internal Audit are continuously addressed.	Findings are addressed on the time	All HODs	Resolution Implemented	Completed
	That the preparation of the <u>ANNUAL FINANCIAL STATEMENTS</u> be finalized by the end of July 2023 and reviewed independently, then should be submitted to Audit Committee, Internal Audit for review and to AGSA on 30 August 2023.	Annual financial statements were submitted on 30 August 2023		Resolution Implemented	Completed
<b>Mid-year Financial Report</b>					
	Management <u>SHOULD DEVELOP</u> a plan /strategy to deal with the water and electricity losses as this is a huge financial loss to the municipality that is under financial distress.			Still in progress	On-going
	The Municipality <u>SHOULD</u> finalize the dispute with DWS, to also deal with the finding as raised by the A.G	Implemented	CFO	Resolution Implemented	Completed
	Management <u>SHOULD</u> work on the collection rate of the Municipality; this collection rate is a clear indication that the municipality is not	Rand to rand collection program has started	CFO	Still on progress	On-going

# APPENDICES

MEETING DATE	RESOLUTIONS	PROGRESS	RESPONSIBLE PERSON	IMPLEMENTED/RESOLUTION NOT IMPLEMENTED	DUE DATE
	financially viable and is unable to sustain its financial obligations.				
<b>Risk Management Report</b>					
	That the Technical Services HOD and CFO promptly attend to the pending <b>INSURANCE CLAIM</b> relating to the town hall roof blown by the storm.	Submission for insurance claim was submitted to the insurance company	CFO	Still on progress	On-going
<b>Performance Report</b>					
	Adherence to <b>SUBMISSION DEADLINES</b> continues to hamper sufficient time for the review and subsequent auditing of performance information;	Submission of the SDBIP report is improved	All HODs	Still in progress	On going
	There a number of cross-cutting indicators that each Department must also report against, and it has been noted that not all Departments are reporting against these targets, which has a direct impact on the achievement against their performance plans, signed as part of their performance	Implemented	All HODs	Resolution Implemented	Completed



# APPENDICES

MEETING DATE	RESOLUTIONS	PROGRESS	RESPONSIBLE PERSON	IMPLEMENTED/RESOLUTION NOT IMPLEMENTED	DUE DATE
	agreements;				
	The BLOCKAGES/CHALLENGES to achieving targets and corrective measures are still not adequately substantiated, or not included at all, which can be further improved on, making sure that targets that are not achieved in a specific quarter is carried over to the next quarter which will ensure overall achievement by the end of the financial year;	Implemented	All HODs	Resolution Implemented	Completed
<b>Internal Audit Reports</b>					
	That Management SHOULD ENSURE that all findings raised by Internal Audit are adequately addressed.	Most of finding were addresses	All HODs	Resolution Implemented	Completed

	RESOLUTIONS	PROGRESS	RESPONSIBLE PERSON	IMPLEMENTED/RESOLUTION NOT IMPLEMENTED	DUE DATE
<b>20 April 2023 Audit Committee Meeting</b>					
<b><u>1. Report on the Audit Action Plan</u></b>					

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1	That the CFO should ask Audit General to <u>CLARIFY</u> clearly the scope of the audit before they come, to avoid the confusion that happened recently, where AG was ask to audit Bank Reconciliation and they then request the Interim Financial Statements.	Resolution addressed	CFO	Progress noted	Completed
2	That some of the action to be undertaken to address the findings in the Action Plan <u>DO NOT ADDRESS</u> the root cause of the problem and that may result in the findings recurring.	Resolution addressed	CFO	Progress noted	In Progress
3	That the Audit Committee member offered to add an <u>INPUT</u> on the action to be taken to improves the Audit Action Plan credibility.	Resolution addressed	IA	Progress noted	Completed
4	That <u>DWS MATTER</u> should be resolved and consider involving the political members to resolve it.	Resolution addressed	MM	Progress noted	Completed
5	That the <u>DWS DISPUTES</u> matter should be attended by a senior personnel, preferably a CFO or the Municipal Manager and obtain the necessary documents finalizing the dispute.	Resolution addressed	MM	Progress noted	Completed
6	That the <u>UNDERLINING</u> issue, that is cash and cash equivalent should be dealt with if the municipality want a changed opinion.	Resolution addressed	CFO	Progress noted	Completed
7	The municipal Manager stated that Audit (by Audit General) should be taken serious and with <u>SENSE OF URGENCY</u> .	Resolution addressed	All HOD	Progress noted	Completed
8	The CFO committed that the cash and cash equivalents issue will be resolved by June 2023.	Resolution addressed	CFO	Progress noted	Completed
9	That the CFO should submit the <u>BANK RECONCILIATION</u> for the year July 2021 to 30 June 2022 by end of May to the internal audit and Audit Committee to review it to ensure that the Bank reconciliation preparation in on the right track.	Resolution addressed	CFO	Progress noted	Completed

## 2. Section 52 Financial Report

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10	That the ELECTRICITY TARIFFS should be reviewed as the deficit in electricity revenue may also indicates the imbalance between the electricity tariffs charged and the cost of the bulk purchases of electricity. As the municipality is spending more on bulk purchases while the electricity usage has decline owing it to loadshedding.	Addressing of the resolution is in progress	CFO	Progress noted	In Progress
11	That only depreciation of the assets is budgeted while IMPAIRMENT LOSS and possibly loss or disposal of assets are not budgeted.	Addressing of the resolution is in progress	CFO	Progress noted	In Progress
12	That there is inverse correlation between water and electricity debtors outstanding compare to what we owe to our creditors for those goods/services. It was suspected that the municipality have financial indiscipline as the money collected from debtors is used for something else instead of paying the creditors.	Addressing of the resolution is in progress	CFO	Progress noted	In Progress
13	That the TRUCKS HIRING days are high and should consider procurement of trucks to avoid deviations.	Addressing of the resolution is in progress	CFO	Progress noted	In Progress
14	The IMPROVED debt collection especially in water debtors was commended.	Addressing of the resolution is in progress	CFO	Progress noted	In Progress
<b>3. Litigation Report</b>					
15	Audit Committee stated that the municipality should seek to resolve the matters involving Astral and its group of companies	addressing of the resolution is in progress	Manager: Legal Services	Progress noted	In Progress
<b>4. Performance Report</b>					
16	That the Audit Committee member was concern about the targets not achieved due to cash flow constraints. He asked why don't the municipality budget accordingly to accommodate the targets on SDBIP because those targets are for service delivery.	Addressing of the resolution is in progress	Manager: Budget	Progress noted	In Progress
<b>5. Internal Audit Reports</b>					
17	That Management <u>SHOULD ENSURE</u> that all findings raised by Internal Audit are adequately	Addressing of the resolution is in progress	IA	Progress noted	In Progress

# APPENDICES

	addressed				
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**APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS ENTERED INTO DURING 2023/2024**

For the 2023/2024 financial year no new long-term contracts or public private partnerships that were entered into.

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# APPENDICES

## APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

For the 2023/2024 financial year, below is the service provider performance schedule. The Municipality did not have any municipal entities under its control for the year under review.

No.	CONTRACT NUMBER	SUPPLIER NAME	MUNICIPAL VOTE/DEPARTMENT	DESCRIPTION OF GOODS/SERVICES/ PROJECTS	PERFORMANCE RATING	PERFORMANCE REVIEW	CORRECTIVE MEASURES IN CASE OF UNDERPERFORMANCE
1	<u>MUN-4338</u>	Munsoft	Budget & Treasury Office	Munsoft compliance consultation service to the client	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
2	<u>2003/015693/D7</u>	VIP Sage	Budget & Treasury Office	Manage human resourcing and payroll	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
4	<u>RT15-2016</u>	Vodacom	Budget & Treasury Office	Smart metering as a service, smart electricity and water metering	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		

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5	<b><u>BTO 01/2018/2019</u></b>	Nedbank	Budget & Treasury Office	Provision of Banking Services for a period of 36 Months	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
6	<b><u>BTO 02/2022/23</u></b>	DDP Valuers (PTY) LTD	Budget & Treasury Office	COMPILATION AND MAINTENANCE OF GENERAL VALUATION ROLL	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
7	<b><u>BTO 08-2022-2023</u></b>	Equalizer	Budget & Treasury Office	Professional Service Provider: Electricity vending system	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
8	<b><u>BTO 05 2021-2022</u></b>	Kunene Makopo Risk Solutions	Budget & Treasury Office	Management of Short-Term Insurance Portfolio	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		

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9	<b><u>BTO 11-2022-2023</u></b>	MAXPROF	Budget & Treasury Office	VAT recovery service for a period of 36 months	The service has been provided at an acceptable level within the timeframes stipulated by the SLA	
10	<b><u>BTO02-2023-2024</u></b>	Inkazimulo Consulting (PTY) LTD	Budget & Treasury Office	Preparation of Annual Financial Statements for period 36 months for lekwa local Municipality	The service has been provided at an acceptable level within the timeframes stipulated by the SLA	
11	<b><u>BTO03-2023-2024</u></b>	West Rand Consulting	Budget & Treasury Office	Preparation & Updating of GRAP Coompliant Assets register for a period 36 months for Lekwa Local Municipality	The service has been provided at an acceptable level within the timeframes stipulated by the SLA	
12	<b><u>BTO 04-2022-2023</u></b>	Morounekem Trading and Projects (PTY) LTD	Budget & Treasury Office	Appointment for the printing and Distribution of Municipal Consumer account statements for a period of 36 months	The service has been provided at an acceptable level within the timeframes stipulated by the SLA	



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13	<b><u>BTO 01-2023-2024</u></b>	Riley Auctioneers T/A Riley Auctions Africa (PTY) LTD	Budget & Treasury Office	Appointment of a service provider for the Auctioneering of movable assets for a period of 36 months	The service has been provided at an acceptable level within the timeframes stipulated by the SLA	
15	<b><u>BTO03-2022-2023</u></b>	Spectrum Utility Management (PTY) LTD	Budget & Treasury Office	Provision of meter reading service for a period of 36 months	The service has been provided at acceptable standards but outside of the timeframes stipulated in the SLA/Contract	
16	<b><u>BTO 04-2023-2024</u></b>	Sondeza Development and investment (PTY) LTD	Budget & Treasury Office	Implementation of credit control measures (Cut-Off and Reconnection services) for a period of 36 months	The service has been provided at an acceptable level within the timeframes stipulated by the SLA	
17	<b><u>BTO 01/2021/2022</u></b>	Likusasa Lethu OHS Consultants	Budget & Treasury Office	Panel of providers: Electrical material	The service has been provided at an acceptable level within the timeframes stipulated by the SLA	

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18	<b>BTO</b> <b><u>01/2021/2022</u></b>	Simon Setuke Distributors	Budget & Treasury Office	Panel of providers: Electrical material	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
19	<b>BTO</b> <b><u>01/2021/2022</u></b>	Mavutha Constructors Enterprise	Budget & Treasury Office	Panel of providers: Electrical material	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
20	<b>BTO</b> <b><u>01/2021/2022</u></b>	Nomdric Electrical and Projects	Budget & Treasury Office	Panel of providers: Electrical material	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
21	<b>BTO</b> <b><u>01/2021/2022</u></b>	Brite Ideas Investments	Budget & Treasury Office	Panel of providers: Electrical material	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		

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22	<b>BTO</b> <b><u>02/2021/2022</u></b>	Sky21 Trading	Budget & Treasury Office	Panel of providers: Plumbing material	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
23	<b>BTO</b> <b><u>02/2021/2022</u></b>	Mphathiwezinto Trading and Projects	Budget & Treasury Office	Panel of providers: Plumbing material	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
24	<b>BTO</b> <b><u>03/2021/2022</u></b>	Ngoti Holdings	Budget & Treasury Office	Provision and Supply Stationery Items to Lekwa Local Municipality up to 30 June 2024	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
25	<b>BTO</b> <b><u>03/2021/2022</u></b>	Dot Com Printers	Budget & Treasury Office	Provision and Supply Stationery Items to Lekwa Local Municipality up to 30 June 2024	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		

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26	<b><u>BTO07-2022-23</u></b>	Nonki C Travels	Budget & Treasury Office	Appointment of travel management service provider for the period of three years in Lekwa Local Municipality	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
14	<b><u>DTS07-2023-2024</u></b>	TJM GREENTECH (PTY) LTD	Technical Services	Appointment letter for sourcing of funds and implementation of energy efficiency and renewable energy projects at risk for a period of 36 months	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
27	<b><u>DTS 05-2023-2024</u></b>	XPERO trading	Technical Services	Appointment of a consultant for design, construction supervision and project administration and closeout for construction of a 1,5 hectare Thuthukani cemetery site in Lekwa Local Municipality	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
28	-	ID TECHNOLOGIES SOLUTION	Technical Services	License implementation, annual upgrade and support services			

# Contents

29	DTS 16 2021-2022	MPPM	Technical Services	Appointment maintenance, testing inspection and replacing of electricity equipment on Lekwa municipality electricity network.	The service has been provided at acceptable standards but outside of the timeframes stipulated in the SLA/Contract	Delays in some deliverables requested, showground 11kv taken for repairs, is not yet returned	Setup follow up meeting with the service provider
30	<u>DTS 1-2022-2023</u>	DHAHABU Consulting (PTY) LTD	Technical Services	Appointment of panel of consultants for professional Engineering related services for the period of 36 months in Lekwa Local Municipality	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		

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31	<b><u>DTS</u></b> <b><u>10/2022/2023</u></b>	Limacon cc	Technical Services	The manufacture, testing at contractors works, supply, directory access protocol (DAP) delivery (DDP) installation, testing at site and commissioning of one complete fully functional three phase 20 MVA 33/11kv power transformer for Lekwa Local Municipality's A - SUB Substation	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
32	<b><u>DTS</u></b> <b><u>4/2022/2023</u></b>	Mizana Engineering and Services (PTY) LTD	Technical Services	Refurbishment of the Standerton Wastewater works	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
33	<b><u>DTS</u></b> <b><u>17/2021/2022</u></b>	Asginc Africa	Technical Services	Contractor: Upgrade to paved roads	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		

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34	<b><u>DTS 01-2023-2024</u></b>	Shandiz West (PTY) LTD	Technical Services	Installation of New toilets at wards 12 and 13	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
35	<b><u>DTS-02-2023-2024</u></b>	Mudoita Investment (PTY) LTD	Technical Services	Drilling of boreholes at rural wards (9,12 &13)	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
36	<b><u>DTS 01-2023-2024 (PANEL)</u></b>	2MC Consulting Enginners	Technical Services	Design, construction supervision and project administration and closeout for the rehabilitation of 5KM Bauman street adjoining the R50 and R39 provincial Road in Lekwa Local Municipality			
37	<b><u>DTS 01-2023-2024 (PANEL)</u></b>	A.M Consulting Engineers (PTY) LTD	Technical Services	Rehabilitation of Vry Street			

# Contents

38	<b><u>DTS 02-2023-2024</u></b>	MPPM Consulting Engineering	Technical Services	Design, construction supervision and project administration and closeout for the supply and installation of 26 highmast lights in different wards of the municipality (ward 9,12,13,and 14) in Lekwa Local Municipality	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
39	<b><u>DTS04-2023-2024</u></b>	MPPM Consulting Engineering	Technical Services	Appointment letter for contractor for planning for closure and rehabilitation of Morgenzon Landfill site in the for Lekwa Local Municipality	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		



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40	<b><u>DTS08-2023-2024</u></b>	F - TECH SERVICES (PTY) LTD	Technical Services	Appointment letter for the replacement, refurbishment and maintenance of existing windmills, electrical pumps solar panels and hand pumps on an as and when required basic for a the replacement, refurbishment and maintenance of existing windmills electrical pumps, solar panels and hand pumps for a period of 36 months	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
41	<b><u>CSS 01/2022/2023</u></b>	Enhanced Innovations Projects (PTY) LTD	Technical Services	Appointment for upgrading and operational of the Standerton Landfill site for a period of 36 months	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		

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42	<b><u>DCSS</u></b> <b><u>01/2021/2022</u></b>	Zedek trading 580 CC	Technical Services	Supply, delivery and install precast concrete Palisade fencing to the Rooikoppen cemetery (Sakhile Ext 4, ERF number 7321			
43	<b><u>DTS</u></b> <b><u>01/2021/2022</u></b>	ECA Consulting	Technical Services	Consultant for the project: Coligny sewer line upgrade			
44	<b><u>DTS</u></b> <b><u>20/2021/2022</u></b>	TM and S Construction	Technical Services	Coligny line upgrade			
45	<b><u>DTS</u></b> <b><u>19/2021/2022</u></b>	TM and S Construction	Technical Services	Bulk water supply/Kieser reservoir			
46	<b><u>DTS 9/2021/2022</u></b>	Motagane Chem	Technical Services	Chemicals for the purification of water	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract		
47	<b><u>DTS</u></b> <b><u>23/2021/2022</u></b>	Ramashu Supply	Technical Services	Panel of providers: road maintenance material			
48	<b><u>DTS</u></b> <b><u>23/2021/2022</u></b>	Dem-same Tec	Technical Services	Panel of providers: road maintenance material			
49	<b><u>DTS</u></b> <b><u>23/2021/2022</u></b>	Angana Valo Engineering	Technical Services	Panel of providers: road maintenance material			

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50	<b>WS01-2023-2024</b>	Vuka Sbeko	Technical Services	Appointment for servicers for the rental of water tankers on an as and when needed basis for the period of 36 months	The service has been provided at acceptable standards but outside of the timeframes stipulated in the SLA/Contract	Service not delivered consistently	Penalties be instituted.
51	<b>WS01-2023-2024</b>	Ebafaneni cleaning, grass cutting, and gardening services	Technical Services	Appointment for servicers for the rental of water tankers on an as and when needed basis for the period of 36 months	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract		
52	<b>WS01-2023-2024</b>	Lindulwazi Projects	Technical Services	Appointment for servicers for the rental of water tankers on an as and when needed basis for the period of 36 months	The service has been provided at acceptable standards but outside of the timeframes stipulated in the SLA/Contract	Service not delivered consistently	Penalties be instituted.

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53	<b>WS01-2023-2024</b>	Triple action holdings	Technical Services	Appointment for servicers for the rental of water tankers on an as and when needed basis for the period of 36 months	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract		
54	<b>WS01-2023-2024</b>	Asambe ndoda general trading	Technical Services	Appointment for servicers for the rental of water tankers on an as and when needed basis for the period of 36 months	The service has been provided at acceptable standards but outside of the timeframes stipulated in the SLA/Contract	Service not delivered consistently	Penalties be instituted.
55	<b>DTS 06/2022/2023</b>	NJILO CONSULTING AND LOGISTICS	Technical Services	Pamel of service providers for a period of 36 months for the supply, delivery and fitment of tyres.	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract		N/A

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56	<b>DTS</b> <b>06/2022/2023</b>	RICHTRAU	Technical Services	Panel of service providers for a period of 36 months for the supply, delivery and fitment of tyres.	The service provider was not used in the 2023/2024 financial year.		N/A
57	<b>DTS</b> <b>06/2022/2023</b>	MALAS	Technical Services	Panel of service providers for a period of 36 months for the supply, delivery and fitment of tyres.	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract		N/A
58	<b>DTS</b> <b>06/2022/2023</b>	SQUAREFANE TRADING ENTERPRISE	Technical Services	Panel of service providers for a period of 36 months for the supply, delivery and fitment of tyres.	The service provider was not used in the 2023/2024 financial year.		N/A
59	<b>WS01-2022-2023</b>	VIYOKHULUMANI TRADING (PTY) LT	Technical Services	Panel of consultants for electrical and mechanical services on the Municipal Infrastructure sanitation and water services for the period of 3 years in Lekwa Local Municipality	The service provider was not used in the 2023/2024 financial year.		

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60	<u>WS01-2022-2023</u>	Ivati purifiers	Technical Services	Panel of consultants for electrical and mechanical services on the Municipal Infrastructure sanitation and water services for the period of 3 years in Lekwa Local Municipality			
61	<u>WS01-2022-2023</u>	Namasango Business enterprice	Technical Services	Panel of consultants for electrical and mechanical services on the Municipal Infrastructure sanitation and water services for the period of 3 years in Lekwa Local Municipality			
62	<u>WS01-2022-2023</u>	Phakamile investment	Technical Services	Panel of consultants for electrical and mechanical services on the Municipal Infrastructure sanitation and water services for the period of 3 years in Lekwa Local Municipality			

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63	<b><u>DTS 05-2022-2023</u></b>	NJILO CONSULTING AND LOGISTICS	Technical Services	Appointment letter for a panel of consultants for a period of 36 months on an as when required basis for the supply of rental yellow fleet in Lekwa Local Municipality			
64	<b><u>DTS 05-2022-2024</u></b>	Mavutha Constructors Enterprise	Technical Services	Appointment letter for a panel of consultants for a period of 36 months on an as when required basis for the supply of rental yellow fleet in Lekwa Local Municipality			
65	<b><u>DTS 08-2022-2023</u></b>	Zedek	Technical Services	Panel of contractors to provide services and as when required basis for a period of 36 months for electrical and mechanical services: Sanitation and water works services.	The service provider was not used in the 2023/2024 financial year.		

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66	<b><u>DTS 08-2022-2023</u></b>	TM Consortium (pty) ltd	Technical Services	Panel of contractors to provide services and as when required basis for a period of 36 months for electrical and mechanical services: Sanitation and water works services.			
67	<b><u>DTS 08-2022-2023</u></b>	Rapid Civil	Technical Services	Panel of contractors to provide services and as when required basis for a period of 36 months for electrical and mechanical services: Sanitation and water works services.			
68	<b><u>DTS 08-2022-2023</u></b>	BV Magujwa	Technical Services	Panel of contractors to provide services and as when required basis for a period of 36 months for electrical and mechanical services: Sanitation and water works services.	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract		



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69	<b><u>DTS 05-2023-2024 (PANEL)</u></b>	2MC Consulting Engineers	Technical Services	Appointment for design and construction of Gabion Matress for Lekwa Local Municipality	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract	
70	<b><u>SC 01/2021/2022</u></b>	Sinqobile Equestrian Security Services	Community Services & Safety	Provide Security Services	The service has been provided at an acceptable level within the timeframes stipulated by the SLA	
3	<b><u>RT3</u></b>	Dido Digital	Corporate Services	Leasing of printing and photocopier Machines for a period of 36 months	The service has been provided at acceptable standards but outside of the timeframes stipulated in the SLA/Contract	The ordered printers delivered after the stipulated timeframe, but in the mean time there was a loan printers that were provided for usage while wait the order.

# Contents

71	<b><u>CS/03/2022-2023</u></b>	Compusol IT Technologies	Corporate Services	Supply, installation and maintenance of a hosted VoIP (voice over the internet protocol) telephone system, call centre system internet and the virtual private for 36 months	The service has been provided at acceptable standards but outside of the timeframes stipulated in the SLA/Contract	The service delivered took longer than the set time frame
72	<b><u>MICROSOFT</u></b>	Microsoft 365	Corporate Services	Microsoft office 365 (E3) subscription	The service has been provided at acceptable standards but outside of the timeframes stipulated in the SLA/Contract	
73	<b><u>CS 01-2023-2024</u></b>	Emalangen Technologies (PTY) LTD	Corporate Services	Appointment for upgrade and procurement of the server room infrastructure	The service has been provided at acceptable standards but outside of the timeframes stipulated in the SLA/Contract	

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74	<b>CSO</b> <b><u>01/2021/2022</u></b>	Times Ten Trading	Corporate Services	PPE Clothing	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
75	<b>CSO</b> <b><u>01/2021/2022</u></b>	Kwandza Logistics	Corporate Services	PPE Clothing	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
76	<b>CSO</b> <b><u>01/2021/2022</u></b>	Embroidery Corporate	Corporate Services	PPE Clothing	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		
77	<b>CSO</b> <b><u>01/2021/2022</u></b>	Bathabile Kase	Corporate Services	PPE Clothing	The service has been provided at an acceptable level within the timeframes stipulated by the SLA		

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78	<b>CS01-2022-2023</b>	FACHS BUSINESS CONSULTING & TR	Corporate Services	Appointment of Panel for qualified and accredited Training Service Providers to Serve on Lekwa Local Municipality for a period of 36 months	The service has been provided at an acceptable level within the timeframes stipulated by the SLA	
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# APPENDICES

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

The following list indicates the status of disclosure of financial interest for the 2022/2023 financial year.

Disclosures of Financial Interests		
Period 1 July 2022 to 30 June 2023		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	Delani Louis Thabethe	R120,000 (other financial interest); 50% shares and securities; 50% membership of the close corporation
Member of MayCo / Exco		
	Jan Thabo Sebilwane	Nil
	Sipho Amos Majazi	Nil
	Phindile Cynthia Mahlaba	Nil
	Seipati Mitta Modise	Nil
Councillors		
	Michael Sifiso Mngomezulu	Nil
	Piet Melusi Radebe	Nil
	Mapaseka Molaba	Nil
	Litheko Moses Marago	Nil
	Smanga Phillemon Ngwenya	Nil
	Swazi Albert Tshabalala	Nil
	John Daniel Nkutha	Nil
	Sibusiso Blessing Ngqulunga	Nil
	Thabang Colette Motaung	Nil
	Sesana Witnes Msondo	Nil
	Doctor Robert Manana	Nil
	Malekoa Rose Motloung	Nil
	Sekoele Aubrey Maboea	Nil
	Carlos Alberto Olim Franco	Nil
	Gibson Jabulani Xulu	Nil
	Sithi Aluncedo Silosini	Nil
	Nwabisa Sheila Tlhakudi	Nil
	Dumisani Joseph Msibi	Nil
	Amanda Patricia Mancane Mthimkhulu	Nil
	Oliver Phiri	Nil
	Smanga Laurence Nhlapo	Nil
	Nomakhosi Cynthia Nhlapo	Nil
	Ronald Sello Tsotetsi	Nil
	Jacobus Cornelius Stoltz	Nil
	Wilma Venter	Nil
	Daniel Jakobus Venter	Nil

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<b>Municipal Manager</b>	M L Lamola	Property
<b>Chief Financial Officer</b>	K Duba	Nil
<b>Other S57 Officials</b>		
	M P Phosa	Shares & Investments
	T Mtshiselwa	Nil
	L Khoza	Nil
	M Jiyane	Nil
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A T J		

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

### APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

### APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Expanded Public Works Grant	1 855 000	-	1 855 000	0%	0%	Grant aimed at poverty and unemployment alleviation
Financial Management Grant	2 850 000	-	2 850 000	0%	0%	Grant utilised for interns' salaries to advance implementation of MFMA towards meeting minimum competency requirements. Also used for Asset management and financial system enhancement
Integrated National Electrification Programme	3 000 000	-	3 000 000	0%	0%	Grant for electricity connections to households serviced by Eskom within the Municipal jurisdiction
Municipal Disaster Relief Grant	6 625 000	-	6 625 000	0%	0%	Municipal Disaster Response Grant allocated for flood and natural disaster damage

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<b>Total</b>	14 330 000	-	14 330 000	0%	0%	
<p>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</p>						
						TL

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

Capital Expenditure - New Assets Programme*							
Description	R '000						
	2021/2022	2022/2023			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	-	20		12	9	25	20
<b>Infrastructure: Road transport - Total</b>	-	-		1	-	10	10
<i>Roads, Pavements &amp; Bridges</i>		0	954	954	0	10 000	10 000
<i>Storm water</i>							
<b>Infrastructure: Electricity - Total</b>	-	7		3	9	15	10
<i>Generation</i>							
<i>Transmission &amp; Reticulation</i>		7 000	3 000	3 000	8 500	15 000	10 000
<i>Street Lighting</i>							
<b>Infrastructure: Water - Total</b>	-	13		8	-	-	-
<i>Dams &amp; Reservoirs</i>		13 248	8 179	8 179			
<i>Water purification</i>							
<i>Reticulation</i>							
<b>Infrastructure: Sanitation - Total</b>	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
<b>Infrastructure: Other - Total</b>	-	-		-	-	-	-
<i>Waste Management</i>					0	0	0
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							





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## APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD

Capital Programme by Project by Ward: 2022/2023			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
<b>Water</b>			
Construction of Kieser reservoir and pressure tower	10	No	
<b>Sanitation/Sewerage</b>			
Upgrade of Coligny sewer line	10	Yes	
Refurbishment of Standerton waste Water Treatment Works	1,2,3,4,5,6,7,8,9,10,11, & 15	Yes	
Installation of 50 VIP toilets	9	Yes	
<b>Electricity</b>			
Upgrade of A Sub (Phase 1)	7,11	No	
<b>Housing</b>			
<b>Refuse removal</b>			
Purchase of a 10 ton refuse truck	1,2,3,4,5,6,7,8,9,10,11,14 & 15	Yes	
			<i>TO</i>

## APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics					
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection	Other
Schools (NAMES,					

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LOCATIONS)					
Madi School					Fencing
Ngobangolwazi School					General maintenance
Clinics (NAMES, LOCATIONS)					
Thuthukani					Currently mobile clinic service
<p><i>Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.</i></p>					

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

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
<b>Clinics:</b>		
Thuthukani (Ward 12)	Mobile Clinic that does not adhere to schedule	Preventable and curable illnesses not attended to, resulting in loss of lives from potentially preventable and curable illnesses. Traveling of long distances to get to available clinic and medical services
Morgenzon (Ward 14)	Available clinic does not provide 24-hour service	Preventable and curable illnesses not attended to, resulting in loss of lives from potentially preventable and curable illnesses. Traveling of long distances to get to available clinic and medical services
<b>Housing:</b>		
Shortage of RDP Housing (Various wards)	7129 informal dwellers	Illegal invasion of unserviced land places extra demand on municipal infrastructure
<b>Police Stations</b>		
Thuthukani (Ward 12)	Area expanding and insufficient policing with closest police station in Standerton	Increase in crime levels; Delay in reporting and responding to crimes
<b>Eskom Service Centre</b>		
Morgenzon (Ward 14)	Eskom as electricity provider do not have local office for fault reporting and other queries	Turnaround time to attend to reported faults and dealing with other queries takes longer.
<b>Community Halls and Thusong Centres</b>		
Ward 3	Community halls in need of major repairs and maintenance	Available community facilities not being utilised due to disrepair. Leads to vandalism
Ward 14	Community halls in need of major repairs and maintenance	Available community facilities not being utilised due to disrepair. Leads to vandalism
<b>Schools (Primary and High):</b>		
Primary School (Ward 14)	1 existing school in the area	Overcrowding of classes; learners traveling long distances to get to

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		existing schools
High School (Ward 11)	1 existing school in the area	Overcrowding of classes; learners traveling long distances to get to existing schools
<b>Sports Fields:</b>		
Morgenzon (Ward 14)	Only 1st phase of sports precinct completed	Available facility incomplete and thus being underutilized
Various wards	Recreational facilities not safe with no security fencing	Recreational facilities and parks not safe for children to play in
<b>Other:</b>		
Agrivillages and grazing land	Land for small scale farming not available	Livestock grazing in and around town which can cause safety and health hazards
Burial space	Rate at which burial space is utilized increasing	Unavailability of burial space may create backlogs in burials
T Q		

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

The Municipality had no loans and grants that were made to any organisation or person for the 2023/2024 financial year.

## APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved/Comment
Output: Improving access to basic services	The following are findings as indicated in the final management report as issued by the Auditor General:	Development of infrastructure master plans is crucial for the timely implementation of maintenance programmes
	The municipality did not have an approved policy to address routine maintenance of water infrastructure.	
	The municipality did not plan for the maintenance of water infrastructure by setting specific time frames and targets	
	Targets and time frames for routine maintenance of water infrastructure were not achieved.	
	Conditional assessments were not done on water infrastructure to inform the routine water infrastructure maintenance plan and budget.	
	The municipality did not have an approved roads maintenance plan (RMP) for the renewal and routine maintenance of roads infrastructure.	
	The municipality did not perform condition assessments for all roads infrastructure under its control to inform the roads maintenance plan.	
	There was no approved priority list of roads infrastructure for the renewal and routine maintenance projects, which is used as a basis for the RMP.	
	The municipality had not implemented corrective actions to address all findings raised in the previous year.	

# APPENDICES

Output: Implementation of the Community Work Programme	1023 CWP workers as at 30 June 2024	100% achieved. Anticipated increase in number of CWP workers for the 2022/2023 financial year
Output: Deepen democracy through a refined Ward Committee model	Ward Committee model implemented with ward committee members earning monthly stipend. The establishment of war rooms has further strengthened and deepened democracy within the Municipality	Non-functional ward committees and war rooms to be revived as not all ward committees and war rooms are fully functional
Output: Administrative and financial capability	As per the audit findings and the management letter, the municipality is unable to meet its financial obligations due to cash flow constraints. In addition, in respect of providing effective leadership based on a culture of honesty, ethical business practices and good governance and protecting and enhancing the interest of the municipality, it has remained unchanged from the previous year, thus there is room for improvement.	Internal controls and standard operation procedure implementation must be strengthened to improve the administrative and financial capabilities.

*\* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.*

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# VOLUME II

## VOLUME II: ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements (AFS) in respect of the 2023/2024 financial year for the period ended 30 June 2024, was submitted to the Auditor General and subsequently audited and is hereto annexed as Volume II to the 2023/2024 Annual Report.

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# Report of the auditor-general to the Mpumalanga Provincial Legislature and the council on the Lekwa Local Municipality

## Report on the audit of the financial statements

### Qualified opinion

1. I have audited the financial statements of the Lekwa Local Municipality set out on pages ... to..., which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actuals amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Lekwa Local Municipality as at 30 June 2024, and financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (GRAP), the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) the Division of Revenue Act 5 of 2023 (Dora).

### Basis for qualified opinion

#### Irregular expenditure

3. The municipality did not include all instances of irregular expenditure to the financial statements, as required by section 125(2)(d) of the MFMA, as the municipality did not have adequate systems to identify all prior year's irregular expenditure. I was unable to determine the full extent of the understatement of irregular expenditure stated at R 197,86 million (2022-23: R 143,64 million) in note 48 to the financial statements, as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustments made to the irregular expenditure in the prior period adjustment disclosure in note 41 to the financial statements were necessary.

#### Property, plant, and equipment

4. In the prior year, the municipality did not appropriately account for changes in useful lives for some of the property, plant, and equipment in accordance with GRAP 17, *Property, plant, and equipment*. Changes in remaining useful lives of the assets that were incorrectly accounted as an error instead of change in accounting estimates. Consequently, the opening balance of the property, plant and equipment was understated by R26,86 million and the opening balance of accumulated depreciation was overstated by the same amount.

#### Segment reporting

5. The municipality did not accurately disclose segment reporting in the financial statements, as required by GRAP 18, *Segment reporting*. The segment information disclosed for expenditure, assets and liabilities did not reconcile back to the financial statements amounts. Consequently, segment information was misstated by expenditure R235,68 million, assets R1,66 billion and

liabilities R684.27 million. Additionally, the comparative amounts in the segment information disclosed for revenue was misstated by R22,14 million as it was not adjusted with the restated amounts as per the prior year adjustment note.

### Cash flow statement

#### Payment to employees

6. The municipality's cash paid to employees was incorrectly disclosed as the calculation did not account for movements of accrued leave and accrued bonus which constitute a departure from GRAP 2, *Cash flow statement*. Consequently, the compensation of employees is understated by R 50,83 million (2023: R32,06 million).

#### Sale of goods and services

7. The municipality's cash from sale of goods and services was incorrectly disclosed as the calculation did not account for interest on trade receivables, furthermore the incorrect opening balance for trade receivables was used which constitute a departure from GRAP 2, *Cash flow statement*. Consequently, the sale of goods and services is understated by R 122,10 million and the comparative amount was overstated by (2023: R19,18 million).

### Corresponding figures

#### Cash flow statement

##### Suppliers

8. The municipality's cash paid to suppliers was incorrectly disclosed as it was calculated using the incorrect opening balance for trade payables which constitute a departure from GRAP 2, *Cash flow statement*. Consequently, the suppliers are overstated by R 31,82 million in the cash flow statement for the comparative amounts.

### Context for opinion

9. 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.
10. 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.
11. 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**

12. I draw attention to the matter below. My opinion is not modified in respect of this matter.
13. Note 44 in the financial statements, which indicates that the municipality incurred a surplus of R75,7 million (2022-23: deficit of R346,67 million) during the year ended 30 June 2024, as of that date, the municipality's liabilities exceeded its assets by R 653,89 million (2022-23: R729,55 million). The municipality plans to address the cash flow shortages through enhanced revenue collection and a resultant consistency in the payment of creditors when they become due.

## **Emphasis of matters**

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

### **Material impairments – trade receivables**

15. As disclosed in note 11 to the financial statements, material impairment of trade receivables from exchange transactions of R1,41 billion (2022-23: R1,29 billion) was incurred as a result of an impairment provision for doubtful debts.

### **Material impairments – statutory receivables**

16. As disclosed in note 13 to the financial statements, material impairment of statutory receivables of R510,8 million (2022-23: R419,31 million) was incurred as a result of an impairment provision for doubtful debts.

### **Material losses – electricity**

17. As disclosed in note 35 to the financial statements, material electricity losses of R88,35 million (2022-23: R105,34) was incurred.

### **Material losses – water**

18. As disclosed in note 35 to the financial statements, material water losses of R8,87 million (2022-23: R37,41 million) was incurred.

## **Other matter**

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

### **Unaudited disclosure notes**

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



## Responsibilities of the accounting officer for the financial statements

21. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and 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.
22. 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

23. 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.
24. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

25. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected key performance area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
26. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key performance area	Page numbers	Purpose
Basic service delivery and infrastructure development	XX	Provision of basic services (water 100%, sanitation 100%, electricity 100%, solid waste and roads 100%)

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

28. 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 reasons provided for any over- or underachievement of targets / measures taken to improve performance

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

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

### Basic service delivery and infrastructure

#### Various indicators

31. I could not determine the accuracy of various reported achievements, as the indicators were not well defined, and I could not verify the methods and processes used to measure the achievements. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets have been achieved.

Key performance indicators	Planned targets	Reported actual achievement
Percentage households with refuse removal services	100% (23862) households with access to refuse removal as per the valuation roll	100% completion
Percentage businesses with refuse removal services	Percentage businesses with refuse removal services	100% completion

Percentage Upgrading of Standerton landfill site	100% upgrade of Standerton Landfill site	100% upgrade of Standerton Landfill site
Number of streets cleaned	11 streets cleaned	11 streets cleaned
Number of illegal dumping sites cleaned	6 illegal dumping sites cleaned	48 illegal dumping sites cleaned (+42 variance)
% Emergency, fire, and rescue services attended	100% emergency, fire and rescue services attended	100% emergency, fire and rescue services rendered
Number of water leaks repaired	1000 water leaks repaired	1140 water leaks repaired (+140 variance)
% construction of reservoir and pressure tower	100% construction of Kieser reservoir and pressure tower	95% construction of Kieser reservoir and pressure tower completed (-5% variance)
% refurbishment of water infrastructure	100% refurbishment of Morgenzon raw water pumping units	100% refurbishment of Morgenzon raw water pumping units
% refurbishment of sanitation infrastructure	100% refurbishment of Johan, Steijn and Rooikppen sewer pump stations	100% refurbished sewer pump stations
km of bulk electricity line to Meyerville constructed	2km bulk electricity line to Meyerville constructed	2km bulk electricity line installed
Number of street lights repaired	400 street lights repaired	977 street lights repaired (+577 variance)
Number of high mast lights repaired	20 high mast lights repaired	114 highmast lights repaired (+94 variance)
Number of electricity meters installed	100 electricity meters installed	3128 electricity meters installed (+3028 variance)

## Other matters

32. I draw attention to the matters below.

### Achievement of planned targets

33. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

34. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages xx to xx.

### Basic service delivery and infrastructure

<i>Targets achieved: 77%</i>		
<i>Budget spent: 103%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Percentage households with refuse removal services	100% (23862) households with access to refuse removal as per the valuation roll	99% (-1 variance)
Percentage businesses with refuse removal services	100% (720) businesses with access to refuse removal services	99,5% (-0,50 variance)
% construction of reservoir and pressure tower	100% construction of Kieser reservoir and pressure tower	95% construction of Kieser reservoir and pressure tower completed (-5% variance)

Number of road bridges rehabilitated	Rehabilitation and upgrading of two damaged road bridges in Rooikoppen.	2 Bridges not completely upgraded and rehabilitated
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## Material misstatements

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

## Report on compliance with legislation

36. 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.

37. 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.

38. 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.

39. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

## Annual financial statements

40. 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, current liabilities, revenue, expenditure, and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

## Revenue management

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

## Expenditure management

42. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management (SCM) prescripts.
43. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R189,92 million, as disclosed in note 47 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest incurred on late payments to suppliers.
44. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R354,02 million, as disclosed in note 46 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on certain votes on the approved budget.
45. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

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

46. Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1).
47. The preference point system was not applied for procurement of some goods and services as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act.

#### **Consequence management**

48. 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.

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

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

#### **Asset management**

50. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

## Other information

51. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported in this auditor's report.
52. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
53. My responsibility is to read this other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance areas presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
54. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

## Internal control deficiencies

55. 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.
56. 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 the annual performance report and the material findings on compliance with legislation included in this report.
57. Senior management did not implement adequate recording, reviewing, and reporting processes and controls to ensure credible, complete, and accurate financial reporting as per the approved audit action plan.
58. The municipality did not adequately prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information. The financial statements contained numerous misstatements, of which some were adequately corrected. This was mainly due to staff not fully understanding the requirements of the financial reporting framework.
59. The performance management system and related controls were inadequate as they did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be organised and managed to ensure valid, accurate and complete performance reporting.
60. Inadequate measures taken to improve compliance with key laws and regulations as they do not yield the desired results.

## Material irregularities

61. In accordance with the PAA and the material irregularity (MI) 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

#### Pollution of water resource not prevented – Standerton Wastewater Treatment Works

62. The Standerton Wastewater Treatment Works has not operated effectively due to mechanical and operational equipment either malfunctioning or not operational. This has resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including groundwater and the Vaal River. 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 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 resource.

63. The accounting officer was notified of this material irregularity on 24 November 2023 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer did not take appropriate action to resolve the material irregularity. I am in the process of making a decision on further actions to be taken.

#### Poor management of the Morgenzon waste landfill site

64. The municipality has been operating the Morgenzon waste landfill site without a valid licence or permit. A closure licence was issued to the municipality in the year 2016 to restore and rehabilitate the site and surrounds. The Municipality has been operating the landfill site in a manner that is not in compliance with license conditions and the minimum legislative requirements for waste disposal at a landfill site, which is evidenced by poor access control, illegal waste dumping, uncontrolled / informal recyclers and animals roam the sites – with indication of daily living including housing structures and other makeshift facilities, no monitoring and sampling of surface / groundwater / gas monitoring, no control over water runoff or leachate management, no compacting/ covering of waste - windblown waste, burning of waste causing air pollution.

65. The municipality consequently did not dispose and treat waste in an environmentally sound manner that does not endanger health, or the environment as required by section 16(1) of the National Environmental Management Waste Act 59 of 2008. The municipality further did not take reasonable measures to prevent pollution or degradation from occurring, continuing or recurring as required by section 28(1) of NEMA. The municipality also did not ensure that any other situation exists, which causes, has caused or is likely to cause pollution of a water resource, must take all reasonable measures to prevent any such pollution from occurring, continuing, or recurring as required by section 19(1) of the NWA. The non-compliance is likely to cause substantial harm to the community members utilising the landfill site, the water resource and the communities adjacent to the landfill site.

66. The accounting officer was notified of this material irregularity on 24 November 2023 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer did not take appropriate action to resolve the material irregularity. I am in the process of making a decision on further actions to be taken.

#### **Interest and penalties paid due to late payment of pay as you earn and other taxes.**

67. The municipality's failure to comply with section 2(1)(a) of the fourth schedule, resulted in interest and penalties being incurred by the municipality in line with section 14 of the fourth schedule, which states that- "the Commissioner may impose on that employer a penalty, which is deemed to be a percentage based penalty imposed under Chapter 15 of the Tax Administration Act, for each month that the employer fails to submit a complete return which in total may not exceed 10 per cent of the total amount of employees' tax deducted or withheld or which should have been deducted or withheld by the employer from the remuneration of employees for the period described in that subparagraph."

68. The municipality did not adhere to the legislation for paying over PAYE and other taxes timeously, as a result the municipality incurred interest and penalties. The non-compliance is likely to result in a material financial loss of R6,41 million as disclosed in note 47 of the 2023-24 AFS. This is due to the interest incurred by the municipality as a result of not paying over PAYE and other taxes timeously.

69. The accounting officer was notified of this material irregularity on 1 April 2022. The following actions have been taken to resolve the material irregularity:

- The accounting officer reported the fruitless and wasteful expenditure for 2021 to 2024 to the municipal public accounts committee (MPAC) for investigation. The investigation was concluded, and the report was tabled to council. On 30 August 2024 council resolved that the fruitless and wasteful expenditure be written off.
- The accounting officer is implementing the financial recovery plan under the support of the National Government Intervention. There are various revenue enhancement program that the municipality is implementing to ensure improvement in the revenue collection this includes but not limited to the following:
  - National Treasury funded the project for replacement and installation of electricity meter. The installations were concluded in March 2024, resulting in in the billing of revenue.
  - Munsoft was appointed for assistance with the system that aligns the billing as part of revenue management projects. The project is ongoing and is expected to conclude in 2025.
  - The Development Bank of Southern Africa (DBSA) appointed a service provider to assist with revenue enhancement project. The service provider assisted with tariff review and restructuring, enhancement of revenue related policies and back-office support this assisted in revenue enhancement. The project was concluded in January 2024 and the interventions are considered to be crucial in enhancing revenue in the long run.



70. Based on the above actions that have been taken to resolve the material irregularity, I considered all the substantiating evidence provided and I have concluded that appropriate actions have been taken to address the material irregularity and it is considered resolved. I will continue to monitor the actions implemented and the impact thereof during the subsequent audits.

#### **Unfairly disqualified bidder – Appointment of a service provider for security services**

71. The municipality did not comply with Preferential Procurement Regulation (PPR) of 2017 5(7) which states that, each tender that obtained the minimum qualifying score for functionality must be evaluated further in terms of price and the preference point system and any objective criteria envisaged in regulation 11.

72. On tender number SC01/2021-2024, the bid evaluation committee unfairly disqualified a bidder on functionality and consequently eliminated the bidder from further evaluation. Instead of allocating 15 points, the bidder was awarded no points for the functionality criteria “Service provider must submit proof of firearm registration”, despite submitting certified copies of proof of registration of 45 firearms. The disqualified bidder submitted a bid of R74, 89 million, which was lower than the winning bidder’s price of R80, 61 million.

73. The non-compliance is likely to result in a material financial loss for Lekwa Local Municipality due to the appointment of a bidder whose bid amount exceeded the amount of the unfairly disqualified bidder.

74. The accounting officer was notified of this material irregularity on 28 April 2023. The following actions have been taken to resolve the material irregularity:

- On 4 August 2023 the accounting officer approved an annual SCM training plan with the aim of capacitating the bid committee members. As at the date of this report, all planned trainings have taken place.
- On June 2023, the accounting officer appointed an external presiding officer to instituted disciplinary proceedings against the members of the bid evaluation committee. These proceedings were concluded in February 2024 resulting final warnings being issue to the impacted employees.
- The accounting officer prepared a schedule of payment/ invoice forecast for the contract period to monitor and keep track of monthly invoice for the remainder of the contract to keep the payments within the contracted value to avoid further financial losses on this contract. Furthermore, the accounting officer reached an agreement with the service provider to ensure that all the payments for the contract are within the amounts stated in the contract agreement.

75. Based on the above actions that have been taken to resolve the material irregularity, I considered all the substantiating evidence provided, and I have concluded that appropriate actions have been taken to address the material irregularity and it is considered resolved.

#### **Full and proper records not kept**

76. Reasonable steps were not taken in the 2019-20 financial year to ensure that full and proper records were kept of infrastructure assets, consumer debtors, service charges, payables, accruals, and commitments, as required by section 62(1) (b) of the MFMA.

77. The non-compliance contributed to a disclaimer of audit opinion as I could not obtain sufficient appropriate audit evidence to support the amounts and disclosures in the financial statements.

78. The lack of full and proper records is likely to result in substantial harm to the municipality as it contributed to the material uncertainty regarding its ability to continue operations, as disclosed in note 41 to the 2019-20 financial statements. This, in turn, is likely to have a negative impact on the municipality's ability to discharge its service delivery mandate.

79. The accounting officer was notified of the material irregularity on 11 June 2021. The following actions have been taken to resolve the material irregularity:

80. The accounting officer responded to the notification on 17 November 2021 and the accounting officer indicated that a financial recovery plan is currently being implemented and is being monitored by accounting officer and stakeholders with the aim of improving the financial sustainability. The following actions have been taken to resolve the material irregularity:

- During the 2021/22 and 2022/23 financial year, an audit action plan with timelines for tracking was developed and implemented to address the specific key areas (property, plant and equipment, cash and cash equivalents, transfers and subsidies, bulk purchases, payables from exchange transactions, unauthorised expenditure and receivables) that led to the disclaimer audit opinion.
- During the 2022/23 and 2023/24 financial year, municipality provided monthly progress on municipal support intervention plan to National Treasury on progress made in relation to administration, governance and financial operation matters that led to disclaimer opinion.
- On 29 April 2022 council approved the records management policy. The policy was duly implemented since its approval.
- During 2021/22 and 2022/23, an adequate filing system was implemented to ensure that accounting records are easily retrievable when required.
- In July 2022, the municipality appointed an accounting officer to ensure stability in leadership position and to institutionalise the internal controls on daily and monthly processing of transactions.
- The accounting officer is implementing the financial recovery plan under the support of the National Government Intervention. There are various revenue enhancement programmes that the municipality is implementing to ensure improvement in the revenue collection. The implementation of the FRP is ongoing.

81. Based on the above actions that have been taken to resolve the material irregularity. I considered all the substantiating evidence provided and I have concluded that appropriate actions have been taken to address the material irregularity and it is considered resolved. I will continue to monitor the impact of the initiatives implemented in accordance with the financial recovery plan during my subsequent audit.

AUDITOR GENERAL.

Mbombela

30 November 2024



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure to the auditor's report**

The annexure includes the following:

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

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

#### **Professional judgement and professional scepticism**

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

#### **Financial statements**

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

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

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

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

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

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure Section 1 - Definition: service delivery and budget implementation plan Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(6)(a), Sections 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), 62(1)(f)(ii), Sections 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), Sections 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), Sections 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), Sections 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), Sections 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulation 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), 17(1)(b), Regulations 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a) and (b), 29(5)(a)(ii), 29(5)(b)(ii), Regulations 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	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, 2004	Regulations 17, 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), Regulations 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 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)

Legislation	Sections or regulations
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 27(1), 29(1)(b)(ii), 29(2)(a), Sections 29(2)(c), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, Sections 43(2), 56(a), 57(2)(a), 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), Sections 67(1)(d),74(1), 93J(1), 96(b)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(5)(a), 7(1), 8, 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)

Financial Year: 2023/2024

Annexure: Matters Affecting Audit Report

Audit Action Plan Status: All

Implementation Status: Not Yet Started | In Progress | Completed | Agreed I

Reference	Section	Finding	Root Cause	Nature of Findings	Due Date Imp
AAP75795-2024	Misstatements in annual financial statements	During the audit of cashflow statements, there are differences that were identified between the figures.	Net cash flows from operating activities were not correctly prepared and disclosed as required standards of GRAP 2, Cash flow statements. This was due to multiple errors in determining cash flows from operating activities. Management did not exercise oversight over the cashflow statement to ensure that it is free of the obvious material issues.	GRAP non-compliance	31-Mar-2025
AAP75828-2024	Misstatements in annual financial statements	Useful lives (Prior year)	The municipality did not appropriately account or changes in useful lives for some of the property, plant and equipment in accordance with GRAP 17, property, plant and equipment. Change in remaining useful lives of the assets that were incorrectly accounted as an error instead of change in accounting estimates.	GRAP non-compliance	31-Mar-2025



Reference	Section	Finding	Root Cause	Nature of Findings	Due Date Imp
AAP75829-2024	Non-compliance with laws and regulations	Budget (budget and Comparisons)	Management did not prepare regular, accurate and complete financial and performance reports that are supported by reliable information.	Internal control deficiency	31-Mar-2025
AAP75834-2024	Misstatements in annual financial statements	Customers were not billed for a full 12 months	Management did not implement adequate and appropriate internal controls to ensure that customers are billed for services which the municipality has provided for all 12 months of the year.	Internal control deficiency	31-Mar-2025
AAP75837-2024	Misstatements in annual financial statements	Sale of water- customers not billed for full 12 months	Management did not implement adequate and appropriate internal controls to ensure that customers are billed for services which the municipality has provided for all 12 months of the year	GRAP non-compliance	31-Mar-2025

Reference	Section	Finding	Root Cause	Nature of Findings	Due Date Imp
AAP75856-2024	Non-compliance with laws and regulations	CAATs exceptions (Indigent)	<p>Management did not implement controls over daily and monthly processing and reconciling of transactions to ensure that errors are prevented. Management further did not implement controls to ensure that customer IDs are captured accurately on the FMS.</p> <p>Management did not ensure that the applicants or their spouses have an interest in suppliers of government and/or municipalities</p>	Internal control deficiency	31-Mar-2025
AAP75862-2024	Non-compliance with laws and regulations	Non-payment of suppliers within 30 days	Management did not review and monitor compliance with applicable laws and regulations as they did not pay all money owing within 30 days of receiving the relevant invoice or statement.	Non-compliance with applicable legislation	31-Mar-2025

Reference	Section	Finding	Root Cause	Nature of Findings	Due Date Imp
AAP75864-2024	Non-compliance with laws and regulations	Use of consultants – No evidence of transfer of skill to Municipality	Management did not monitor and review compliance with applicable laws and regulations.	Internal control deficiency	31-Mar-2025
AAP75868-2024	Non-compliance with laws and regulations	Value added tax (VAT)- amount recorded not supported	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Non-compliance with applicable legislation	31-Mar-2025
AAP75869-2024	Misstatements in annual financial statements	Segment reporting	The segment information disclosed for expenditure in the current and prior year and assets in the prior year did not reconcile back to the GRAP amounts disclosed in the financial statements.	GRAP non-compliance	31-Mar-2025
AAP75937-2024	Misstatements in annual financial statements	Opening balance for PPE	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	GRAP non-compliance	31-Mar-2025

Reference	Section	Finding	Root Cause	Nature of Findings	Due Date Imp
AAP75945-2024	Misstatements in annual financial statements	Property, plant and equipment- journal testing (A)	Inaccurate or incomplete journals in the financial statements could lead to misrepresentation of property, plant and equipment and misstatement of Asset.  Failure to disclose required information under GRAP standards results in non-compliance with the applicable financial reporting framework.	Internal control deficiency	31-Mar-2025
AAP75949-2024	Misstatements in annual financial statements	Property, plant and equipment- journal testing (B)	Inaccurate or incomplete journals in the financial statements could lead to misrepresentation of property, plant and equipment and misstatement of Asset.  Failure to disclose required information under GRAP standards results in non-compliance with the applicable financial reporting framework.	Internal control deficiency	31-Mar-2025

Financial Year: 2023/2024

Annexure: Matters Management Audit Report

Audit Action Plan Status: All

Reference	Section	Finding	Root Cause	Nature of Findings	Due Date Imp
Implementation Status: Not Yet Started   In Progress   Completed   Agreed					
Reference	Section	Finding	Root Cause	Nature of Findings	Due Date Imp
AAP75827-2024	Non-compliance with laws and regulations	Bad debt written off (non-disclosure of accounting policy)	Management responds	Non-compliance with applicable legislation	31-Mar-2025

Reference	Section	Finding	Root Cause	Nature of Findings	Due Date Imp
AAP75830-2024	Non-compliance with laws and regulations	<p>The Executive Manager: Technical Services at Lekwa LM, Mr Mthembeni Jiyane arranged the site visit on 10 October 2024. In the course of a review of audit evidence submitted by Lekwa LM and the site visit, the following were noted/observed: Table 1: Deficiencies from general procedures</p> <p>General procedures</p> <p>The Manager: Waste Management - Ms Mmaphelo Madisha confirmed the</p>	<p>The municipality did not:- Comply with prescribed legislation and Regulations, management created an unsafe environment at Morgenzon landfill site. Secure sufficient funding to implement its planned decommissioning and rehabilitation of the Morgenzon landfill site for the 2016 Waste Licence.</p> <p>Appoint a Waste Control Officer to ensure compliance with the 2016 Waste Licence conditions.</p>	Non-compliance with applicable legislation	31-Mar-2025

Reference	Section	Finding	Root Cause	Nature of Findings	Due Date Imp
AAP75832-2024	Misstatements in annual financial statements	Salary accruals- differences between the AFS	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	MFMA s123, s124 & s125 disclosures	31-Mar-2025
AAP75833-2024	Misstatements in annual financial statements	Differences between the General Ledger and Sub-modules (billing reports)	Management did not implement adequate and appropriate internal controls to ensure that the billing report/sub-modules agree to general ledger, trial balance and financial statements.	GRAP non-compliance	31-Mar-2025
AAP75835-2024	Misstatements in annual financial statements	Incorrect tariff rates used to bill customers (property rates)	Management did not implement adequate and appropriate internal controls to ensure that customers are billed for services on the correct tariff rates.	Internal control deficiency	31-Mar-2025
AAP75836-2024	Misstatements in annual financial statements	Incorrect tariffs rates used to bill customers (sale of metered electricity)	Management did not implement adequate and appropriate internal controls to ensure that customers are billed for services on the correct tariff rates.	GRAP non-compliance	31-Mar-2025

Reference	Section	Finding	Root Cause	Nature of Findings	Due Date Imp
AAP75838-2024	Non-compliance with laws and regulations	<p>During the audit of performance information, the auditor identified that the Municipality did not disclose and present the annual performance report as required by Municipal System Act 46(1), the actual performance for the indicators below is not compared to prior year performance in the APR.</p> <p>No.</p> <p>Performance indicator</p> <p>Approved Adjusted 2023/2024 Annual Target</p>	<p>Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not review and monitor compliance with applicable laws and regulations.</p>	<p>Non-compliance with applicable legislation</p>	<p>31-Mar-2025</p>



Reference	Section	Finding	Root Cause	Nature of Findings	Due Date Imp
AAP75839-2024	Misstatements in annual financial statements	Employee Benefit Obligation not appropriately disclosed in the financial statements	Management should provide an explanation why the amount as per the actuaries' report is different to the amount disclosed in the financial statements.	GRAP non-compliance	31-Mar-2025
AAP75840-2024	Non-compliance with laws and regulations	payable from exchange transaction: Bonus accrual-incorrect annual salaries used to calculate the bonuses amount	Management response is noted, and auditors agree with management.	Internal control deficiency	31-Mar-2025
AAP75841-2024	Non-compliance with laws and regulations	Non-compliance with 80/20 preference point system	Management did not review and monitor compliance with applicable laws and regulations.	Non-compliance with applicable legislation	31-Mar-2025
AAP75842-2024	Non-compliance with laws and regulations	Non-submission of information to support the awarding of points	Lack of proper record keeping.	Internal control deficiency	31-Mar-2025
AAP75843-2024	Non-compliance with laws and regulations	Quotations obtained from service providers that do not meet listing criteria	Management did not review and monitor compliance with applicable laws and regulations.	Internal control deficiency	31-Mar-2025

Reference	Section	Finding	Root Cause	Nature of Findings	Due Date Imp
AAP75844-2024	Non-compliance with laws and regulations	Non-declaration of interest by service provider	Management did not review and monitor compliance with applicable laws and regulations.	Non-compliance with applicable legislation	31-Mar-2025
AAP75845-2024	Non-compliance with laws and regulations	Three formal written quotations were not obtained	Management did not review and monitor compliance with applicable laws and regulations.	Non-compliance with applicable legislation	31-Mar-2025
AAP75846-2024	Non-compliance with laws and regulations	Quotations submitted after closing date	Management did not review and monitor compliance with applicable laws and regulations.	Non-compliance with applicable legislation	31-Mar-2025
AAP75847-2024	Non-compliance with laws and regulations	Contract management-variation orders not tabled in municipal council	Management did not review and monitor compliance with applicable laws and regulations by ensuring that the reasons for the proposed amendment to contracts are tabled in the council of the municipality.	Non-compliance with applicable legislation	31-Mar-2025

Reference	Section	Finding	Root Cause	Nature of Findings	Due Date Imp
AAP75848-2024	Non-compliance with laws and regulations	1 Revenue from Exchange transaction- Refuse removal use of unapproved tariff rates 2 incorrect description on customer statement for sale of metered electricity and refuse removal	MScOA chart currently does not have the Revenue non-exchange account to record interest waived (debt relief incentive). Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not implement adequate and appropriate internal controls to ensure that tariff rates for businesses in Sakhile are approved and included in the tariff policy.	Internal control deficiency	31-Mar-2025
AAP75849-2024	Non-compliance with laws and regulations	Contract management- approved variation order amount does not agree to variation order amount as per contract register.	Management did not review and monitor compliance with applicable laws and regulations.	Non-compliance with applicable legislation	31-Mar-2025

Reference	Section	Finding	Root Cause	Nature of Findings	Due Date Imp
AAP75850-2024	Non-compliance with laws and regulations	Total expenditure on contract register exceeds contract amount plus approved variation order	Management did not review and monitor compliance with applicable laws and regulations.	Non-compliance with applicable legislation	31-Mar-2025
AAP75852-2024	Misstatements in annual financial statements	Related parties- Incorrect disclosure	Management did not review the note to ensure it is accurate and agrees with the schedules or VIP reports.	Internal control deficiency	31-Mar-2025
AAP75857-2024	Non-compliance with laws and regulations	Revenue from exchange transactions – Refuse removal – use of unapproved Tariff rates	Management did not implement adequate and appropriate internal controls to ensure that tariff rates for businesses in Sakhile are approved and included in the tariff policy.	Internal control deficiency	31-Mar-2025
AAP75858-2024	Misstatements in annual financial statements	Payables from exchange transactions: limitation of scope	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Internal control deficiency	31-Mar-2025

Reference	Section	Finding	Root Cause	Nature of Findings	Due Date Imp
AAP75859-2024	Misstatements in annual financial statements	Penalties on renewal of vehicle registration not included in the Fruitless and Wasteful register	<p>Management did not review and monitor compliance with applicable laws and regulations as fruitless and wasteful expenditure was not prevented.</p> <p>Management also did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</p>	GRAP non-compliance	31-Mar-2025

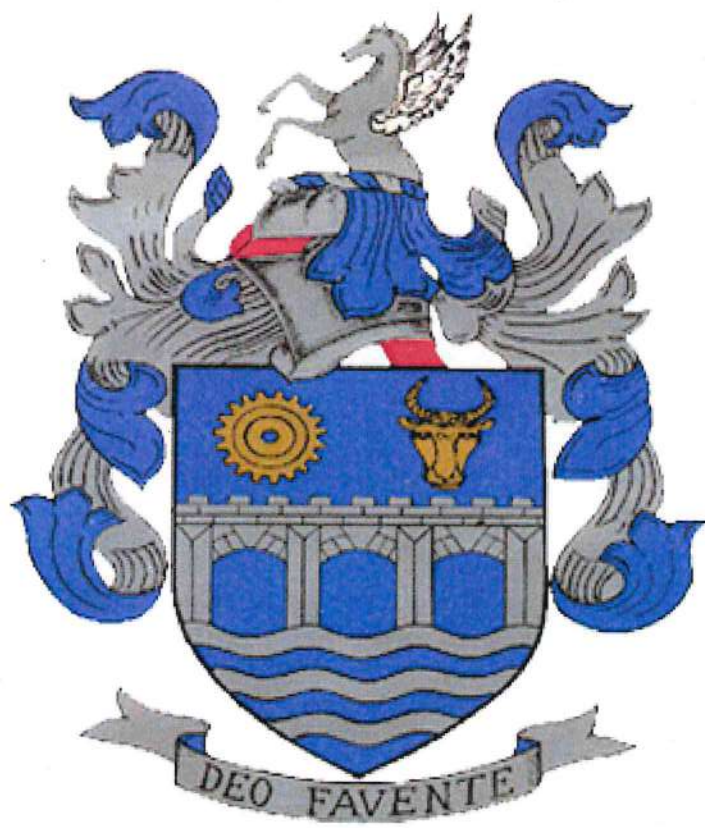
Reference	Section	Finding	Root Cause	Nature of Findings	Due Date Imp
AAP75860-2024	Non-compliance with laws and regulations	1. Incorrect description on Customer Statement for Sale of metered electricity and refuse removal	<p>(a) Refuse removal During the audit revenue from exchange transactions (refuse removal) we inspected the customer statements it was noted that the description of the adjustment for the billing of refuse removal was erroneously documented as "adjustment for sewerage" instead of "adjustment for refuse". However, the codes were correct. Therefore, this is an internal control deficiency as management did not ensure that the correct description is documented.</p> <p>Information per customer statements</p> <p>No</p> <p>Town name</p>	Internal control deficiency	31-Mar-2025

Reference	Section	Finding	Root Cause	Nature of Findings	Due Date Imp
AAP75861-2024	Non-compliance with laws and regulations	Procurement of fuel without following SCM process	Management did not review and monitor compliance with applicable laws and regulations as they did not ensure that procurement of fuel follows SCM processes	Non-compliance with applicable legislation	31-Mar-2025
AAP75863-2024	Non-compliance with laws and regulations	Use of consultants – No evidence of transfer of skill to Municipality	Management did not monitor and review compliance with applicable laws and regulations.	Internal control deficiency	
AAP75865-2024	Non-compliance with laws and regulations	Use of consultants – No evidence of transfer of skill to Municipality	Management did not monitor and review compliance with applicable laws and regulations.	Internal control deficiency	

Reference	Section	Finding	Root Cause	Nature of Findings	Due Date Imp
AAP75866-2024	Non-compliance with laws and regulations	. Compliance – Annual report	Municipal council did not adopt the oversight annual report within two (2) months after the date in which the annual report for the 2022/2023 financial year-end was tabled in municipal council in terms of Section 129(1) of the Municipal Finance Management Act, 2003 (Act no. 56 of 2003)..	Non-compliance with applicable legislation	31-Mar-2025



Audited  
By  
2024 -11- 30  
Auditor General South Africa  
Mpumalanga Business Unit



Lekwa Local Municipality  
(Registration number MP305)  
Annual Financial Statements  
for the year ended 30 June 2024

# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## General Information

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Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996).
Nature of business and principal activities	The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
<b>Mayoral committee</b>	
Executive Mayor	S. Mngomezulu - Elected on 5 November 2024 D. Thabethe - Term ended 31 October 2024
Speaker	D. Msibi - Elected on 5 November 2024 S. Majozi - Term ended 31 October 2024
Chief Whip	R. Motloung - Elected on 25 November 2024 D. Msibi - Term ended 31 October 2024
Mayoral Committee	
MMC Corporate services	P. Mahlaba - Re-appointed on 14 November 2024
MMC Community Services & Safety	M. Molaba - Appointed 14 November 2024 S. Modise
MMC Planning & Economic Development	S. Masondo - Appointed 14 November 2024 T. Sebilwane
Budget and Treasury	T. Motaung - Appointed 14 November 2024
Technical Services	L. Marago - appointed 14 November 2024
PR Councillors	D. Venter G. Xulu N. Nhlapho S. Tsotetsi S. Silosini
Ward Councillors	A. Franco C. Stoltz D. Manana J. Nkuta L. Marago M. Molaba P. Radebe R. Motloung S. Masondo S. Ngqulunga T. Motaung W. Venter M.S Mngomezulu S.P Ngwenya S.A Tshabalala D.M Rakitla D. Bekker A.P.M Mthimkhulu N. Selepe



# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## General Information

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Accounting Officer	MJ. Lamola
Chief Finance Officer (CFO)	VB. Nkhata
Registered office	C/O Mbonani Mayisela and Dr Beyers Naude Street Standerton 2430
Business address	PO Box 66 Standerton 2430
Bankers	Nedbank (Primary bank account) First National Bank
Auditors	Auditor General South Africa



# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

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### Abbreviations used:

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

Audited  
By  
2024-11-30  
Auditor General South Africa  
Mpumalanga Business Unit

# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

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

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

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Accounting Officer  
Mr MJ Lamola



# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Report



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

### 1. Review of activities

#### Main business and operations

The municipality is engaged in the provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment. and operates principally in South Africa.

Net surplus of the municipality was 68 898 686 (2023: deficit 346 668 639). The municipality is exempt from taxation in terms of section 10(1)(a) of the Income Tax Act.

### 2. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R68 898 686 and that the municipality's total liabilities exceed its assets by R660 699 027. The current year accumulated surplus was a result of write-offs from the Department of Transport and Eskom Debt relief. Refer to note 17 for details.

The financial statements of Lekwa Local municipality for the year ended 30 June 2024 have been prepared on a going concern basis. This basis presumes that the municipality will continue in operational existence for the foreseeable future and that it is able to meet its obligations as they fall due.

As of 30 June 2024, the municipality's current liabilities exceed its current assets, and the municipality has reported a deficit budget for the fiscal year. These factors indicate a substantial financial strain on the municipality's operations.

#### Recovery and Improvement Plans

In response to the financial distress, the municipality has approved a deficit budget accompanied by a comprehensive Budget Funding Plan aimed at improving revenue streams and overall financial performance. This plan includes specific measures designed to enhance revenue generation and fiscal management.

Furthermore, the municipality is actively implementing a Financial Recovery Plan. The objectives of this plan include:

- Debt Management: Reviewing and reorganizing current debt and setting up repayment plans where possible.
- Improving Internal Controls: Strengthening procedures to make operations more efficient and prevent financial mismanagement.

Cost Savings: Finding and applying ways to cut costs and manage expenses better.

- Increasing Revenue: Creating strategies to boost income, including exploring new sources of revenue.
- Managing Cash Flow: Effectively handling the municipality's cash flow to ensure financial stability

The management of Lekwa Local Municipality has evaluated the municipality's ability to continue operating as a going concern. This evaluation considers the ongoing financial recovery initiatives, including the Budget Funding Plan, Financial Recovery Plan, Eskom Debt Relief, and the Debt Relief Grant for smart metering. Based on this assessment, the municipality is confident in its capacity to remain operational and fulfil its financial obligations in the foreseeable future.

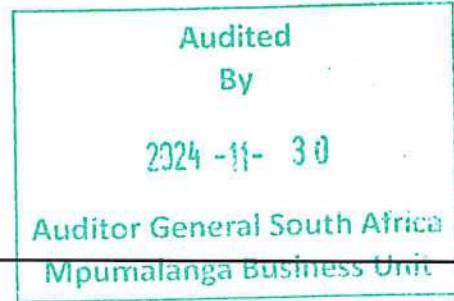
While there are significant challenges and uncertainties, the ongoing recovery efforts and strategic plans are expected to address the financial difficulties faced by the municipality. Management remains confident that these measures will improve the municipality's financial position and operational stability.

# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Report



### 3. Subsequent events

On the 30th of August 2024, the Council approved the Municipal Public Accounts Committee (MPAC) report, which included the write-off of unauthorised expenditure as well as fruitless and wasteful expenditure. The Council also approved the write-off of inactive accounts and adjustments to own billing for accounts opened in the name of the municipality. Additionally, amendments were made to several key policies, including the Credit and Debt Collection Policy, Bad Debt Policy, and Asset Management Policy.

On the 31st of October 2024, a motion of no confidence was passed against the then Executive Mayor and the Speaker, Councillor D Thabethe and Councillor S Majozi respectively. On a special council meeting seated on the 5th of November 2024 Councillor S Mngomezulu and Councillor D Msibi were elected as an Executive Mayor and the Speaker of the council, respectively.

On the 14th of November 2024, the newly elected Executive Mayor Councillor S Mngomezulu announced mayoral committee as follows:

Corporate Services	Cllr. P Mahlaba
Planning and Economic Development	Cllr. S Masondo
Technical Services	Cllr. L Marago
Community Services and Safety	Cllr. M Molaba
Budget and Treasury	Cllr. T Motaung

The accounting officer is not aware of any other matter or circumstance arising since the end of the financial year that has material effect on the operations of the municipality or affecting the results of those operations significantly.

### 4. Accounting Officers' interest in contracts

The accounting officer has no interest in contracts awarded, either direct or indirect.

### 5. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

### 6. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
MJ Lamola	South African

### 7. Corporate governance

#### General

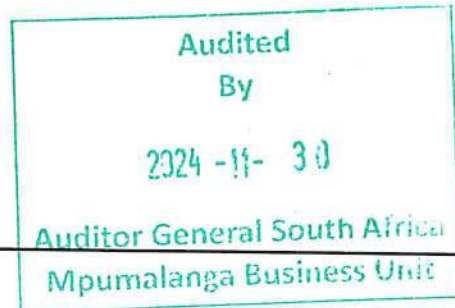
The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report IV on Corporate Governance for South Africa of September 2009. The accounting officer discuss the responsibilities of management in this respect, at Council meetings and monitor the municipality's compliance with the Code on a quarterly basis.

# Lekwa Local Municipality

(Registration number MP305)  
Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Report



### 7. Corporate governance (continued)

#### Audit and risk committee

In terms of Section 166 of the Municipal Finance Management Act, No 56 of 2003 (MFMA), a municipality, must appoint members of the Audit Committee.

The audit committee members for the year ended 30 June 2024 were as follows:

Mr. L.A.T Gafane	Chairperson	Active to date
Mr. P Rambuda	Member	Active to date
Mr. I Motala	Member	Active to date
Mr. S Dube	Member	Active to date

#### Internal audit

The municipality has a fully functional Internal audit unit. This is in compliance with the Municipal Finance Management Act, 2003.

### 8. Bankers

First National Bank and Nedbank are being used for daily operations and investing of grant funding.

### 9. Auditors

Auditor General South Africa will continue in office for the next financial period.

### 10. Non-compliance with applicable legislation

In terms of section 65 (2)(e) of the Municipal Finance Act (No. 56 of 2003), all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement. Due to cash flow constraints, the municipality could not settle all liabilities owing to suppliers within the prescribed period.

In terms of section 96 of the Local Government: Municipal Systems Act 32 of 2000, a municipality must collect all money that is due and payable to it; and must adopt, maintain and implement a credit control and debt collection policy which is consistent with its rates and tariff policies.

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

---

Accounting Officer  
Mr MJ Lamola



# Lekwa Local Municipality

(Registration number MP305)

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*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	10	4 760 550	5 320 739
Statutory Receivables	12&13	134 168 709	101 840 097
Receivables from exchange transactions	11	217 838 439	49 061 553
Cash and cash equivalents	14	14 998 240	9 857 653
		<b>371 765 938</b>	<b>166 080 042</b>
<b>Non-Current Assets</b>			
Investment property	3	282 324 381	283 027 067
Property, plant and equipment	4	2 006 176 574	1 750 852 576
Heritage assets	5	106 187	106 187
Other financial assets	6	34 661 621	32 042 581
		<b>2 323 268 763</b>	<b>2 066 028 411</b>
<b>Total Assets</b>		<b>2 695 034 701</b>	<b>2 232 108 453</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	7	3 195 840 523	2 820 855 914
Consumer deposits	8	3 688 178	3 338 249
Employee benefit obligation	9	5 138 247	5 855 000
Unspent conditional grants and receipts	15	10 059 730	6 624 999
		<b>3 214 726 678</b>	<b>2 836 674 162</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	9	81 245 356	75 282 000
Provisions	16	59 761 694	49 704 828
		<b>141 007 050</b>	<b>124 986 828</b>
<b>Total Liabilities</b>		<b>3 355 733 728</b>	<b>2 961 660 990</b>
<b>Net Assets</b>		<b>(660 699 027)</b>	<b>(729 552 537)</b>
Accumulated surplus		(660 699 027)	(729 552 537)
<b>Total Net Assets</b>		<b>(660 699 027)</b>	<b>(729 552 537)</b>

Audited  
By  
2024-11-30  
Auditor General South Africa  
Mpumalanga Business Unit

\* See Note 41

# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Sale of goods	17	2 187 688	1 629 783
Service charges	17&18	693 513 176	494 274 145
Rental of facilities and equipment	17&19	3 003 212	1 643 457
Other income		910	-
Interest received on trade and other receivables	17&22	82 626 347	68 928 071
Interest received bank and other financial assets	17&22	4 135 690	2 484 376
<b>Total revenue from exchange transactions</b>		<b>785 467 023</b>	<b>568 959 832</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	23	217 714 619	128 624 550
Licences and Permits (Non-exchange)		2 478	-
Interest, Dividends and Rent on Land	53	40 819 964	33 494 534
<b>Transfer revenue</b>			
Government grants & subsidies	17&24	219 896 269	228 015 864
Public contributions and donations	25	245 423 591	78 511 729
Fines, Penalties and Forfeits	20	3 582 214	2 593 669
Debt relief and incentives	17	211 869 657	-
<b>Total revenue from non-exchange transactions</b>		<b>939 308 792</b>	<b>471 240 346</b>
<b>Total revenue</b>	17	<b>1 724 775 815</b>	<b>1 040 200 178</b>
<b>Expenditure</b>			
Employee related costs	26	282 231 288	271 712 173
Remuneration of councillors	27	14 740 484	13 787 558
Depreciation and amortisation	28	60 376 738	55 352 335
Finance costs	30	181 672 963	161 359 305
Lease rentals on operating lease	21	1 801 021	2 074 055
Debt Impairment	32	214 613 319	255 426 283
Bad debts written off	32	123 959 726	99 982
Bulk purchases	35	544 068 888	475 583 610
Contracted services	36	122 044 053	86 658 325
Transfers and Subsidies	55	1 156 470	732 848
Inventory consumed	33	20 067 873	20 860 422
General Expenses	34	85 899 472	68 355 930
<b>Total expenditure</b>		<b>1 652 632 295</b>	<b>1 412 002 826</b>
<b>Operating surplus (deficit)</b>		<b>72 143 520</b>	<b>(371 802 648)</b>
Loss on disposal of assets and liabilities		(3 121 954)	(216 582)
Gain on foreign exchange		46 661	-
Fair value adjustments	56	(702 686)	5 277 247
Actuarial gains/losses	9	2 020 397	13 928 000
Reversal of impairments/(impairment loss)	29	(1 487 252)	6 145 344
		<b>(3 244 834)</b>	<b>25 134 009</b>
<b>Surplus (deficit) for the year</b>		<b>68 898 686</b>	<b>(346 668 639)</b>



\* See Note 41

# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit assets	Total net assets
Opening balance as previously reported	(300 760 686)	(300 760 686)
Adjustments		
Correction of errors	(82 123 208)	(82 123 208)
<b>Balance at 01 July 2022 as restated*</b>	<b>(382 838 724)</b>	<b>(382 838 724)</b>
Changes in net assets		
Surplus for the year	(346 668 639)	(346 668 639)
Total changes	(346 668 639)	(346 668 639)
Opening balance as previously reported	(663 043 222)	(663 043 222)
Adjustments		
Correction of errors	15 613 897	15 613 897
Prior year adjustments 41	(82 168 378)	(82 168 378)
<b>Restated* Balance at 01 July 2023 as restated*</b>	<b>(729 597 703)</b>	<b>(729 597 703)</b>
Changes in net assets		
Surplus for the year	68 898 686	68 898 686
Total changes	68 898 686	68 898 686
<b>Balance at 30 June 2024</b>	<b>(660 699 017)</b>	<b>(660 699 017)</b>

Note(s)

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By  
2024-11-30  
Auditor General South Africa  
Mpumalanga Business Unit

\* See Note 41

## Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property Rates		101 614 494	179 665 245
Sale of goods and services		307 221 271	265 128 376
Interest income		4 084 848	2 484 376
Grants and subsidies received - Operational		223 331 000	199 266 999
Other income		-	225 547
		<b>636 251 613</b>	<b>646 770 543</b>
<b>Payments</b>			
Employee costs		(258 395 071)	(232 653 718)
Suppliers		(235 522 186)	(348 356 665)
Other payments		(143 981)	-
		<b>(494 061 238)</b>	<b>(581 010 383)</b>
<b>Net cash flows from operating activities</b>	<b>37</b>	<b>142 190 375</b>	<b>65 760 160</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(137 049 788)	(71 354 926)
<b>Cash flows from financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5 140 587</b>	<b>(5 594 766)</b>
Cash and cash equivalents at the beginning of the year		9 857 653	15 452 419
<b>Cash and cash equivalents at the end of the year</b>	<b>14</b>	<b>14 998 240</b>	<b>9 857 653</b>

The accounting policies on pages 14 to 38 and the notes on pages 39 to 114 form an integral part of the annual financial statements.

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Mpumalanga Business Unit

# Lekwa Local Municipality

(Registration number MP305)  
Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (Note)
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Sale of goods and rendering of services	3 150 230	(529 202)	2 621 028	2 187 688	(433 340)	
Service charges	627 924 673	43 419 004	671 343 677	693 513 176	22 169 499	44.1
Rental of facilities and equipment	2 502 068	317 932	2 820 000	3 003 212	183 212	
Licences and permits	-	3 000	3 000	-	(3 000)	
Operational Revenue	370 000	-	370 000	910	(369 090)	
Interest earned from receivables	117 276 775	389 408	117 666 183	82 626 347	(35 039 836)	44.2
Interest earned from bank and other financial assets	-	-	-	4 135 690	4 135 690	44.3
<b>Total revenue from exchange transactions</b>	<b>751 223 746</b>	<b>43 600 142</b>	<b>794 823 888</b>	<b>785 467 023</b>	<b>(9 356 865)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	203 391 412	5 222 968	208 614 380	217 714 619	9 100 239	44.4
Licences and Permits (Non-exchange)	-	4 000	4 000	2 478	(1 522)	
Interest, Dividends and Rent on Land	-	-	-	40 819 964	40 819 964	44.19
<b>Transfer revenue</b>						
Government grants & subsidies	173 957 400	-	173 957 400	219 896 269	45 938 869	44.5
Public contributions and donations	-	-	-	245 423 591	245 423 591	44.16
Fines, Penalties and Forfeits	4 550 000	100	4 550 100	3 582 214	(967 886)	
Debt relief and incentives	-	-	-	211 869 657	211 869 657	44.15
<b>Total revenue from non-exchange transactions</b>	<b>381 898 812</b>	<b>5 227 068</b>	<b>387 125 880</b>	<b>939 308 792</b>	<b>552 182 912</b>	
<b>Total revenue</b>	<b>1 133 122 558</b>	<b>48 827 210</b>	<b>1 181 949 768</b>	<b>1 724 775 815</b>	<b>542 826 047</b>	

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2024-11-30  
Auditor General South Africa  
Mpumalanga Business Unit

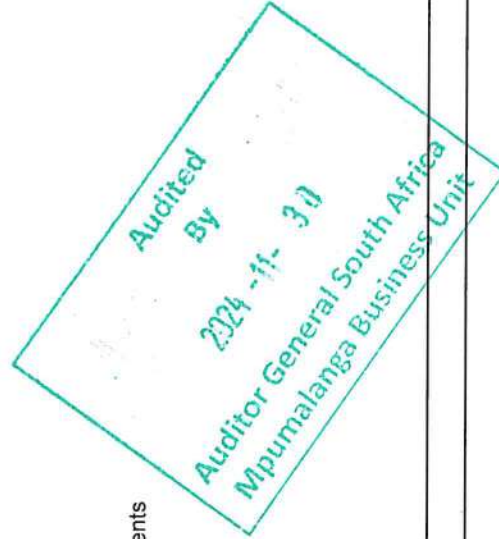
# Lekwa Local Municipality

(Registration number MP305)  
Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (Note)
<b>Expenditure</b>						
Personnel	(326 220 510)	(5 263 736)	(331 484 246)	(282 231 288)	49 252 958	44.6
Remuneration of councillors	(13 912 707)	152 048	(13 760 659)	(14 740 484)	(979 825)	
Depreciation and amortisation	(82 660 194)	9 879 664	(72 780 530)	(60 376 738)	12 403 792	44.7
Impairment loss/ Reversal of impairments	-	-	-	(1 487 252)	(1 487 252)	44.17
Finance costs	(73 256 000)	5 000 000	(68 256 000)	(181 672 963)	(113 416 963)	44.8
Lease rentals on operating lease	-	-	-	(1 801 021)	(1 801 021)	
Debt Impairment	(69 318 900)	1 882 533	(67 436 367)	(214 613 319)	(147 176 952)	44.9
Bad debts written off	(1 100 337)	(76 796 147)	(77 896 484)	(123 959 726)	(46 063 242)	44.9
Bulk purchases - Electricity	(531 558 818)	21 558 818	(510 000 000)	(544 068 888)	(34 068 888)	44.11
Contracted Services	(123 767 741)	(6 484 498)	(130 252 239)	(122 044 053)	8 208 186	44.12
Transfers and Subsidies	-	-	-	(1 156 470)	(1 156 470)	44.13
Inventory consumed	(80 344 999)	(8 935 097)	(89 280 096)	(20 067 873)	69 212 223	44.10
General Expenses	(59 339 392)	(22 047 687)	(81 387 079)	(85 899 472)	(4 512 393)	44.14
<b>Total expenditure</b>	<b>(1 361 479 598)</b>	<b>(81 054 102)</b>	<b>(1 442 533 700)</b>	<b>(1 654 119 547)</b>	<b>(211 585 847)</b>	
<b>Operating surplus</b>	<b>(228 357 040)</b>	<b>(32 226 892)</b>	<b>(260 583 932)</b>	<b>70 656 268</b>	<b>331 240 200</b>	
Loss on disposal of assets and liabilities	-	-	-	(3 121 954)	(3 121 954)	44.18
Gain on foreign exchange	-	-	-	46 661	46 661	
Fair value adjustments	-	-	-	(702 686)	(702 686)	
Actuarial gains/losses	-	-	-	2 020 397	2 020 397	44.20
<b>Surplus before taxation</b>	<b>(228 357 040)</b>	<b>(32 226 892)</b>	<b>(260 583 932)</b>	<b>68 898 686</b>	<b>329 482 618</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(228 357 040)</b>	<b>(32 226 892)</b>	<b>(260 583 932)</b>	<b>68 898 686</b>	<b>329 482 618</b>	



# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

Figures in Rand

Note(s) 2024

2023

### 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.

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.

#### 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 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

#### 1.5 Significant judgements and sources of estimation uncertainty

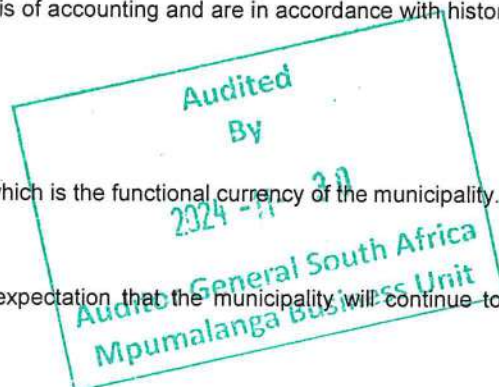
In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates.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

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

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

An assessment is made of the net realisable value, or current replacement cost where applicable, of inventory at the end of each reporting period. An allowance to write stock down to the lower of cost or net realisable value is subsequently provided if needed.

The write down is included in the operation surplus note.



# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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

#### 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 discounted cash-flow projection assumption may change, which may then impact our estimations, and may then require a material adjustment to the carrying value of assets.

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

Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors such as inflation and interest.

#### Provisions

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

#### 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 waste water 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.

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

The policy is also applicable to certain investment property.

#### Post-retirement benefits

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

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

Due to the long-term nature of the plan, the estimates are subjected to significant uncertainty.

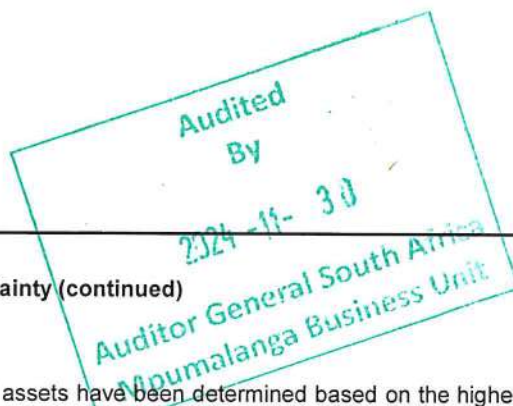
Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 9.

#### Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

#### Allowance for doubtful debts

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





# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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

#### Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships by assessing the rights and obligations in each binding arrangement with other parties.

Additional information is disclosed in Note 52.

#### Impairment of statutory receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the receivable. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced, through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

### 1.6 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.

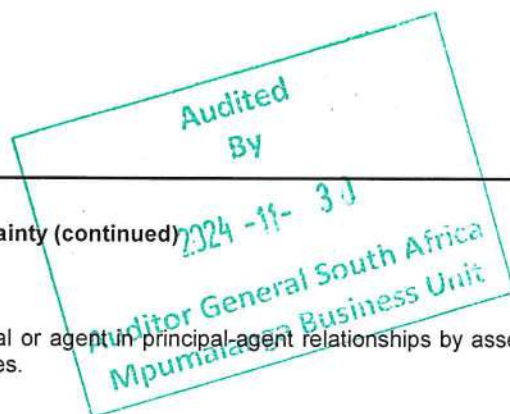
Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

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.



## Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

### Significant Accounting Policies

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#### 1.6 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.

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

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

Any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in surplus and deficit.

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.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements.

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

#### 1.7 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.

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

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

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

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

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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

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

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

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

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

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight-line	15 - 50 years
Water network	Straight-line	20 - 55 years
Plant and machinery	Straight-line	10 - 20 years
Furniture and fixtures	Straight-line	15 years
Motor vehicles	Straight-line	10 - 15 years
Office equipment	Straight-line	15 years
IT equipment	Straight-line	10 years
Electricity Network	Straight-line	30 - 50 years
Wastewater network	Straight-line	20 - 55 years
Roads network	Straight-line	30 - 50 years
Community Assets - Buildings and other assets	Straight-line	15 - 50 years
Landfill sites	Straight-line	32 - 43 years

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Mpumalanga Business Unit

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

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

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## Significant Accounting Policies

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

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

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

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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

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

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

### 1.8 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

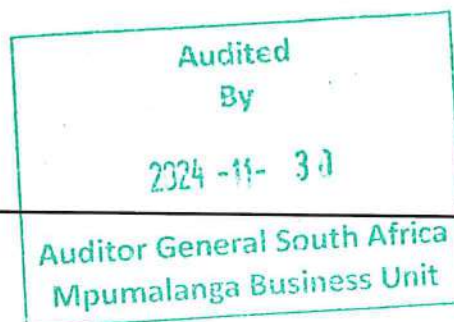
- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the 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.

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### 1.8 Site restoration and dismantling cost (continued)

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
  - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

### 1.9 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

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

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

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.

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.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

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

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements.

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

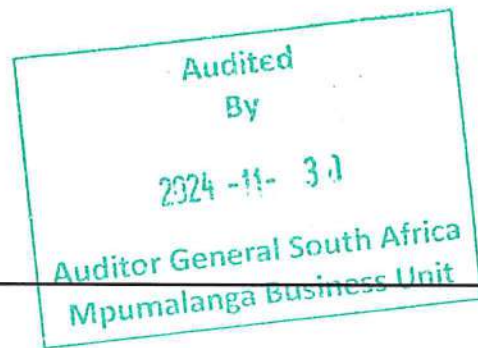
# Lekwa Local Municipality

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## Significant Accounting Policies

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### 1.9 Heritage assets (continued)

#### 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.

### 1.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

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

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

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

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

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

A financial asset is:  
cash;

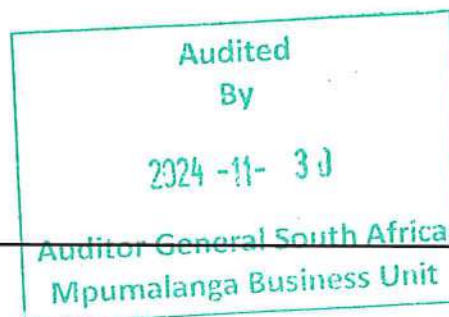
# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.10 Financial instruments (continued)

a residual interest of another entity; or  
a contractual right to:

- receive cash or another financial asset from another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

A financial liability is any liability that is a contractual obligation to:  
deliver cash or another financial asset to another entity; or  
exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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

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

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

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

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:  
equity instruments or similar forms of unitised capital;  
a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or  
a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:  
the entity designates at fair value at initial recognition; or  
are held for trading.

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

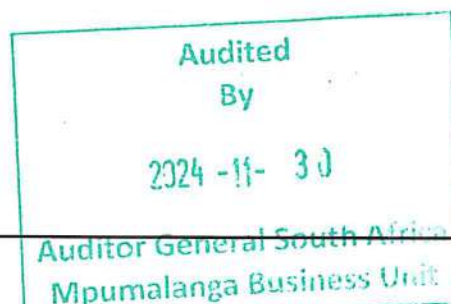
Financial instruments at fair value comprise financial assets or financial liabilities that are:  
derivatives;  
contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies  
combined instruments that are designated at fair value;

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## Significant Accounting Policies



### 1.10 Financial instruments (continued)

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
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
VAT Receivable	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost
Other Financial liabilities	Financial asset measured at fair value

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
VAT Payable	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Finance lease liabilities	Financial liability measured at amortised cost

### 1.11 Statutory receivables

#### Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Statutory receivables constitute revenue receivable from property rates, fines, penalties, value added tax receivables and fees charged in terms of the legislation.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

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

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

#### Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or

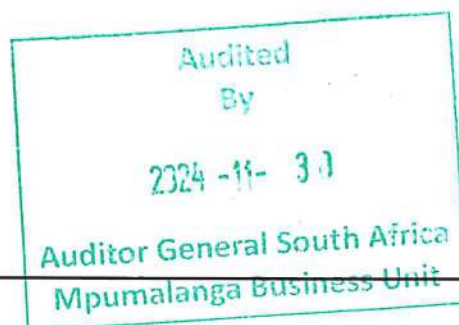


# Lekwa Local Municipality

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## Significant Accounting Policies



### 1.11 Statutory receivables (continued)

if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

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

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

#### Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

#### Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

#### Impairment losses and bad debt write-off

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.

It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.

A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).

Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

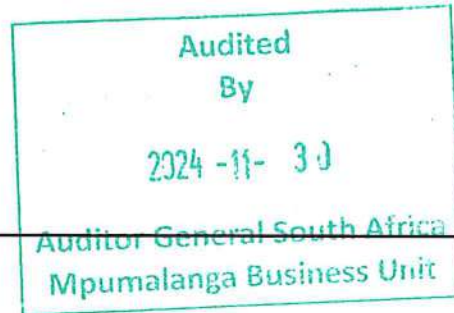
An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

# Lekwa Local Municipality

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### 1.11 Statutory receivables (continued)

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Debt long outstanding in periods subsequent to debtors being impaired may be regarded as irrecoverable, but only after council is satisfied that all legal avenues to recover the debt has been exhausted. The bad debt write-off is recognised as an expense in surplus or deficit. Payments received in respect of any debt already written off, are allocated to the Income Account, "Recovery of Debts Written-off" as bad debts recovered.

#### Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

### 1.12 Leases

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

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

#### Operating leases - lessee

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

### 1.13 Inventories

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 net realisable value or 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.

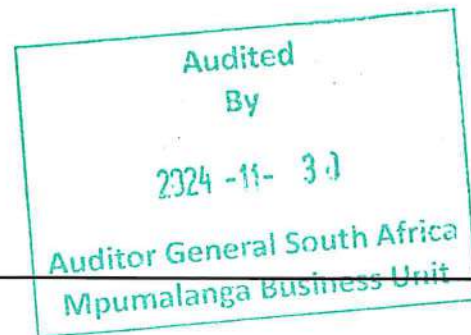
# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Significant Accounting Policies

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### 1.13 Inventories (continued)

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 weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Redundant and slow-moving inventories are identified and written down or written off. Inventories identified for write down or write off, but for which a council resolution to authorise the write down or write off, has not yet been obtained, are provided for as provision for obsolete stock. Differences arising on the valuation of inventory are recognised in the statement of financial performance in the year in which they arise.

#### Derecognition

The carrying amount of inventories is recognised as an in the period that inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

### 1.14 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

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

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

### 1.15 Impairment of cash-generating assets

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

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

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

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

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

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

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### 1.15 Impairment of 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 amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

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

### 1.16 Employee benefits

#### Identification

#### Employee benefits

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

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.



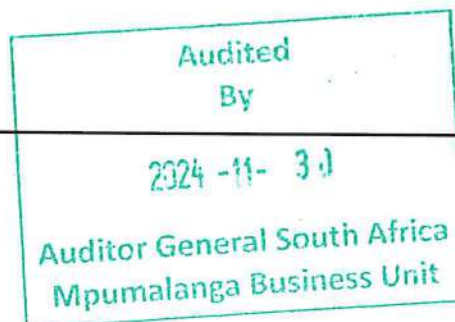
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### 1.16 Employee benefits (continued)

#### Short-term employee benefits

##### Recognition and measurement

##### All short-term employee benefits

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.
- As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

##### Short-term paid absences

The entity recognises the expected cost of short-term employee benefits in the form of paid absences as follows:

- in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and
- in the case of non-accumulating paid absences, when the absences occur.

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

##### Bonus, incentive and performance related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only when:

- (a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and
- (b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

##### Post-employment benefits: Distinction between defined contribution plans and defined benefit plans

##### Post-employment benefits: Defined contribution plans

##### Recognition and measurement

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, 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 contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are discounted using the discount rate as specified.

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### 1.16 Employee benefits (continued)

#### Post-employment benefits: Defined benefit plans

##### Recognition and measurement

The entity determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

##### Accounting for the constructive obligation

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits.

##### Statement of financial position

The entity recognises the net defined benefit liability (asset) in the statement of financial position. When the entity has a surplus in a defined benefit plan, it measures the net defined benefit asset at the lower of:

- the surplus in the defined benefit plan; and
- the asset ceiling, determined using the discount rate specified. Any adjustments arising from the limit is recognised in surplus or deficit.

##### Past service cost and gains and losses on settlement

When determining past service cost, or a gain or loss on settlement, the entity remeasures the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions (including current market interest rates and other current market prices), reflecting:

- the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and
- the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.

##### Past service cost

The entity recognises past service cost as an expense at the earlier of the following dates:

- when the plan amendment or curtailment occurs; and
- when the entity recognises related restructuring costs or termination benefits.

##### Gains and losses on settlement

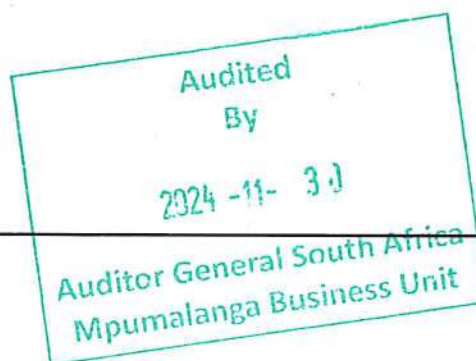
The entity recognises a gain or loss on the settlement of a defined benefit plan when the settlement occurs.

##### Components of defined benefit cost

The entity recognises the components of defined benefit cost in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset, as follows:

- service cost;
- net interest on the net defined benefit liability (asset); and
- remeasurements of the net defined benefit liability (asset).

##### Current service cost



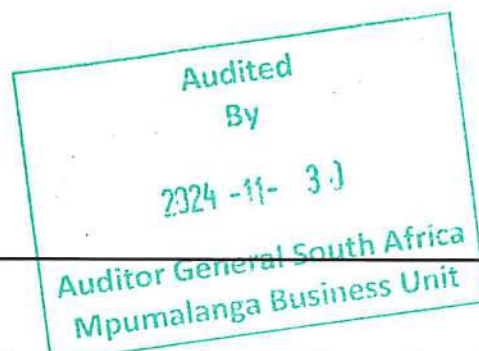
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### 1.16 Employee benefits (continued)

The entity determines current service cost using actuarial assumptions determined at the start of the reporting period. However, if the entity remeasures the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement, it determines current service cost for the remainder of the reporting period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) in accordance with the section on Past service cost gains and losses on settlement (part b).

#### Presentation

##### Components of defined benefit cost

The entity recognises service cost, net interest on the net defined benefit liability (asset) and remeasurements in surplus or deficit.

### 1.17 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating deficit.

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

A constructive obligation to restructure arises only when an entity:

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

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### 1.17 Provisions and contingencies (continued)

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

#### 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:

changes in the liability is added to, or deducted from, the cost of the related asset in the current period.

the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.

if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.15 and .

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.

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

### 1.18 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and

Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.



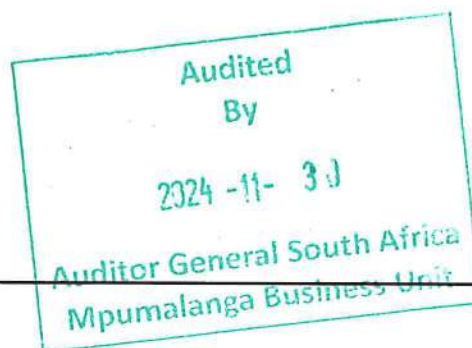


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### 1.19 Revenue from exchange transactions

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

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

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

#### Measurement

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

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

#### Sale of goods

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

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

#### Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

#### 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.

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### 1.19 Revenue from exchange transactions (continued)

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

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

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

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



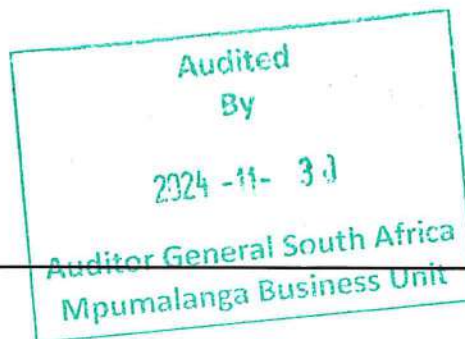
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### 1.20 Revenue from non-exchange transactions

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

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

Control of an asset 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.

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

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

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

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

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

#### Recognition

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

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

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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

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

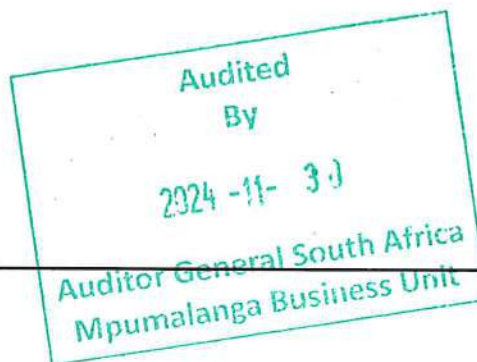
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### 1.20 Revenue from non-exchange transactions (continued)

#### Property Rates

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

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.

#### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

#### Fines

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

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

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

#### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

#### Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality discloses the nature and type of services in-kind received during the reporting period.

### 1.21 Comparative figures

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

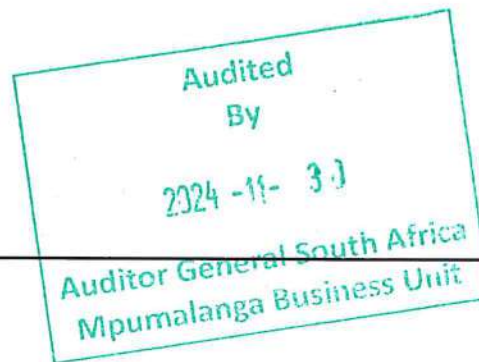
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### 1.22 Unauthorised expenditure

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.

Unauthorised expenditure is accounted for in line with all related requirements, including, but not limited to, ruling legislation, regulations, frameworks, circulars, instruction notes, practice notes, guidelines etc. (as applicable).

### 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.

Fruitless and wasteful 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).

### 1.24 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

A segment is an activity of an entity:

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

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

### Measurement

The amount of each segment item reported is the measure reported to management for the purpose 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 the 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 the 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 are given effect through authorising legislation, appropriation or similar.

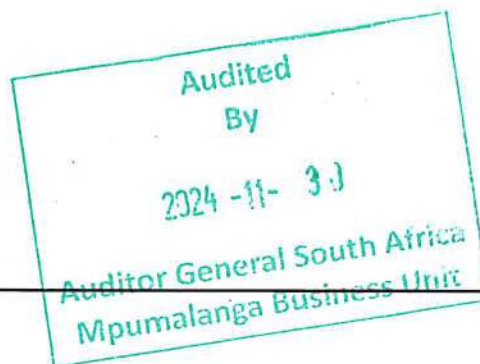
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### 1.26 Budget information (continued)

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

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

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

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

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

### 1.27 Related parties

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

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

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

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

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

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

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

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

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

### 1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date);
- and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

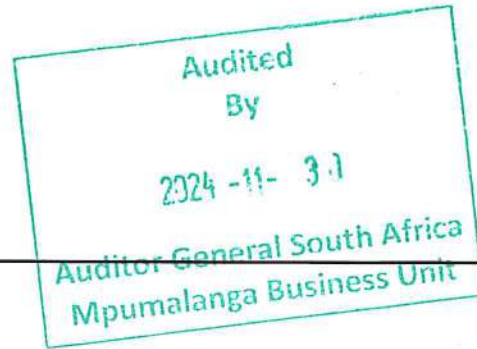
# Lekwa Local Municipality

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### 1.28 Events after reporting date (continued)

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

### 1.29 Accumulated Surplus

The municipality's surplus or deficit for the year is accounted in the accumulated surplus reserve in the statement of changes in net assets. Any surplus realised during a specific financial year is credited against the accumulated surplus.

Prior year adjustments, relating to income and expenditure are credited/debited against accumulated surplus/(deficit) when retrospective adjustments are made.

### 1.30 Value Added Tax

The Municipality is registered with the South African Revenue Services as a VAT vendor in accordance with section 15(2) of the Value Added Tax Act (No. 89 of 1991).

The Municipality accounts for Value Added Tax on the payment basis as per the VAT Act. Long term receivables are receivables that are outstanding for exceeding for a period 12 months from the year end.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

### 1.31 General expenses

The general expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decrease in net assets, other than those relating to distribution to owners.

#### Recognition and measurement.

Expenses are recognised on an accrual basis

This means a basis of accounting under which transactions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions are recorded in the accounting records and recognised in the financial statements of the periods to which they related.

### 1.32 Prior period errors

A prior period error is corrected by retrospective restatement except to the extent that it is impracticable to determine either the period specific effects or the cumulative effect of the error.

When it is impracticable to determine the specific period effects of an error on comparative information for one or more than prior periods presented, the opening balances of assets, liabilities and net assets are restated to the earliest period for which retrospective restatement is practicable (which may be the current period).

When it is impracticable to determine the cumulative effect, at the beginning of the current period of an error on all prior periods, the comparative information is restated to correct the error prospectively from the earliest date practicable.

# Lekwa Local Municipality

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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:

- i GRAP 21: The effect of Past Decisions on Materiality - Effective 1 April 2023:
- GRAP 25 (as revised): Employee benefits - Effective 1 April 2023
- GRAP 2020: Improvements to the Standards of GRAP 2020: Effective 1 April 2023
- Guideline: Guideline on Accounting for Landfill Sites: Effective 1 April 2023
- GRAP 1 (amended): Presentation of Financial Statements (materiality) - Effective 1 April 2023

#### 2.2 Standards, amendments and interpretations issued, but not yet effective or relevant

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods. Management is assessing the potential impact:

Guideline on Accounting for Landfill Sites Effective date of Improvement to GRAP 17 on Property, Plant and Equipment

GRAP 103 (as revised): Heritage Assets - No effective date as yet.

GRAP 104 on Financial Instruments April 1, 2025 Early adoption of entire Standard permitted

GRAP 25 on Employee Benefits Proposed April 1, 2023 Early adoption of entire (Likely April 1, 2024) Standard permitted

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# Lekwa Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand

### 3. Investment property

	2024		2023	
	Fair Value	Fair Value	Fair Value	Fair Value
Investment property	282 324 381	-	282 324 381	283 027 067

#### Reconciliation of investment property - 2024

Investment property	Opening balance	Fair value adjustments	Fair value Total
	283 027 067	(702 686)	282 324 381

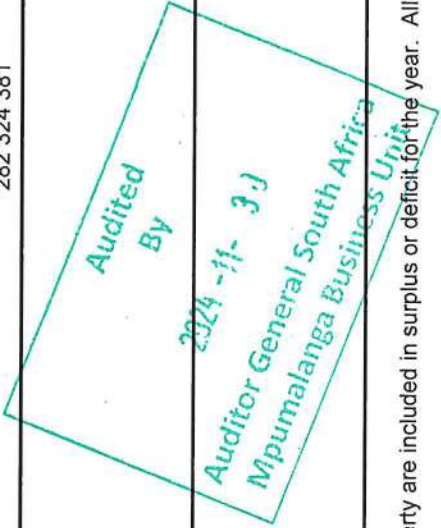
#### Reconciliation of investment property - 2023

Investment property	Opening balance	Fair value adjustments	Fair value Total
	277 749 820	5 277 247	283 027 067

Gains arising from changes in the fair value of investment property are included in surplus or deficit for the year. All gains are unrealised.

#### Pledged as security

No Investment Property is pledged as security:



# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

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### 3. Investment property (continued)

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

#### Details of property

#### IGRAP 18 DISCLOSURE ON INVESTMENT PROPERTY NOT RECOGNISED BY THE MUNICIPALITY

Considering iGRAP 18 section 35 states "Legislation or similar means identifies custodians of land and confers on them specific rights and responsibilities. These rights and responsibilities mean that the custodian is responsible for acquiring, managing and disposing of land subject to the relevant legislative requirements. Where one entity is the custodian of land while another entity is the legal owner, the custodian has the right to direct access to and restrict or deny access of others to land. In these instances, the custodian, rather than the legal owner, controls the land."

Municipalities shared and continue to share responsibility with provinces for the release of investment property for housing development, land use planning, and land use and building control. In terms of this responsibility, the Department of Human Settlement identified and repatriated investment property owned by the municipality to fulfill its mandate with respect to the delivery of houses. The location of the investment property includes the following suburbs: Azalea, Meyerville, Morgenzon, Sakhile, Sivukile, Standerton, Standerton West, and Stanfield Hill. Whilst the municipality has legal title to the investment property, it does not recognise the investment property because, from the date of repatriation, the Department of Human Settlements is responsible for the subdivision, planning, and urban development and the subsequent allocation of the built houses to beneficiaries. The Municipality has no right to control the investment property and is not involved in key decision-making with respect to the use of this investment property.

In addition, several stands owned by the municipality in Azalea, Meyerville, Morgenzon, Sakhile, Sivukile, Standerton, Standerton West, and Stanfield Hill have been illegally occupied and permanent structures were put up by the invaders. Although the investment property is legally owned by the municipality, the municipality has no right to control it as it cannot (a) directly use the investment property's future economic benefits or service potential to provide services to beneficiaries; (b) exchange, dispose of, or transfer the investment property; and/or (c) use the investment property in any other way to generate future economic benefits or service potential. The municipality therefore does not recognize such investment property in its financial statements as it does not have control over it.

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.

The Municipality has lost control of 6,166 investment properties that was calculated to a total size of 6,184,654m<sup>2</sup> with an estimated value of R467,152,804 on 30 June 2024 and was not included in the Investment Property Register since the Municipality no longer exercises control over said properties.

This value was calculated based on the Professional Valuers opinion.

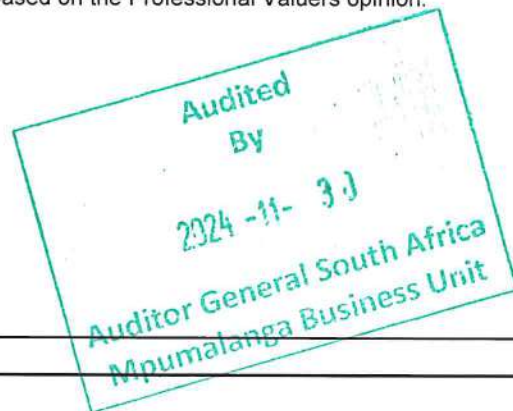
#### Township

Azelea  
Meyerville  
Morgenzon  
Sakhile  
Sivukile  
Standerton  
Standerton West  
Standfield Hill

#### Property Count

#### Sum area (m<sup>2</sup>) Sum Value

487	281 114	31 695 101
4	40 448	1 749 714
14	26 517	2 533 184
2 038	2 953 032	137 786 983
318	484 319	23 691 583
3 271	2 583 387	259 571 104
25	22 217	6 573 079
9	12 548	3 552 056
<b>6 166</b>	<b>6 403 582</b>	<b>467 152 804</b>



# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 3. Investment property (continued)

#### Details of valuation

When valuing real estate, the Valuer must concern himself with placing a value on the rights attaching to the property and the benefits of occupation and/or ownership thereof. In the valuation process, cognisance must be taken of the purpose for which the property is capable of being used and the future income or amenities, which it is likely to produce. At the same time, however, the property must be compared with available substitutes and/or alternative investment opportunities. The object of the valuation process, therefore, is to arrive at a figure which will reflect the point of equilibrium between supply and effective demand at the time of valuing the property.

Investment properties comprise residential and commercial properties that are rented out, as well as vacant land held for a currently undetermined use.

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal. The municipality applies the Fair Value model to value and measure investment properties.

#### 2024:

The effective date of the revaluations was 30 June 2024. Revaluations were performed by West Rand Consulting (Pty) Ltd. Mr. P.H. Venter was the valuer at West Rand Consulting (Pty) Ltd to perform the valuations. Mr. P.H. Venter is a registered Professional Associated Valuer with the SA Council for Valuers Profession, registration number 7428, a member of the SA Institute of Valuers and has the appropriate experience in performing valuation of investment properties.

The valuation for the land portion was based on adapted comparable sales and for the improvements there-on on replacement costs.

These assumptions are based on current market conditions.

Refer to note 42 for prior period errors.

#### 2008 - 2023:

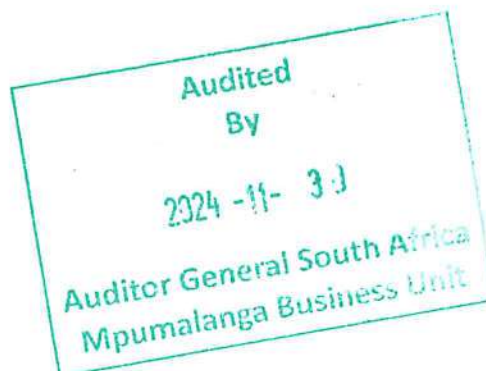
As the house price indices is available and published, the municipality opted to rely on the FNB Economic report on house prices.

This report is performed by an Economist with qualified statisticians. The information can therefore be deemed reliable as the necessary qualifications and experience is presented to achieve a fair value (market) growth rate.

The fair value for each investment property was adjusted according to the factor as per the FNB barometer.

Where required the following percentages were applied per year to determine adjustments over the said period, if required.

2008 (-2.9)  
2009 (-1.8)  
2010 (5.5)  
2011 (2.8)  
2012 (4.7)  
2013 (3.6)  
2014 (8.3)  
2015 (6.4)  
2016 (5.8)  
2017 (4.1)  
2018 (3.8)  
2019 (3.5)  
2020 (1.7)  
2021 (4.5)  
2022 (3.6)  
2023 (1.9)



# Lekwa Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment

	2024		2023			
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Land	34 328 221	-	34 328 221	34 328 221	-	34 328 221
Buildings	114 703 625	(31 906 453)	82 797 172	112 958 699	(29 914 766)	83 043 933
Plant and machinery	5 418 219	(4 008 773)	1 409 446	4 818 026	(3 948 128)	869 898
Furniture and fixtures	6 148 094	(4 406 686)	1 741 408	5 728 828	(4 063 969)	1 664 859
Motor vehicles	82 927 848	(48 284 718)	34 643 130	98 855 472	(64 744 340)	34 111 132
IT equipment	16 974 862	(9 024 984)	7 949 878	14 655 850	(8 013 521)	6 642 329
Roads network	1 081 029 129	(339 730 650)	741 298 479	1 018 413 519	(339 094 558)	679 318 961
Community	125 001 629	(33 504 828)	91 496 801	111 899 323	(31 241 755)	80 657 568
Electricity network	399 971 050	(127 048 217)	272 922 833	383 274 931	(114 846 469)	268 428 462
Landfill site asset	38 480 525	(9 473 170)	29 007 355	32 577 097	(6 700 184)	25 876 913
Wastewater network	612 190 055	(107 646 620)	504 543 435	448 030 437	(97 535 793)	350 494 644
Water network	279 367 171	(75 328 755)	204 038 416	252 751 781	(67 336 125)	185 415 656
<b>Total</b>	<b>2 796 540 428</b>	<b>(790 363 854)</b>	<b>2 006 176 574</b>	<b>2 518 292 184</b>	<b>(767 439 608)</b>	<b>1 750 852 576</b>

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# Lekwa Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand

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

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

	Opening balance	Additions	Disposals	Transfers received	Work In Progress additions	Work In Progress Transfer out	Movement in Provision	Depreciation	Impairment loss	Impairment reversal	Total
Land	34 328 221	-	-	-	-	-	-	-	-	-	34 328 221
Buildings	83 043 933	50 800	-	2 104 445	-	-	-	(2 555 324)	(147 699)	301 017	82 797 172
Plant and machinery	869 898	770 409	(77 035)	-	-	-	-	(168 598)	(63 274)	78 046	1 409 446
Furniture and fixtures	1 664 859	442 485	(13 911)	46 443	-	-	-	(341 424)	(185 848)	128 805	1 741 409
Motor vehicles	34 111 132	4 816 107	(102 995)	-	-	-	-	(4 948 718)	(823 185)	1 590 789	34 643 130
IT equipment	6 642 328	878 251	(105 332)	-	1 663 196	-	-	(918 102)	(510 386)	299 923	7 949 878
Roads network	679 318 961	69 901 437	-	8 743 358	2 870 683	-	-	(24 529 746)	(1 192 295)	6 186 081	741 298 479
Community	80 657 568	215 000	-	12 887 306	-	-	-	(2 401 015)	(281 279)	419 221	91 496 801
Electricity network	268 428 462	2 904 671	-	6 400 058	7 391 390	-	-	(8 528 436)	(4 168 420)	495 108	272 922 833
Landfill site asset	25 876 913	-	-	-	15 192 650	(17 024 772)	5 903 428	(940 864)	-	-	29 007 355
Wastewater network	350 494 644	149 565	(2 943 788)	187 075 811	1 156 470	(20 723 527)	-	(9 692 089)	(2 983 013)	2 009 362	504 543 435
Water network	185 415 657	1 328 020	-	5 493 201	30 373 365	(10 579 196)	-	(5 352 422)	(4 886 284)	2 246 075	204 038 416
	<b>1 750 852 576</b>	<b>81 456 745</b>	<b>(3 243 061)</b>	<b>222 750 622</b>	<b>58 647 754</b>	<b>(48 327 495)</b>	<b>5 903 428</b>	<b>(60 376 738)</b>	<b>(15 241 683)</b>	<b>13 754 427</b>	<b>2 006 176 575</b>

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

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

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

	Opening balance	Additions	Disposals	Transfers received	Work in Progress additions	Work in Progress Transfers	Movement in -Provision	Depreciation	Impairment loss	Impairment reversal	Total
Land	34 328 221	-	-	-	-	-	-	-	-	-	34 328 221
Buildings	84 390 727	1 111 678	-	-	-	-	-	(2 516 320)	(273 586)	331 434	83 043 933
Plant and machinery	813 003	196 761	-	-	-	-	-	(151 833)	(5 118)	17 085	869 898
Furniture and fixtures	1 672 821	212 500	-	-	-	-	-	(304 801)	(25 448)	109 787	1 664 859
Motor vehicles	35 341 644	3 995 056	(191 296)	-	-	-	-	(4 534 906)	(1 703 484)	1 204 118	34 111 132
IT equipment	2 023 082	4 641 506	(25 286)	-	-	-	-	(621 022)	(30 518)	654 566	6 642 328
Roads network	690 628 902	2 158 000	-	-17 961 727	1 988 072	(17 216 835)	-	(23 524 168)	(2 898 430)	10 221 693	679 318 961
Community	82 168 119	-	-	1 658 245	2 033 958	(2 391 095)	-	(2 383 197)	(553 298)	124 836	80 657 568
Electrical network	264 331 235	10 913 707	-	-	2 608 619	78	-	(8 334 533)	(2 205 370)	1 114 726	268 428 462
Landfill site asset	25 227 332	-	-	-	1 832 122	-	(235 968)	(946 573)	-	-	25 876 913
Wastewater network	245 367 941	-	-	-76 026 335	36 469 725	-	-	(7 686 303)	(1 432 906)	1 749 852	350 494 644
Water network	183 232 207	-	-	-	6 786 726	-	-	(5 295 252)	(840 081)	1 532 057	185 415 657
	<b>1 649 525 234</b>	<b>23 229 208</b>	<b>(216 582)95 646 307</b>	<b>51 719 222</b>	<b>(19 607 852)</b>	<b>(235 968)</b>	<b>(56 298 908)</b>	<b>17 060 154</b>	<b>1 750 852 576</b>		

### Pledged as security

There are no assets pledged as security.

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# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>4. Property, plant and equipment (continued)</b>		
<b>Other information</b>		
<b>Section 42 transfers between Gert Sibande District Municipality and Lekwa Local Municipality</b>		
Section 42 Transfer - GSDM Expenditure Derecognition	239 450 975	86 349 762
Section 42 Transfer - LLM Capitalised Assets	(175 579 599)	(76 771 229)
	<b>63 871 376</b>	<b>9 578 533</b>

**Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s).**

Reconstruction of Rooikoppen pump station 2 and construction of booster pump station with pumping main.	9 711 296	9 711 296
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The project was not completed due to stoppage of contractor as a result of land disputes. Pump house, guard house and sewer pipeline were constructed. All electrical and mechanical equipment procured was delivered to Lekwa LM and kept at Stores. The project has since been taken GDSM and currently being implemented through WSIG for completion. Equipment collected by appointed contractor for installation.

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# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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

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

	Opening balance	Additions/ Capital Expenditure	Transfer to expenditure	Transfer to completed items	Total
Water	17 393 668	30 373 365	-	(10 579 196)	37 187 837
Waste water	44 950 317	1 156 470	(1 156 470)	(19 567 058)	25 383 259
IT equipment	-	1 663 194	-	-	1 663 194
Electricity network	2 608 696	7 391 391	-	-	10 000 087
Roads Network	-	2 870 682	-	-	2 870 682
Landfill sites	1 832 120	15 192 650	-	(17 024 770)	-
	<b>66 784 801</b>	<b>58 647 752</b>	<b>(1 156 470)</b>	<b>47 171 024</b>	<b>77 105 059</b>

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# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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

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

	Opening Balance	Additions/ Capital expenditure	Transfer expenditure	to Transfer completed items	to Total
Water	10 606 942	6 786 726	-	-	17 393 668
Waste water	8 480 591	36 469 726	-	-	44 950 317
Community	357 135	2 033 958	(732 848)	(1 658 245)	-
Landfill site asset	-	1 832 120	-	-	1 832 120
Electricity network	-	2 608 696	-	-	2 608 696
Roads network	15 228 762	1 988 072	-	(17 216 834)	-
	<b>34 673 430</b>	<b>51 719 298</b>	<b>(732 848)</b>	<b>(18,875,079)</b>	<b>66 784 801</b>

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

#### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services	47 035 651	32 017 754
---------------------	------------	------------

\*Refer to note 41 - Prior period adjustments 5 to 19 for restatement of property, plant and equipment balances as at beginning of the year, restated.

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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## Notes to the Annual Financial Statements

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

#### Assets received through non-exchange transactions

In terms of GRAP 23 section 106 When the criteria for recognition are satisfied, services in-kind should be measured on initial recognition at their fair value as at the date of acquisition.

Through the use of relevant experts, it was concluded that there was no reason to differ from the cost provided by the various entities, the non-exchange transactions received from various entities, there was no lapse in the period from which the project was complete, or the asset was acquired to when it was utilized eliminating the risk of depreciation affecting the cost and the fair value. Due to the extensive and comprehensive information provided by the various entities in the form of BOQ, progress reports, close-out reports and other relevant financial reports relating to each project or transfer, it was therefore concluded that cost and fair value are aligned.

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## Notes to the Annual Financial Statements

Figures in Rand

### 5. Heritage assets

	2024		2023			
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	106 187	-	106 187	106 187	-	106 187

### Reconciliation of heritage assets 2024

Art Collections, antiquities and exhibits

Opening balance	106 187
Total	106 187

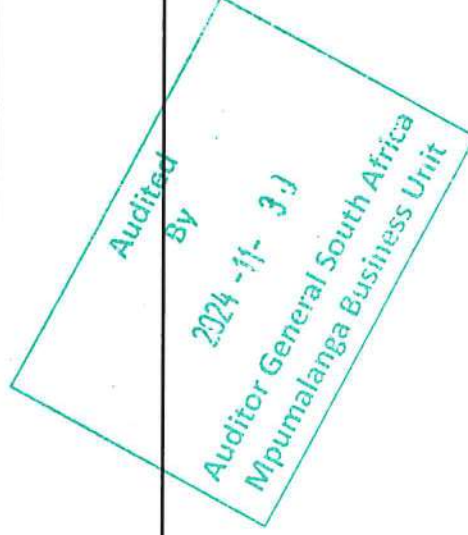
### Reconciliation of heritage assets 2023

Art Collections, antiquities and exhibits

Opening balance	106 187
Total	106 187

### Pledged as security

Heritage assets are not pledged as security.



# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>6. Other financial assets</b>		
<b>At amortised cost</b>		
Eskom SOC Ltd Deposit	34 031 009	31 805 036
The amount held as a deposit to Eskom on accounts opened by the municipality. The deposit bears interest at a linked rate. The increase in amount of the deposit relates to interest accrued on the deposit.		
Nedfleet/Fuel card facility of R600 000 that bears an interest of South African Reserve Bank repurchase rate "repo rate" + 14%, and secured by Nedbank Investment account number: 7881151641 required as continuing security.	630 612	237 545
	<b>34 661 621</b>	<b>32 042 581</b>
<b>Non-current assets</b>		
At amortised cost	34 661 621	32 042 581
<b>7. Payables from exchange transactions</b>		
Trade payables	3 011 656 669	2 647 479 234
Payments received in advance*	69 612 864	48 559 252
Retentions	15 161 954	12 228 350
Salaries accruals	55 243 478	68 845 800
Accrued leave pay	23 270 446	21 707 682
Accrued bonus	7 627 916	7 133 996
Unallocated deposits	13 267 196	14 901 600
	<b>3 195 840 523</b>	<b>2 820 855 914</b>
<div style="border: 1px solid green; padding: 5px; display: inline-block; text-align: center;"> <p><b>Audited</b> <b>By</b> <b>2024 -11- 3 J</b> <b>Auditor General South Africa</b> <b>Mpumalanga Business Unit</b></p> </div>		
*Included in the Payments received in advance is an amount of R949 777; R1 722 789 (2023) which relates to a portion of Pre-paid electricity purchases made in the month of June 2024 and were unused as at 30 June 2024. These are amounts received in advance from consumers.		
<b>8. Consumer deposits</b>		
Electricity	2 285 819	2 153 622
Water	1 402 359	1 184 627
	<b>3 688 178</b>	<b>3 338 249</b>
<b>9. Employee benefit obligations</b>		
The amounts recognised in the statement of financial position are as follows:		
<b>Carrying value</b>		
Present value of the defined medical benefit plan	(81 245 356)	(75 282 000)
Present value of the defined benefit long service award	(5 138 247)	(5 855 000)
	<b>(86 383 603)</b>	<b>(81 137 000)</b>
Non-current liabilities	(81 245 356)	(75 282 000)
Current liabilities	(5 138 247)	(5 855 000)
	<b>(86 383 603)</b>	<b>(81 137 000)</b>

# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>9. Employee benefit obligations (continued)</b>		
<b>Net expenses recognised in the statement of financial performance are as follows:</b>		
- Current service cost	3 576 000	3 531 000
Net interest expense	9 546 000	9 790 000
Actuarial (gains) loss	(2 020 397)	(13 928 000)
Employer benefit payments	(5 855 000)	(4 614 000)
	<b>(5 246 603)</b>	<b>(5 221 000)</b>
<b>Calculation of actuarial gains and losses</b>		
Actuarial (gains) losses – PEMA	423 084	(13 467 000)
Actuarial (gains) losses – LSA	(2 443 481)	(461 000)
	<b>(2 020 397)</b>	<b>(13 928 000)</b>

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# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 9. Employee benefit obligations (continued)

#### Valuation Methodology and Key assumptions used

##### Method used at reporting date:

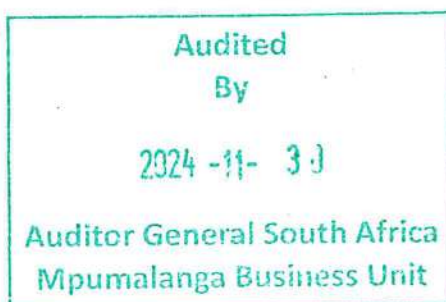
The Projected Unit Credit method has been applied in valuation of the post employment benefit plan liability.

##### Assumptions used at the reporting date:

Mortality during employment 2024: SA 85-90

Mortality during employment 2023: SA 85-90

Discount rates used	12,94 %	12,44 %
Proportion for eligible current non-member employees joining the scheme by retirement	15,00 %	15,00 %
Health care cost inflation rate	8,40 %	8,05 %
Net discount rate - health care cost inflation	4,19 %	4,06 %
Maximum subsidy inflation rate	5,48 %	5,66 %
Net discount rate - maximum subsidy inflation	6,20 %	6,41 %
Continuation of membership at retirement	75,00 %	75,00 %
Proportion with a spouse dependent at retirement	60,00 %	60,00 %
Average retirement age	62,00 %	62,00 %
Consumer price inflation	6,90 %	6,55 %



# Lekwa Local Municipality

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### 9. Employee benefit obligations (continued)

#### Withdrawal from service (PEMA):

Age	Withdrawal rates (Male)	Withdrawal rates (Female)
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55+	0%	0%

The post-employment mortality adjustment "-1 yr", for example, assumes that someone aged 70 will experience the mortality of someone aged 69. The liability is expected to increase under this scenario because members are expected to live longer.

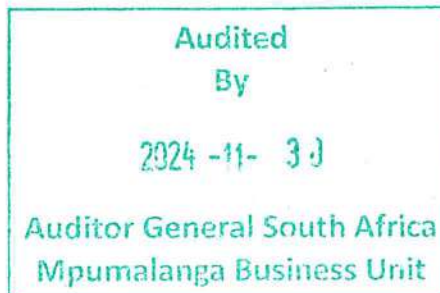
The table above indicates, for example, that if medical inflation is one percentage point greater than the long-term assumption made, the liability will be 8% higher than that shown.

The table below summarises the results of this analysis on the Current-service and Interest Costs for the year ending 30 June 2024.

#### PEMA:

Sensitivity analysis on the Accrued Liability (R millions).

Healthcare Cost Inflation and Discount Rate



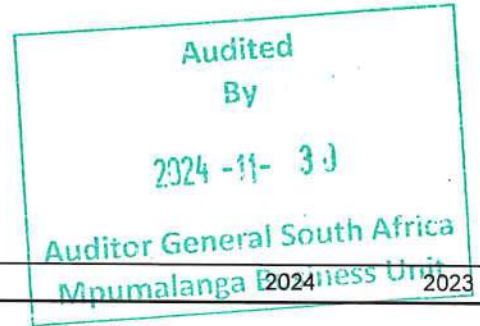
# Lekwa Local Municipality

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### 9. Employee benefit obligations (continued)

	Percentage Change	1% decrease R's	Valuation Basis R's	1% increase R's	Percentage Change
<b>Healthcare Cost Inflation Rate</b>					
Opening Accrued Liability	-8.83%	60,351,000	66,193,000	71,439,000	7.93%
Service Cost	-12.28%	2,057,000	2,345,000	2,576,000	9.85%
Net Interest Expense	-9.01%	7,330,000	8,056,000	8,708,000	8.09%
<b>Discount Rate</b>					
Opening Accrued Liability	13.64%	75,224,000	66,193,000	58,810,000	-11.15%
Service Cost	24.09%	2,910,000	2,345,000	2,021,000	-13.82%
Net Interest Expense	8.44%	8,736,000	8,056,000	7,956,000	-1.24%

As per the table above, a 1% increase in the healthcare cost inflation rate as at 30 June 2024 results in a 8.83% increase in the accrued liability whilst a 1% decrease in the salary increase rate will result in a 7.93% decrease in the accrued liability. Increasing healthcare cost inflation leads to greater subsidies being paid by the entity in respect of continuation members. This, in turn, increases the size of the accrued liability.

Inversely, a 1% increase in the discount rate as at 30 June 2024 results in an 13.64% decrease in the accrued liability whilst a 1% decrease in the discount rate will result in a 11.15% increase in the accrued liability. The discount rate is inversely related to the accrued liability. An increase in the discount rate increases the accrued liability and vice versa.

#### Post-retirement mortality

	Percentage Change	PA (90)-2 R's	Valuation Basis R's	PA (90) R's	Percentage Change
Opening Accrued Liability	2.59%	67,908,000	66,193,000	64,459,000	-2.62%
Service Cost	2.09%	2,394,000	2,345,000	2,299,000	-1.96%
Net Interest Expense	2.64%	8,269,000	8,056,000	7,840,000	-2.68%

PA (90)-2 (PA(90) with a two-year age adjustment) means that, to each beneficiary, we assigned a mortality rate of an individual two years younger than that beneficiary, i.e. lighter mortality implying that the individual lives longer than expected in the valuation basis. As such, they receive subsidies for a longer period of time, thereby increasing the accrued liability.

Therefore, the above change in the mortality assumptions as at 30 June 2024 would result in a 2.59% increase and a 2.62% decrease in the accrued liability for PA ((90)-2 and PA (90) respectively.

#### Provision for Long Service Awards

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



# Lekwa Local Municipality

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### 9. Employee benefit obligations (continued)

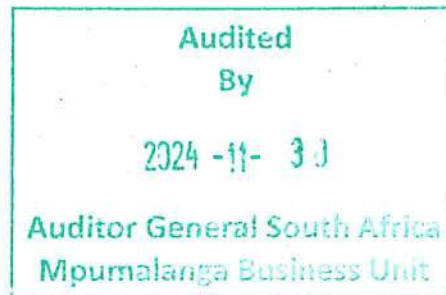
Long Service Awards	30 June 2024	30 June 2023
Opening accrued liability	14 944 000	14 298 000
Service costs	1 231 000	1 122 000
Interest expense	1 490 000	1 467 000
Benefits vested	(2 897 000)	(1 482 000)
Actuarial (gain)loss	(2 443 481)	(461 000)
	<b>12 324 519</b>	<b>14 944 000</b>

#### General description of the type of plan

The Municipality offers employees LSA for every five years of service completed, from five years of service to 45 years of service, inclusive.

#### Assumptions used at reporting date

Assumptions used at reporting date	Column heading	Column heading
Discount rate	9.90%	11.01%
Salary increases rate	5.48%	6.44%
Net discount rate	4.29%	4.19%
Average retirement age	62 years	62 years
Consumer Price Inflation	4.48%	5.44%



# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

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### 9. Employee benefit obligations (continued)

Withdrawal from service (LSA):

Age	Withdrawal rates (Male)	Withdrawal rates (Female)
20	9%	9%
30	6%	6%
40	5%	5%
50	3%	3%
55	-	-
60+	-	-

### Sensitivity Analysis

The table below shows the results of the sensitivity analysis.

Salary Increase and Discount Rate

	Percentage Change	1% decrease R's	Valuation Basis R's	1% increase R's	Percentage Change
<b>Salary Inflation Rate</b>					
Opening Accrued Liability	-4.47%	14,276,000	14,944,000	15,669,000	4.85%
Service Cost	-6.17%	1,155,000	1,231,000	1,314,000	6.74%
Net Interest Expense	-4.97%	1,416,000	1,490,000	1,570,000	5.37%
<b>Discount Rate</b>					
Opening Accrued Liability	5.09%	15,705,000	14,944,000	14,254,000	-4.62%
Service Cost	6.01%	1,305,000	1,231,000	1,165,000	-5.36%
Net Interest Expense	-4.03%	1,430,000	1,490,000	1,543,000	3.56%

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# Lekwa Local Municipality

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### 9. Employee benefit obligations (continued)

	Percentage Change	1% decrease	Valuation Basis	1% increase	Percentage Change
		R's	R's	R's	
<b>Salary Inflation Rate</b>					
Opening Accrued Liability	-5.35%	11,665,574	12,324,519	13,043,417	5.83%
Service Cost	-6.46%	1,035,269	1,106,810	1,186,284	7.18%
Net Interest Expense	-5.70%	1,073,780	1,138,733	1,209,626	6.23%
<b>Discount Rate</b>					
Accrued Liability	5.64%	13,019,833	12,324,519	11,696,505	-5.10%
Service Cost	6.94%	1,183,654	1,106,810	1,038,599	-6.16%
Net Interest Expense	-4.68%	1,085,411	1,138,733	1,185,545	4.11%

A 1% increase in the salary increase rate as at 30 June 2024 results in a 5.35% increase in the accrued liability whilst a 1% decrease in the salary increase rate will result in a 5.83% decrease in the accrued liability. An increase in salary inflation increases the salaries upon which the long-service awards are based. This, in turn, leads to an increase in the accrued liability.

Inversely, a 1% increase in the discount rate as at 30 June 2024 results in a 5.64% decrease in the accrued liability whilst a 1% decrease in the discount rate will result in a 5.10% increase in the accrued liability. The discount rate is inversely related to the accrued liability. An increase in the discount rate decreases the accrued liability and vice versa.

#### Withdrawal Decrement

	Percentage Change	50% Decrease	Valuation Basis	200% Increase	Percentage Change
		R's	R's	R's	
Opening Accrued Liability	9.74%	16,399,000	14,944,000	12,698,000	-15.03%
Service Cost	16.17%	1,430,000	1,231,000	948,000	-22.99%
Net Interest Expense	10.74%	1,650,000	1,490,000	1,243,000	-16.58%

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# Lekwa Local Municipality

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### 9. Employee benefit obligations (continued)

The above table highlights the effects of a change in the withdrawal rate assumption. As at 30 June 2024, a 50% decrease and a 200% increase would result in a 9.74% increase and a 15.03% decrease in accrued liability, respectively. Higher withdrawal rates lead to fewer members remaining in employment and hence smaller benefits vesting. This, in turn, decreases the accrued liability. The converse is true for lower withdrawal rates.

Pre-retirement Mortality

	Valuation Basis R's	SA85/90-2 R's	Percentage Change
Opening Accrued Liability	14,944,000	15,032,353	0.59%
Service Cost	1,231,000	1,238,106	0.58%
Net Interest Expense	1,490,000	1,499,476	0.64%

SA85/90-2 (SA85/90 with a two-year age adjustment) means that, to each member, we assigned a mortality rate of an individual two years younger i.e. lighter mortality implying that the individual lives longer than expected in the valuation basis. As such, more people survive to their milestones and qualify for bonuses, thereby increasing the accrued liability.

As at 30 June 2024, the mortality adjustment leads to a 0.59% increase in accrued liability.

### 10. Inventories

Consumable stores	4 331 922	4 954 034
Maintenance materials	121 105	-
Water for distribution	307 523	366 705
	<b>4 760 550</b>	<b>5 320 739</b>

### Inventory pledged as security

No Inventory was pledged as security.

### 11. Receivables from exchange transactions

#### Gross balances

Electricity	429 375 259	304 586 981
Water	538 878 044	451 463 975
Sewerage	292 849 732	241 412 115
Refuse	225 670 141	183 243 055
Other receivables*	146 842 987	160 828 910
	<b>1 633 616 163</b>	<b>1 341 535 036</b>

#### Less: Allowance for impairment

Electricity	(297 986 620)	(249 903 601)
Water	(481 010 103)	(472 466 099)
Sewerage	(276 920 386)	(232 818 992)
Refuse	(213 676 564)	(177 070 512)
Other receivables*	(146 184 051)	(160 214 279)
	<b>(1 415 777 724)</b>	<b>(1 292 473 483)</b>



# Lekwa Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>11. Receivables from exchange transactions (continued)</b>		
<b>Net balance</b>		
Electricity	131 388 639	54 683 380
Water	57 867 941	(21 002 124)
Sewerage	15 929 346	8 593 123
Refuse	11 993 577	6 172 543
Other receivables*	658 936	614 631
	<b>217 838 439</b>	<b>49 061 553</b>
<b>Electricity</b>		
Current (0 -30 days)	42 170 614	40 781 060
31 - 60 days	41 408 853	16 771 096
61 - 90 days	20 264 796	11 161 687
91 - 120 days	98 668 604	8 591 634
121 - 365 days	226 862 392	227 281 505
Less impairment	(297 986 620)	(249 903 602)
	<b>131 388 639</b>	<b>54 683 380</b>
<b>Water</b>		
Current (0 -30 days)	11 160 375	10 244 610
31 - 60 days	9 756 770	7 475 555
61 - 90 days	9 416 717	9 095 516
91 - 120 days	99 255 310	7 766 220
121 - 365 days	409 288 868	459 340 572
Less impairment	(481 010 102)	(472 466 099)
Prior period error - Refer to note	-	(42 458 498)
	<b>57 867 938</b>	<b>(21 002 124)</b>
<b>Sewerage</b>		
Current (0 -30 days)	8 778 200	4 989 152
31 - 60 days	8 100 424	4 324 793
61 - 90 days	8 126 809	4 119 430
91 - 120 days	40 239 525	3 971 254
121 - 365 days	227 604 775	224 007 487
> Less impairment	(276 920 387)	(232 818 993)
	<b>15 929 346</b>	<b>8 593 123</b>
<b>Refuse</b>		
Current (0 -30 days)	7 101 269	3 846 039
31 - 60 days	6 055 872	3 285 689
61 - 90 days	6 098 735	3 099 853
91 - 120 days	32 217 984	2 998 761
121 - 365 days	174 196 280	170 012 713
Less impairment	(213 676 564)	(177 070 512)
	<b>11 993 576</b>	<b>6 172 543</b>

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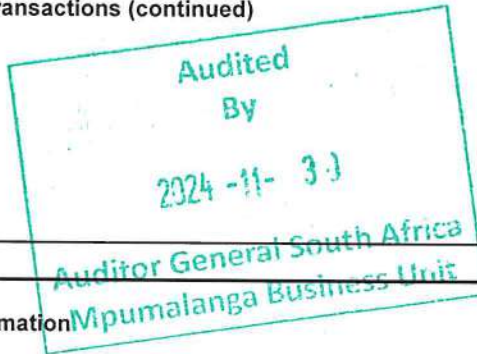
# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>11. Receivables from exchange transactions (continued)</b>		
<b>Other receivables*</b>		
Current (0 -30 days)	338 177	351 616
31 - 60 days	1 356 329	277 582
61 - 90 days	365 727	266 427
91 - 120 days	1 013 905	257 946
121 - 365 days	143 563 181	159 320 852
Less impairment	(145 978 383)	(159 859 792)
	<b>658 936</b>	<b>614 631</b>
<b>Statutory receivables general information</b>		
<b>Other receivables*</b>		
Other receivables comprise of amounts receivable from sundry debtors from sale of land, interest accrued, merchandising and property rental.		
<b>Receivables from exchange transactions pledged as security</b>		
No receivables from exchange transactions are pledged as security.		
<b>12. Statutory receivables</b>		
Fines	1 002 079	1 772 818
VAT Control	243 725	(63 296 111)
VAT Input on payables	92 985 199	155 104 821
Consumer debtors - Rates	39 937 706	8 258 569
	<b>134 168 709</b>	<b>101 840 097</b>
<b>13. Statutory receivables</b>		
<b>Gross balances</b>		
Consumer debtors - Rates	534 587 806	415 051 527
<b>Less: Allowance for impairment</b>		
Consumer debtors - Rates	(494 650 100)	(406 792 958)
<b>Traffic Fines</b>		
Gross balance	17 153 094	14 294 614
Less Impairment	(16 151 054)	(12 521 795)
	<b>1 002 040</b>	<b>1 772 819</b>
<b>Net balance</b>	<b>1 002 040</b>	<b>1 772 819</b>



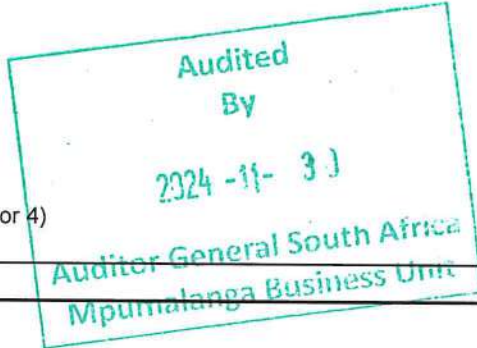
# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>13. Statutory receivables (continued)</b>		
<b>Rates</b>		
Current (0 -30 days)	8 372 120	14 593 012
31 - 60 days	11 283 596	11 245 649
61 - 90 days	11 520 906	10 449 565
91 - 120 days	10 646 826	10 278 415
121 - 365 days	482 010 718	430 313 889
Less Impairment	(494 650 100)	(406 794 109)
Prior Period error - Refer to note 43 (Error 4)	-	(61 827 852)
20% Government rebates*	10 753 640	-
	<b>39 937 706</b>	<b>8 258 569</b>
<b>Fines debtors</b>		
Current (0 -30 days)	194 000	186 950
31 - 60 days	254 000	138 000
61 - 90 days	363 580	119 000
91 - 120 days	2 490 850	1 697 404
121 - 365 days	13 850 664	12 153 260
Less Impairment	(16 151 054)	(12 521 795)
	<b>1 002 040</b>	<b>1 772 819</b>



\* During the financial year under audit, it was noted that the 20% government rebates was not applied in accordance with the approved policy and as a result, a billing adjustment on debtors balance was made.

### Statutory receivables general information

#### Statutory receivables are accounted for as follows:

Traffic fines are issued to offenders in terms of the Criminal Procedures Act, hence this is therefore recognised as a statutory receivable. The receivable is calculated by determining the value of the fine to be paid on initial recognition, and accounting for subsequent measurement by taking into account reductions and discounts made to the value of the fine payable in terms of the court of law. No interest is charged on outstanding fines, and any additional penalties applied by the court is paid by the offender to the court directly, and is therefore not considered to be revenue for the municipality.

Property rates is levied in terms of the Municipal Property Rates Act, hence this is therefore recognised as a statutory receivable. The receivable is calculated by applying the Council approved rates randages against the valuation of individual properties within the municipality jurisdiction. Council approved rebates and exemptions are further applied to reduce the receivable. Interest is applied on outstanding debt.

The basis of impairment takes into account the following:

The estimate were determined in accordance with the debt impairment policy of the municipality, supplemented by experience of past practices and statistics in relation to uncollectable debt. In assessing whether statutory receivables are impaired, management considered both individually receivables that may be impaired as well as groups of similar receivables that may be impaired. The total debtors were further separated into groups of similar receivables with similar risk profiles and assessed for impairment.

# Lekwa Local Municipality

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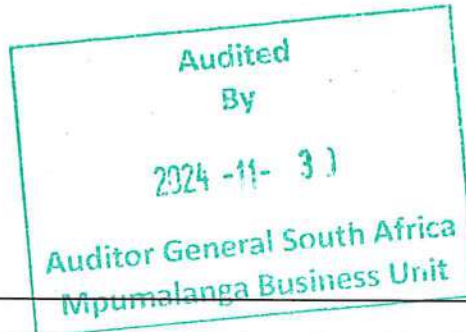
2024

2023

### 14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 174	3 991
FNB Current account	70 062	310 513
Nedbank Current account (transactional)	149 131	7 560 476
Short-term call deposits	14 511 075	55 168
Services and utilities	263 983	1 221 050
Traffic	2 815	706 452
	<b>14 998 240</b>	<b>9 857 650</b>



The municipality had the following bank and petty cash 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
Nedbank - Call Account - 3788 1152 036	-	18 296	4 605 282	-	18 296	4 605 282
Nedbank - Call Account - 3788 1152 001	-	-	8 239	-	-	8 239
Nedbank - Call Account - 3788 1152 087	-	-	72 050	-	-	72 050
Nedbank - Call Account - 3788 1152 109	-	-	11 451	-	-	11 451
Nedbank - Call Account - 3788 1152 059	14 511 075	36 874	3 594 427	14 511 077	36 874	3 594 427
Nedbank - Call Account - 3788 1152 079	-	-	124 067	-	-	124 067
Nedbank - Call Account - 3788 1152 028	-	-	97 319	-	-	97 319
Nedbank - Call Account - 3788 1152 095	-	-	1 024	-	-	1 024
Nedbank - Call Account - 3788 1151 994	-	-	3 850	-	-	3 850
Nedbank - Call Account - 3788 1152 060	-	-	1 270	-	-	1 270
Nedbank - Call Account - 1187 895954	2 815	706 452	41 462	2 815	706 452	41 462
Nedbank - Call Account - 1187 876 291	263 983	1 221 052	75 252	263 983	1 221 052	75 252
Nedbank - Current Account - 1185 919 473	149 131	7 560 465	6 412 604	1 708 078	7 560 465	6 412 604
FNB -Current Account - 6202 704 0740	70 062	310 517	93 781	122 697	310 517	93 781
Petty Cash	1 174	3 991	3 991	1 174	3 991	3 991
<b>Total</b>	<b>14 998 240</b>	<b>9 857 647</b>	<b>15 146 069</b>	<b>16 609 824</b>	<b>9 857 647</b>	<b>15 146 069</b>



# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

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### 15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Municipal Disaster Recovery Grant\*

10 059 731

-

Municipal Disaster Response Grant

-

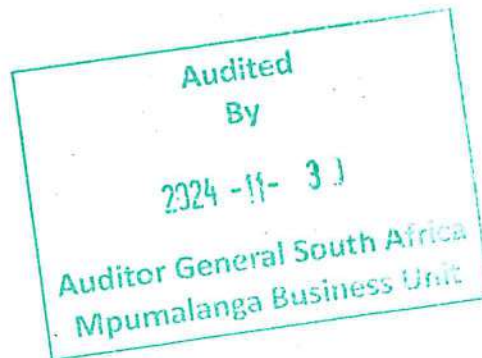
6 625 000

\*The Municipality was allocated an amount of R11,000,000 (Vat Incl) within the 2023/2024 financial year. The grant was transferred to the Municipality at the end of February 2024 for the Rehabilitation of 1km of Vry Street which was damaged during the floods that impacted most of the low areas next to Grootdraai Dam.

It should be noted that the allocation was not part of the original grant allocations for the Municipality as per the Division of Revenue Bill published in February 2023.

See note 24 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.



# Lekwa Local Municipality

(Registration number MP305)  
Annual Financial Statements for the year ended 30 June 2024

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### 16. Provisions

#### Reconciliation of provisions - 2024

	Opening Balance	Change in provision	Change in discount factor	Total
Environmental Rehabilitation Provision	49 704 828	5 903 428	4 153 438	59 761 694

#### Reconciliation of provisions - 2023

	Opening Balance	Additions	Change in discount factor	inTotal
Environmental Rehabilitation Provision	46 680 158	(235 968)	3 260 638	49 704 828

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# Lekwa Local Municipality

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### 16. Provisions (continued)

#### Environmental rehabilitation provision

#### Environmental rehabilitation provision

Lekwa Local Municipality consists of two (2) towns (Standerton and Morgenzon). Standerton and Morgenzon are located in an area of agricultural significance and Standerton is the central business district of Lekwa Municipality.

Landfill operations continue until all the available permitted airspace has been filled. Once this happens, the site close and capped with a layer of impermeable clay and a layer of the top soil. Grass and other suitable vegetation types are planted to stabilize the soil and improve the appearance. Environmental monitoring continues for a period of up to 30 years after the closure of the site. No appointment for the closure of the sites has been made, and therefore only rough estimates have been compiled without site visits with no detailed inspections or investigations. Basic information on the size and classification of each site was supplied.

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

#### Key financial assumptions and calculations used:

Accounting Standard GRAP19 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and terms of the government bonds should be consistent with the currency and estimated term/life of the landfill site.

The discount rate was deduced from the average of the Zero-Coupon Yield Curve (Nominal Bond) over the entire durations applicable in the future. The annualised long term discount rate at 30 June 2024 was 12.40% p.a. The consumer price inflation of 5.10% p.a. was obtained from the differential between the averages of the Nominal Bond Yield Curve and the Real Bond Yield Curve (Zero Yield Curves).

The Zero-Coupon Yield Curves were obtained from the Bond Exchange of South Africa after the market closed on 30 June 2024.

Discount rate (D) 12.40%

Consumer price inflation (C) 5.10%

Net discount rate 6.94%

#### Standerton Landfill Site:

The landfill site is situated approximately 1.5km from Kosmos Park which is a suburb in Standerton. The Standerton landfill site is responsible for accommodating the solid waste of Standerton and Sakhile which is a township in Standerton. The total population of Standerton and Sakhile accumulates to 98 764 in 2024. (Census 2011 adjusted to 2024 at 1.38% annually).

The site is accessed by a gravel road linked to the R546 asphalt main road and its coordinates are 26,906166°S 29,241434°E. The estimated total footprint of the item is approximately 192 600m<sup>2</sup> and the fully utilised area is approximately 123 500m<sup>2</sup>. The total partially used airspace is 73 860.43 m<sup>3</sup> as per drone stock piling.

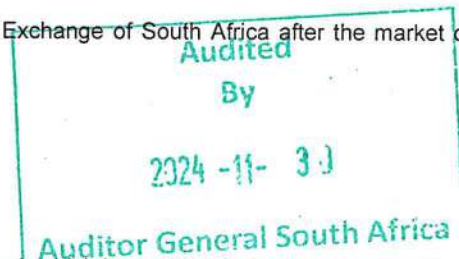
The remaining life is calculated at 28 years, up to 2052 based on the annual population growth and available air space.

#### Morgenzon Landfill site:

The landfill site is situated approximately 237m from Morgenzon. The Morgenzon landfill site is responsible for accommodating the solid waste of Morgenzon and Sivukile which is a township in Morgenzon. The total population of Morgenzon and Sivukile accumulates to 9019 in 2024. (Census 2011 adjusted to 2024 at 1.38% annually).

The site is accessed by an asphalt R39 main road, and its coordinates are 26,728805°S 29,621867°E. The estimated total footprint of the item is approximately 10 500m<sup>2</sup> and the fully utilised area is approximately 8 300m<sup>2</sup>. The total partially used airspace is 363.57m<sup>3</sup>.

The remaining life is calculated at 16 years, up to 2040 based on the annual population growth and available air space.



# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

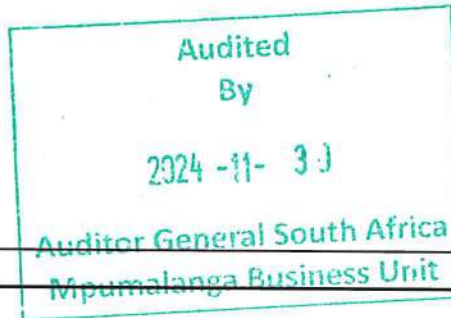
Figures in Rand	2024	2023
<b>17. Revenue</b>		
Sale of goods	2 187 688	1 629 783
Service charges	693 513 176	494 274 145
Rental of facilities and equipment	3 003 212	1 643 457
Other income - (rollup)	910	-
Interest received on trade and other receivables	82 626 347	68 928 071
Interest received on bank and other financial assets	4 135 690	2 484 376
Property rates	217 714 619	128 624 550
Interest, Dividends and Rent on Land	40 819 964	33 494 534
Government grants & subsidies	219 896 269	228 015 864
Public contributions and donations	245 423 591	78 511 729
Fines, Penalties and Forfeits	3 582 214	2 593 669
Debt relief and incentives	211 869 657	-
	<b>1 724 773 337</b>	<b>1 040 200 178</b>

**The amount included in revenue arising from exchanges of goods or services are as follows:**

Sale of goods	2 187 688	1 629 783
Service charges	693 513 176	494 274 145
Rental of municipal facilities and equipment	3 003 212	1 643 457
Other income - (rollup)	910	-
Interest received on trade and other receivables	82 626 347	68 928 071
Interest received bank and other financial assets	4 135 690	2 484 376
	<b>785 467 023</b>	<b>568 959 832</b>

**The amount included in revenue arising from non-exchange transactions is as follows:**

<b>Taxation revenue</b>		
Property rates	217 714 619	128 624 550
Licenses or permits	2 478	-
Interest, Dividends and Rent on Land	40 819 964	33 494 534
<b>Transfer revenue</b>		
Government grants & subsidies	219 896 269	228 015 864
Public contributions and donations	245 423 591	78 511 729
Fines, Penalties and Forfeits	3 582 214	2 593 669
Debt relief and Incentives*	211 869 657	-
	<b>939 308 792</b>	<b>471 240 346</b>



**Debt Relief and Incentives**

The Municipality applied for the Municipal Debt relief (Eskom) under MFMA Circular No. 124 issued on 31 March 2023 to write off all debt (including penalties and interest but excluding the March current account at 31 March 2023) and as at 31 March 2024 over 36 months. The Municipality application for the debt relief was approved on 1 December 2023 subject to the Municipality complying with all the terms and conditions of municipal Debt relief for municipalities as contained in MFMA Circular No.124 for a consecutive period of three municipal financial years.

As a result of the process, Eskom wrote off an interest amount of R136 535 833. The interest written-off by Eskom was covering period commencing from 31 March 2023 up to the date of approval of Municipality's application to participate in the programme.

As assessed at 30 June 2024, the municipality has not met all the terms and conditions of the Debt relief and as a result do not qualify for a third write off its arrears as at 31 March 2023, although the continuous assessment period of the first 12 months has not yet expired.

In terms of Section 76(1)(e) and 76(4)(a) of the PFMA, the Accounting Officer of the Provincial Department of Transport wrote-off a debt of R75 333 825 owing by the municipality as irrecoverable debt in the benefit of the Municipality.

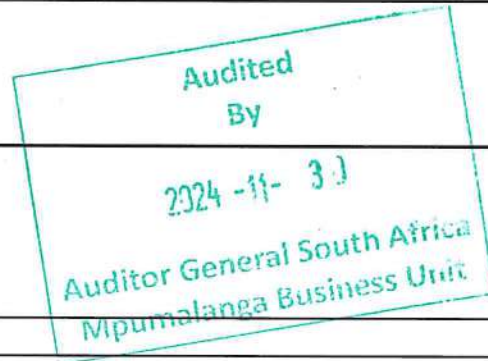
# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>17. Revenue (continued)</b>		
<b>Debt relief and incentives</b>		
Eskom SOC Ltd	136 535 833	-
Department of Transport	75 333 825	-
	<b>211 869 658</b>	<b>-</b>
<b>18. Service charges</b>		
Sale of electricity	458 033 266	354 116 937
Sale of water	97 467 964	72 073 762
Sewerage and sanitation charges	78 524 470	39 502 132
Refuse removal	59 487 476	28 581 314
	<b>693 513 176</b>	<b>494 274 145</b>
<b>19. Rental of facilities and equipment</b>		
<b>Rental income</b>		
Rental of municipal facilities	3 003 212	1 643 457
<b>20. Fines, Penalties and Forfeits</b>		
Illegal Connections Fines	125 759	224 225
Overdue Books Fines	175	40
Municipal Traffic Fines	3 456 280	2 369 404
	<b>3 582 214</b>	<b>2 593 669</b>
<b>21. Lease rentals on operating lease</b>		
<b>Equipment</b>		
Rent paid	1 801 021	2 074 055
<p>The Municipality leases office printers from a service provider for which the lease arrangement has been assessed in substance in terms of the GRAP standards to be an operating lease arrangement. Future lease commitments are disclosed in note 38.</p>		
<b>22. Investment revenue</b>		
<b>Investment revenue</b>		
Interest received from bank and other financial assets	4 135 690	2 484 376
<b>Interest revenue</b>		
Interest charged on trade and other receivables	82 626 347	68 928 071
	<b>86 762 037</b>	<b>71 412 447</b>



# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>23. Property rates</b>		
<b>Rates received</b>		
Rates	217 714 619	128 624 550
<b>Valuations</b>		
Residential	5 465 587 557	5 465 587 557
Commercial	1 135 956 557	1 135 956 557
State	1 564 021 540	1 564 021 540
Municipal	210 976 000	210 976 000
Small holdings and farms	4 047 413 300	4 047 413 300
	<b>12 423 954 954</b>	<b>12 423 954 954</b>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2024. Interim and supplement valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The new general valuation will be implemented on 01 July 2024.



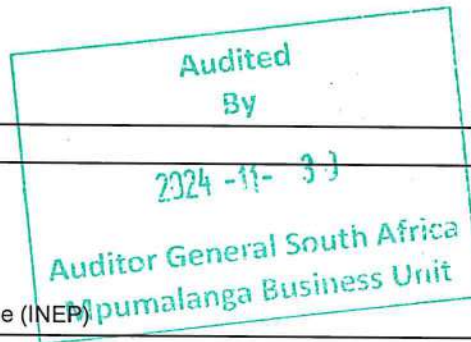
# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>24. Government grants &amp; subsidies</b>		
<b>Operating grants</b>		
Equitable share	167 773 000	152 423 000
Expanded Public Works Grant (EPWP)	1 643 000	1 855 000
Financial Management Grant (FMG)*	2 850 000	2 850 000
	<b>172 266 000</b>	<b>157 128 000</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant (MIG)	31 565 000	67 887 864
Municipal Disaster Recovery Grant	940 269	-
Municipal Disaster Response Grant	6 625 000	-
Integrated National Electrification Programme (INEP)	8 500 000	3 000 000
	<b>47 630 269</b>	<b>70 887 864</b>
	<b>219 896 269</b>	<b>228 015 864</b>



### Conditional and Unconditional

The Financial Management Grant was incorrectly classified as a capital grant in the 2022/2023 financial year and hence reclassified to operational grants in the 2023/2024 financial year. The comparative disclosure was amended accordingly.

Included in above are the following grants and subsidies received:

Conditional grants received	52 123 269	75 592 864
Unconditional grants received	167 773 000	152 423 000
	<b>219 896 269</b>	<b>228 015 864</b>

### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

### Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	-	35 373 864
Current-year receipts	31 565 000	32 514 000
Conditions met - transferred to revenue	(31 565 000)	(67 887 864)
	-	-

This grant is utilised to construct roads, bridges, sports-fields, community halls and street-lighting as part of the upgrading of informal settlement areas.

### Municipal Disaster Recovery Grant

Current-year receipts	11 000 000	-
Conditions met - transferred to revenue	(940 269)	-
	<b>10 059 731</b>	-

Conditions still to be met - remain liabilities (see note 15).

The Municipality was allocated an amount of R11,000,000 (Vat Incl) within the 2023/2024 financial year for the rehabilitation of 1km of Vry Street which was damaged during the floods that impacted most of the low areas next to Grootdraai Dam.

# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>24. Government grants &amp; subsidies (continued)</b>		
<b>Expanded Public Works Grant (EPWP)</b>		
Current-year receipts	1 643 000	1 855 000
Conditions met - transferred to revenue	(1 643 000)	(1 855 000)
	-	-

Audited  
 By  
 2024-11-30  
 Auditor General South Africa  
 Mpumalanga Business Unit

The Expanded Public Works Programme is a government programme aimed at the alleviation of poverty and unemployment. This programme ensures the full engagement on Labour Intensive Methods of Construction to workers for skills development.

### Integrated National Electrification Programme (INEP)

Current-year receipts	8 500 000	3 000 000
Conditions met - transferred to revenue	(8 500 000)	(3 000 000)
	-	-

The grant is utilised for electricity connections to households in various areas, serviced by Eskom, within the Municipal jurisdiction.

### Financial Management Grant (FMG)

Current-year receipts	2 850 000	2 850 000
Conditions met - transferred to revenue	(2 850 000)	(2 850 000)
	-	-

This grant is utilised for interns' salaries to advance the implementation of the MFMA, training of officials to meet the minimum competency requirements and for Asset Management and Financial System enhancements and training.

### Municipal Disaster Response Grant

Balance unspent at beginning of year	6 625 000	-
Current-year receipts	-	6 625 000
Conditions met - transferred to revenue	(6 625 000)	-
	-	<b>6 625 000</b>

The Municipal Disaster Response Grant is utilised to fund emergency repairs to essential basic services infrastructure, provision of temporary infrastructure, humanitarian relief and other immediate essential services following a declared state of disaster.

### 25. Public contributions and donations

Public contributions and donations	245 423 591	78 511 729
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The Municipality received donations of roads from South African National Roads Agency SOC Ltd (SANRAL) and projects completed on behalf of the Municipality by Gert Sibande District Municipality (GSDM) as at 30 June 2024 and were assessed and classified accordingly in terms of GRAP standards.



# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

	2024	2023
<b>26. Employee related costs</b>		
Basic	169 162 017	165 104 136
Bonus	13 770 056	13 230 772
Medical aid - company contributions	14 684 653	13 969 753
UIF	985 209	1 047 389
Other payroll levies	3 821 714	5 839 308
Leave pay provision charge	2 143 250	1 396 736
Short term benefit	5 687 082	3 531 000
Defined contribution plans	32 389 794	31 855 315
Travel, motor car, accommodation, subsistence and other allowances	14 052 981	11 457 200
Overtime payments	19 389 396	18 981 303
Long-service awards	2 114 476	1 492 944
Acting allowances	436 683	590 793
Housing benefits and allowances	981 667	823 908
Cellular and Telephonic services	2 612 310	2 391 616
	<b>282 231 288</b>	<b>271 712 173</b>

Audited  
 By  
 2024-11-30  
 Auditor General South Africa  
 Mpumalanga Business Unit

### Remuneration of municipal manager MJ Lamola

Annual Remuneration	1 087 995	970 395
Car allowance	180 000	180 000
Contributions to UIF, Medical and Pension Funds	13 285	8 869
	<b>1 281 280</b>	<b>1 159 264</b>

### Remuneration of chief finance officer (former CFO) - K Duba (1 July 2023 - 28 February 2024)

Annual Remuneration	694 366	1 075 970
Car allowance	141 920	240 000
Contributions to UIF, Medical and Pension Funds	12 768	13 739
Leave payout	330 068	-
Cellphone allowance	25 480	-
	<b>1 204 602</b>	<b>1 329 709</b>

### Remuneration of CFO - V Nkhata (1 April 2024 - 30 June 2024)

Annual Remuneration	183 956	-
Car allowance	82 192	-
Contributions to UIF, Medical and Pension Funds	35 847	-
Cellphone allowance	15 000	-
Other allowances	38 954	-
	<b>355 949</b>	<b>-</b>

### Remuneration of Director Development & Planning - MP Phosa

Annual Remuneration	922 074	925 768
Car allowance	449 068	360 000
Contributions to UIF, Medical and Pension Funds	14 095	12 752
Acting allowance	9 229	-
	<b>1 394 466</b>	<b>1 298 520</b>

### Remuneration of Director - Community Services - T Mtshiselwa

Annual Remuneration	1 081 886	844 066
Car allowance	280 680	268 100

# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>26. Employee related costs (continued)</b>		
Acting allowance	10 775	-
Contributions to UIF, Medical and Pension Funds	14 011	29 475
Other allowances	-	188 816
Cellphone allowance	60 000	-
	<b>1 447 352</b>	<b>1 330 457</b>
<b>Remuneration of Corporate Services -L Khoza (1 July 2023 - 31 December 2023)</b>		
Annual Remuneration	521 473	383 665
Car allowance	159 595	151 996
Leave payout	95 759	-
Contributions to UIF, Medical and Pension Funds	9 114	5 363
Acting allowance	30 232	-
Cellphone allowance	30 000	-
	<b>846 173</b>	<b>541 024</b>
<b>Remuneration of Acting Director Technical Services - Khumalo (1 Jan 2024 - 30 June 2024)</b>		
Annual Remuneration	518 917	-
Car Allowance	214 422	-
Contributions to UIF, Medical and Pension Funds	10 232	-
Other	126 967	-
	<b>870 538</b>	<b>-</b>
<b>Remuneration of technical services executive manager - SM Jiyane</b>		
Annual Remuneration	1 305 047	917 070
Car allowance	54 000	74 700
Contributions to UIF, Medical and Pension Funds	15 508	10 568
Acting allowance	26 272	-
Cellphone allowance	60 000	-
	<b>1 460 827</b>	<b>1 002 338</b>
<b>27. Remuneration of councillors</b>		
Executive Major	1 225 357	1 228 558
Deputy Executive Mayor	-	6 364
Speaker	585 602	736 231
Councillors	11 859 765	10 893 381
Other allowances	1 069 760	923 024
	<b>14 740 484</b>	<b>13 787 558</b>

### In-kind benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by the Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

The Executive Mayor has two full-time bodyguards.

# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 28. Depreciation

Property, plant and equipment	60 376 738	55 352 335
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### 29. Reversal of impairment/(Impairment loss)

#### Impairment loss

Property, plant and equipment	15 241 683	4 736 072
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Paragraph .20: GRAP 21 requires entities to assess at each reporting date whether there is any indication that an asset may be impaired or if an impairment loss previously recognized may no longer exist or may have decreased.

Paragraph .64: When there is an indication that an impairment loss recognized in prior periods may no longer exist or may have decreased, the municipality is required to estimate the recoverable service amount of that asset. If the new estimate of the recoverable service amount is higher than the carrying amount, an impairment reversal should be recognized.

For infrastructure assets, according to GRAP 26.23, an entity should evaluate if there is any indication of asset impairment, at a minimum, by considering factors like:

(g) Evidence from internal reporting that suggests an asset's economic performance is, or is likely to be, below expectations. Due to significant budget constraints, the municipality has been unable to fulfil the maintenance plan required for infrastructure assets.

This limitation has resulted in a reduced "value in use" for these assets, falling below their economic value. Consequently, these assets were re-evaluated and



#### Reversal of impairments

Property, plant and equipment	(13 754 431)	(10 881 416)
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The reversal of impairment is not due to an improvement in the asset's condition but rather due to the diminishing gap between the expected depreciation curve and the actual observed condition. GRAP 21 allows for such reversals when new calculations show that the recoverable service amount is higher than the previously impaired carrying amount.

This approach ensures that the financial statements accurately reflect the asset's current service potential and value in use, as required by GRAP.

<b>Total impairment losses (recognised) reversed</b>	<b>1 487 252</b>	<b>(6 145 344)</b>
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### 30. Other payments

Trade and other payables	167 973 525	148 308 668
Interest costs - LSA, PEMA and Landfill site	13 699 438	13 050 637
	<b>181 672 963</b>	<b>161 359 305</b>

### 31. Auditors' remuneration

Fees	9 291 823	10 111 372
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# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>32. Debt impairment and bad debts written off</b>		
Debt impairment	214 613 319	255 426 283
Bad debts written off	123 959 726	99 982
	<b>338 573 045</b>	<b>255 526 265</b>

During the financial year ending 30 June 2024, management through a Council resolution approved the write-off of outstanding debtors for registered indigent households, inactive accounts and all customers who qualified for 50/50 Rand for Rand council incentive discounts as at 31 August 2023. This resulted in the significant decrease in debt impairment expense and an increase in bad debts written off.

### 33. Inventory consumed

<b>Inventory consumed</b>		
Consumables	3 792 273	6 652 493
Materials and supplies	16 275 600	14 207 929
	<b>20 067 873</b>	<b>20 860 422</b>

### 34. General expenses

Advertising	2 720 047	3 438 950
Auditors' remuneration	9 291 823	10 111 372
Bank charges	872 948	1 034 129
Cleaning	2 431 862	2 343 074
Commission paid	9 869 582	6 333 933
Computer expenses	1 981 559	1 864 380
Debt collection	1 106 233	911 049
Entertainment	99 281	83 613
Fines and penalties	-	4 144 501
ward committees	2 475 000	1 765 500
Insurance	5 062 100	4 009 398
Conferences and seminars	500 042	313 723
IT expenses	20 106 655	12 327 650
Levies	-	1 029 845
Hiring of equipment and water tankers	13 286 251	4 880 754
Postage and courier	2 744 322	802 136
Protective clothing	2 253 870	1 872 466
Subscriptions and membership fees	3 997 972	3 752 374
Telephone and fax	1 716 212	2 888 451
Travel - local	5 383 713	4 448 032
Rewards incentives	-	600
	<b>85 899 472</b>	<b>68 355 930</b>



### 35. Bulk purchases

Electricity - Eskom	524 408 376	421 367 560
Water - DWS*	19 660 512	54 216 050
	<b>544 068 888</b>	<b>475 583 610</b>

\*The significant decrease in bulk water purchases is a result of application of the servitude by DWS at 1 April of each year, which was never reflected in prior years due to incorrect billing, and the effect of which was accounted for through accumulated surplus on restatement of creditors balance upon DWS issuing the Municipality with credit notes.

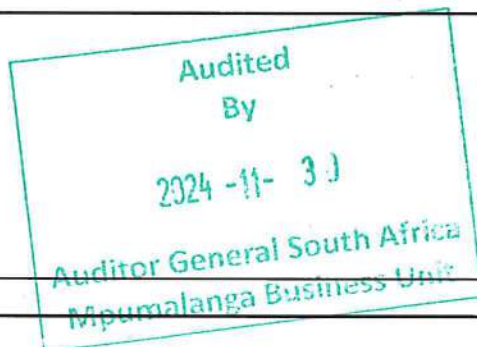
# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>35. Bulk purchases (continued)</b>		
<b>Electricity losses</b>		
Electricity Losses (kwh)	45 878 842	66 227 501
Units sold (kwh)	226 435 927	196 584 019
<b>Total units purchased from Eskom (kva)</b>	<b>272 314 769</b>	<b>262 811 520</b>
Comprising of:		
Technical losses (within MFMA Cir 71 range 7-10%)	27 231 477	6 622 750
Non-technical losses (above the MFMA Cir range of (7-10%))	18 647 365	59 604 751
<b>Total units losts (kwh)</b>	<b>45 878 842</b>	<b>66 227 501</b>
Percentage Loss:		
Distribution losses %	10 %	10 %
Non-technical losses %	7 %	15 %
<b>Total</b>	<b>17 %</b>	<b>25 %</b>
<b>Water losses</b>		
Water losses (kilos)	4 234 436	13 693 307
Units sold (kilos)	5 117 985	6 237 349
<b>Total kilolitres purchased from Department of Water &amp; Sanitation</b>	<b>9 352 421</b>	<b>19 930 656</b>
Comprising of:		
Distribution losses (kilos)	2 805 726	4 107 992
Non-technical losses (kilos)	1 428 710	9 585 315
<b>Total</b>	<b>4 234 436</b>	<b>13 693 307</b>
Percentage Loss:		
Distribution losses	30 %	30 %
Non-technical losses	15 %	39 %
<b>Total</b>	<b>45 %</b>	<b>69 %</b>
<p>In accordance with the reporting requirements of MFMA Cir 71, it is a norm that water distribution losses should be in a range of 15-30% and for electricity distribution losses should be in a range of 7-10%. Losses above the norms as per the MFMA circular were considered to be non-technical which are caused by: illegal connections, theft, faults, billing errors etc.</p> <p>Attempts are currently being made to reduce these non-technical errors.</p> <p>Non-revenue water i.e. non-billed water losses are a result of non-technical factors which include: non-metering of water, theft, faults, billing errors etc.</p> <p>The problem is currently being addressed and additional smart meters are being installed and data cleansing processes to address the losses.</p>		
<b>Distribution losses (Rand value)</b>		
Electricity distribution losses	97 217 118	142 750 965
Water distribution losses	88 350 878	105 341 890
	8 866 240	37 409 075



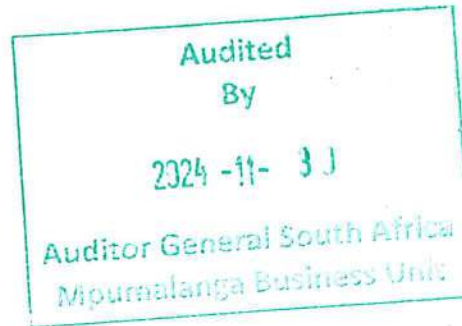
# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>36. Contracted services</b>		
<b>Outsourced Services</b>		
Burial Services	1 503	-
Fire Services	59 160	32 890
Meter Management	3 586 834	861 704
Security Services	37 842 938	36 473 973
<b>Consultants and Professional Services</b>		
Business and Advisory	13 545 029	10 479 521
Legal Cost	19 696 759	6 512 400
<b>Contractors</b>		
Employee Wellness	98 532	33 260
Maintenance of Buildings and Facilities	4 135 201	462 909
Maintenance of Equipment	39 515 906	31 531 149
Maintenance of Unspecified Assets	3 384 544	23 696
Medical Services	177 647	246 359
Sewerage Services	-	464
	<b>122 044 053</b>	<b>86 658 325</b>
<b>37. Cash generated from operations</b>		
Surplus (deficit)	68 898 686	(346 668 639)
<b>Adjustments for:</b>		
Depreciation and amortisation	60 376 738	55 352 335
Gain on sale of assets and liabilities	3 121 954	216 582
Fair value adjustments	702 686	(5 277 247)
Impairment loss (reversal)	1 487 252	(6 145 344)
Debt impairment	214 613 319	255 426 283
Bad debts written off	123 959 726	99 982
Movements in retirement benefit assets and liabilities	5 246 603	7 017 000
Movements in provisions	10 056 866	3 024 670
Transfers and subsidies	(1 156 470)	(732 848)
Public donations and contributions	(245 423 591)	(78 511 729)
Debt relief and incentives	(211 869 657)	-
<b>Changes in working capital:</b>		
Inventories	560 189	(1 961 865)
Consumer debtors	(383 390 205)	(175 785 852)
Other receivables from non-exchange transactions	(32 328 612)	86 929 455
Payables from exchange transactions	523 550 231	299 639 031
Unspent conditional grants and receipts	3 434 731	(28 721 864)
Consumer deposits	349 929	170 210
Other liability	-	1 690 000
	<b>142 190 375</b>	<b>65 760 160</b>



# Lekwa Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 38. Commitments

#### Authorised capital expenditure

Already contracted for but not provided for  
Property, plant and equipment

- 83 333 887

#### Total capital commitments

Already contracted for but not provided for

- 83 333 887

#### Authorised capital expenditure

Already contracted for but not provided for  
Property, plant and equipment

4 661 028 81 903 695

This committed expenditure relates to plant and equipment and will be financed by available existing cash resources, funds internally generated and grants etc.

Prior period's commitments balance was restated due to incorrect calculation for periods 2019 -2020 (DTS 31), 2021 - 2022 (DTS01) and reversal of feasibility studies costs that were ultimately expensed for the establishment of regional cemeteries and as such, the comparative amount change .

#### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year

1 801 021 1 801 021

- in second to fifth year inclusive

300 170 2 101 192

2 101 191 3 902 213

Operating lease payments represent rentals payable by the municipality for leasing of office printers. No contingent rent is payable.

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### 39. Contingence assets and liabilities

The municipality is currently engaged in litigation with which could result in damages/costs being awarded against Council if claimants are successful in their actions.

The table below sets out the contingent assets and liabilities at year end with the maximum potential liability of municipality.

Type and root cause	Claimant	Case Number	2024	2023
Claim of R747 246 for services rendered on the basis of undue enrichment, services rendered for Lekwa but procured by GSDM: breach of contract and SLA.	A fri-Infra Group (Pty) Lto & Gert Sibande District.Municipality	2599/2018	(747 246)	(747 245)
Claim of R17 558 033 for services rendered and a counterclaim for cancellation of a settlement agreement: Procurement irregularities.	El Gondor Trading 137 'Ptv) Ltd	2657/2017	(17 558 033)	(17 558 033)
Claim of R215 859 667 for breach of contract SOC Ltd.	Eskom Holding SOC LTD	0126/19	(215 859 667)	(215 859 667)
Claim of R1 171 884 988 for goods supplied: Breach of contract.	Eskom Holding SOC LTD	1606/2020	(1 171 884 988)	(1 171 884 988)
Claim of R928 055 for damages caused by fire due to thenegligence of Lekwa in not doing fire breaks in the Farm owned by Lekwa; Negligence and neglect of property owned by theMunicipality.	Frans Johannes Joubert, Rise Shine SB (PTY) LTD//Avoxeni Farming CC	1536/2021	(928 055)	(928 055)
Claim of R388 310 for damages caused by fire due to thenegligence of Lekwa in not doing fire breaks in the Farm owned by Lekwa; Negligence and neglect of property owned by theMunicipality.	Frans Johannes Joubert// Blue Sands Trading 852 CC//Avoxeni Farming CC	1537/2021	(388 310)	(388 310)
Claim of R2 430 000 for balance of account for servicesrendered: Breach of contract and SLA.	Phumi Trading JV Masallo Zwane Construction	11741/2012	(2 430 000)	(2 903 684)
Claim of R10 000 000 for Criminal Litigation against Lekwarepresented by its head of administration; Contravention of NMWA (Act 59 of 2008).	State	31/9/2019	(10 000 000)	-
Claim of R82 702.52 for balance of invoice for servicesrendered: Breach of the obligations in terms of the agreement.	Iliso Consulting (Pty)Ltd	396/2022	(82 702)	(82 702)
Claim for damages arising from breach of Contract: Procurement irregularities.	Hayes Matkovich Development (Pty) Ltd	34401/12	(15 000 000)	(65 756 794)
Claim for balance of account for services rendered: Breach of contract and SLA.	Phumi Trading JV Masallo Zwane Construction	11741/2012	(2 903 784)	(2 903 784)





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## Notes to the Annual Financial Statements

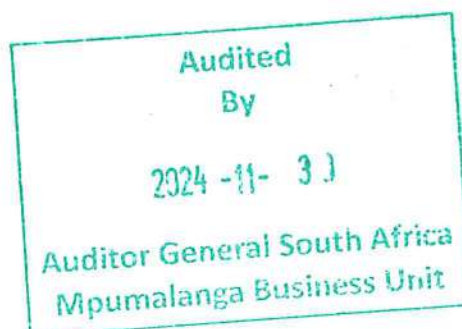
Figures in Rand			2024	2023
<b>39. Contingence assets and liabilities (continued)</b>				
The plaintiffs are claiming damages of their property situated in Cosmos Park which was destroyed by fire and Lekwa failed to extinguish the fire. Employees not properly trained to extinguish fires.	Henning Jacobus Kruger	4122/2018	(860 000)	(860 000)
Claim for loss of support and personal injuries due electrocution by electrical network: Negligence of property belonging to the Municipality	Wessel Johannes Kotze & Eskom Holdings.	671/ 2021	(19 200 000)	(19 200 000)
Claim for damages caused by fire due to the negligence of Lekwa in not doing fire breaks in the Farm owned by Lekwa; Negligence and neglect of property owned by the Municipality	Pheela Abraham Motaung & Other	47901/2012	(810 000)	(810 000)
Claim for balance of account for services rendered: Breach of contract and SLA.	Rand Water	3006/2020	(3 037 828)	(3 037 828)
Claim for balance of invoice for services rendered: Breach of the obligations in terms of the agreement.	Iliso Consulting T/A Nako Iliso (Pty)Ltd	396/2022	(90 291)	(90 291)
Application for declaratory order regarding rates tariffs: Lack of Service delivery.	Astral Operations & Meadow Feeds Ltd	1288/2022	(93 239 412)	(93 239 412)
<b>Total contingent liabilities</b>			<b>1 555 020 316</b>	<b>1 595 777 110</b>

### Contingent assets

Type and root cause	Claimant	Case Number	2024	2023
Litigation is in the process against the municipality relating to a claim of R4 312 603.43 for cancellation of the SLA by Lekwa and refund of R4 312 603- 43. Breach of contract by the service provider.	TFM Sekhatlo (Pty) Ltd & Kwane Capital (Pty) Ltd	12102/2020	4 312 603	4 312 603

### Litigation cases not been disclosed in contingent asset and liabilities

Dormant cases were assessed separately and there were no indicators of potential liability that required them to be disclosed at financial year end. The possibility of an outflow of resources embodying economic benefits or service potential is remote and as such, no reliable estimate could be made at the reporting date. These cases have not moved for a long period of time and there have been no legal costs incurred in relation to them, or the plaintiff is deceased, therefore, are assessed as dormant.



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### 40. Related parties

Relationships

Accounting Officer

Councillors and Mayoral Committee members

Members of key management

Refer to accounting officers' report note 6

Refer to general information on page 1

Refer to note 26 for detailed remuneration

### Remuneration of management

#### Remuneration of key management

2024

Name	Basic salary	Total
Municipal Manager - MJ Lamola	1 281 280	1 281 280
Chief Financial Officer - V Nkhata	355 949	355 949
Director - Development & Planning - MP Phosa	1 394 466	1 394 466
Director - Community Services - T Mtshiselwa	1 447 352	1 447 352
Corporate Services - L Khoza (1 July 2023 - 31 Decmber 2023)	846 173	846 173
Technical Services Executive Manager- SM Jiyane	1 460 827	1 460 827
	<b>6 786 047</b>	<b>6 786 047</b>

#### Remuneration of key management

	Amount
Acting Municipal Manager - MJ Lamola	1 159 265
Chief Fincial Officer - Duba KD	1 329 709
Executive Manager - Planning & Development (effective 1 October 2019)	1 298 520
Acting Municipal Manager	11 919
Acting Executive Manager Corporate Services (11 August 2021 - 13 January 2022) - Tsotetsi LD	870 538
Acting Manager Corporate Services - Jiyane SM	1 002 338
Municipal Manager - MJ Lamola	1 159 265
Acting Executive Manager Technical - Kwangwa E(21 June - 30 November 2021)	29 497
Executive Manager Community Services - Mtshiselwa	1 330 457
Executive Manager Corporate Services	541 024
	<b>8 732 532</b>

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## Notes to the Annual Financial Statements

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### 40. Related parties (continued)

#### Remuneration of Mayoral committee and councillors

2024

Name	Basic salary	Car Allowance	Cellphone allowance	Contributions to medical & Pension funds	Other benefits received	Total
Executive Mayor Cllr. DL Thabethe	886 043	-	45 600	72 071	16 279	1 019 994
Speaker Cllr S Majozi	490 200	188 846	45 600	55 273	14 000	793 919
Chief Whip Cllr D Msibi	498 708	185 667	45 600	55 700	14 055	799 730
MMC Corporate services Cllr P Mahlaba	481 675	185 667	45 600	54 319	13 899	781 160
MMC Community services Cllr S Modise	481 675	185 667	45 600	54 319	13 899	781 160
Cllr T Sebilwane	481 675	185 667	45 600	54 319	13 899	781 160
	<b>3 319 976</b>	<b>931 514</b>	<b>273 600</b>	<b>346 001</b>	<b>86 031</b>	<b>4 957 123</b>

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### 40. Related parties (continued)

2023

Name	Basic salary	Car allowance	Cellphone allowance	Contributions to medical & Pension funds	Other benefits received	Total
Executive Mayor Cllr. DL Thabethe	866 157	-	41 100	68 379	8 379	984 015
Speaker Cllr O Phiri	509 962	182 345	41 100	57 528	6 443	797 378
Chief Whip Cllr DJ Msibi	474 693	171 000	41 100	57 664	6 069	750 526
MMC Planning & Economic Cllr JT Sebilwane	478 426	171 000	41 100	51 300	6 043	747 869
MMC Technical Services Cllr SA Majazi	478 426	171 000	41 100	51 300	6 043	747 869
MMC Corporate services Cllr PC Mahlaba	477 826	171 000	41 100	51 300	6 036	747 262
MMC Community Services Cllr SM Modise	477 826	171 000	41 100	51 300	6 036	747 262
	<b>3 763 316</b>	<b>1 037 345</b>	<b>287 700</b>	<b>388 771</b>	<b>45 049</b>	<b>5 522 181</b>

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### 40. Related parties (continued)

#### Remuneration of councillors

2024

Name	Basic Salary	Car allowance	Cellphone allowance	Contributions to medical and pension funds	Other Benefits received	Total
Cllr P Bekker	216 905	81 547	38 432	20 622	6 396	363 902
Cllr C Franco	305 778	113 825	45 600	34 147	11 767	511 117
Cllr S Maboea	210 967	78 375	45 600	23 512	10 642	369 096
Cllr P Mahlaba	481 675	185 667	45 600	54 319	13 899	781 160
Cllr S Majosi	490 201	188 846	45 600	55 273	14 000	793 920
Cllr D Manana	288 880	-	45 600	23 512	10 794	368 786
Cllr L Marago	288 880	-	45 600	23 512	10 794	368 786
Cllr S Masondo	210 505	78 375	45 600	23 512	10 637	368 629
Cllr M Mngomezulu	288 880	-	45 600	23 512	10 794	368 786
Cllr S Modise	481 675	185 667	45 600	54 319	13 899	781 160
Cllr M Molaba	288 880	-	45 600	23 512	10 794	368 786
Cllr T Motaung	288 880	-	45 600	23 512	10 794	368 786
Cllr M Motloung	288 880	-	45 600	23 512	10 794	368 786
Cllr D Msibi	498 708	185 667	45 600	55 700	14 055	799 730
Cllr M Mthimkhulu	288 880	-	45 600	23 512	10 794	368 786
Cllr S Ngqulungo	288 880	-	45 600	23 512	10 794	368 786
Cllr S Ngwenya	288 880	-	45 600	23 512	10 794	368 786
Cllr N Nhlapho	288 536	-	45 600	23 857	10 786	368 779
Cllr J Nkuta	288 880	-	45 600	23 512	10 794	368 786
Cllr O Phiri	377 191	150 344	34 800	71 043	11 855	645 233
Cllr P Radebe	210 505	78 375	56 400	23 512	10 745	379 537
Cllr J Sebiloane	481 675	185 667	45 600	54 319	13 899	781 160
Cllr N Selepe	79 176	-	13 200	6 931	2 028	101 335
Cllr S Silosini	439 350	163 635	45 600	49 091	13 352	711 028
Cllr J Stoltz	24 789	7 441	4 168	3 642	313	40 353
Cllr D Thabethe	886 043	-	45 600	72 071	16 279	1 019 993
Cllr N Tlhakudi	29 325	10 554	4 606	2 337	400	47 222
Cllr S Tshabalala	210 505	78 375	45 600	23 512	10 637	368 629
Cllr R Tsotetsi	222 203	100 581	45 600	78 119	11 344	457 847
Cllr D Venter	210 505	78 375	45 600	23 512	10 637	368 629
Cllr G Xulu	270 148	100 581	45 600	30 174	11 344	457 847
	<b>9 515 165</b>	<b>2 051 897</b>	<b>1 291 606</b>	<b>1 018 644</b>	<b>326 854</b>	<b>14 204 166</b>

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### 40. Related parties (continued)

2023

Name	Basic Salary	Car allowance	Cellphone allowance	Contributions to medical and pension funds	Other Benefits and received	Housing allowance	Total
Cllr MR Motloung	270 289	-	41 400	21 640	2 897	-	336 226
Cllr SW Masondo	198 157	72 132	41 100	21 640	2 750	-	335 779
Cllr CAO Franco	255 301	92 569	41 100	27 771	3 423	-	420 164
Cllr DJ Msibi	474 693	171 000	41 100	57 664	6 069	-	750 526
Cllr DJ Venter	199 219	72 132	41 100	21 640	2 761	-	336 852
Cllr DL Thabethe	866 157	-	41 100	68 379	8 379	-	984 015
Cllr DR Manana	270 289	-	41 100	21 640	2 894	-	335 923
Cllr GJ Xulu	208 623	74 266	41 100	22 672	2 861	-	349 522
Cllr JC Stoltz	246 810	89 352	41 100	26 739	3 322	-	407 323
Cllr JD Nkuta	270 289	-	41 100	21 640	2 894	-	335 923
Cllr JT Sebiloeane	478 426	171 000	41 100	51 300	6 043	-	747 869
Cllr LM Marago	270 289	-	41 100	21 640	2 894	-	335 923
Cllr MS Mngomezulu	270 289	-	41 100	21 640	2 894	-	335 923
Cllr O Phiri	509 962	182 345	41 100	57 528	6 443	-	797 378
Cllr PM Radebe	199 218	72 132	41 100	21 640	2 761	-	336 851
Cllr RS Tsotetsi	226 117	92 569	41 100	57 557	3 428	-	420 771
Cllr SA Maboea	119 218	72 132	41 100	21 640	2 760	-	256 850
Cllr SA Majoji	478 426	171 000	41 100	51 300	6 043	-	747 869
Cllr SA Tshabalala	198 158	72 132	41 100	21 640	2 750	-	335 780
Cllr SB Ngqulunga	270 289	-	41 100	21 640	2 894	-	335 923
Cllr SP Ngwenya	270 289	-	41 100	21 640	2 894	-	335 923
Cllr TC Mofaung	270 289	-	41 100	21 640	2 894	-	335 923
Cllr APM Mthimkhulu	270 289	-	41 100	21 640	2 894	-	335 923
Cllr ML Molaba	270 289	-	41 100	21 640	2 894	-	335 923
Cllr NC Nhlapho	272 407	-	41 100	21 321	2 919	-	337 747
Cllr NS Tlhakudi	255 788	92 569	41 100	27 771	3 428	-	420 656
Cllr PC Mahlaba	477 826	171 000	41 100	51 300	6 037	-	747 263
Cllr SA Silosini	357 653	122 757	41 100	37 031	4 595	-	563 136
Cllr SM Modise	477 826	171 000	41 100	51 300	6 037	-	747 263

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40. Related parties (continued)									
Cllr W Venter	254 426	-	41 400	27 771	3 602	92 569	419 768		
	9 457 301	1 962 087	1 233 600	962 004	115 354	92 569	13 822 915		

### Bids awarded to family of employees in service of the state

Service provider	Institution & Service type	Connected person	Capacity	Total
MPPM Consulting Engineering	City of Ekurhuleni & Systems development and support	Mrs M Senyatsi	Divisional Head	43 925 377

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### 41. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

#### Statement of financial position

##### 2022

	Refer- ence	As previously reported	Correction of error	Restated
Accumulated surplus	1	300 760 686	82 168 378	382 929 064

##### 2023

	Refer- ence	As previously reported	Correction of error	Re- classification	Restated
Payables from exchange transactions	2	(2 461 753 667)	(359 102 247)	-	(2 820 855 914)
Consumer deposits	3	(3 439 141)	100 892	-	(3 338 249)
Receivables from exchange transactions	3	91 520 051	(42 458 498)	-	49 061 553
Receivables from non-exchange transactions	4	70 143 455	(60 112 068)	(10 031 387)	-
VAT	4	91 713 428	95 282	(91 808 710)	-
Property, plant and equipment	5-18	1 372 443 241	378 409 335	-	1 750 852 576
Finance lease obligations	5-18	(3 200 210)	3 200 210	-	-
Investment Property	24	269 669 303	13 357 764	-	283 027 067
Statutory receivables	4	-	-	101 840 097	101 840 097
Accumulated surplus	1	663 043 222	66 509 315	-	729 552 537
		<b>90 139 682</b>	<b>(15)</b>	<b>-</b>	<b>90 139 667</b>

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### 41. Prior-year adjustments (continued)

#### Statement of financial performance

2023

	Refer- ence	As previously reported	Correction of error	Re- classification	Restated
Revenue- Service charges		494 599 652	(325 507)	-	494 274 145
Interest received on trade and other receivables	3	72 041 982	(3 113 911)	-	68 928 071
Property rates	4	152 872 339	(24 247 789)	-	128 624 550
Depreciation	21	(50 009 302)	(6 289 605)	-	(56 298 907)
Impairment Reversal/(impairment loss)	18	34 308 252	(27 216 337)	-	7 091 915
Operating leases on rentals	5-18	-	(2 074 055)	-	(2 074 055)
General expenses	20	(69 959 859)	871 081	732 848	(68 355 930)
Employee costs	21	(271 674 965)	(37 208)	-	(271 712 173)
Transfers and subsidies	21	-	-	(732 848)	(732 848)
Public Contributions and donations	23	1 740 500	76 771 229	-	78 511 729
Finance costs	5-18	(162 577 526)	1 218 221	-	(161 359 305)
Loss on disposal of assets and liabilities	23	(25 293)	(191 289)	-	(216 582)
Fair value adjustments	23	5 028 181	249 066	-	5 277 247
<b>Surplus for the year</b>		<b>206 343 961</b>	<b>15 613 896</b>	<b>-</b>	<b>221 957 857</b>

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### 41. Prior-year adjustments (continued)

#### Prior period errors

The following prior period errors adjustments occurred:

#### 1: Accumulated surplus/deficit

The effect of prior year error adjustments passed in the current financial year had an impact on the accumulated surplus opening balance and the net effect of corrections on the statement of financial performance, R15 613 897 and statement of financial position R66 509 315.

#### 2: Payables from exchange transactions

#### Issue 1 - Leave provision

During the period ended 30 June 2024, management noted that the Leave days accrual balance that was understated with differences between the calculation supporting schedule and trial balance as at 30 June 2023 by an amount of R1 101 467. The effect of the error resulted in opening balances being restated as summarised below. There was no effect on the 30 June 2024 financial statements.

Leave provision	Previously reported	Adjustment	Restated
Prior period adjustment	22 809 145	1 101 467	23 910 612

#### Issue 2 - Adjustments for incorrect billings by Department of Water and Sanitation

The department of water and sanitation issued approved the credit notes amounting to R416 831 539 which related amounts that were incorrectly invoiced to the Lekwa Municipality due to long outstanding disputes.

#### Issue 3 -Reconciliation differences between Department of Water and Sanitation and the Municipality

Adjustments for differences of R234 352 223.04 between Account statement issued by the Department of Water and Sanitation which had a balance owing of R941 954 843.16 ( Before the correction of R416 831 539 error above) in comparison with the amounts owing of R707 602 620.12 that was recorded based on the Records .

#### Issue 4 - Understatement of Trade payables

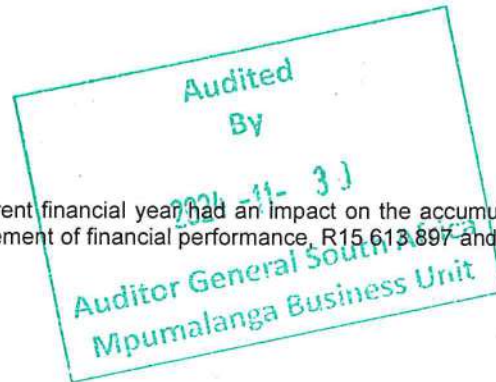
Adjustment for the differences of R512 947 743.37 that was due to differences between the general ledger and the sub-ledger which resulted in the understatement of payables .

#### Issue 5 -Understatement of Salaries accruals

Adjustment for the difference of R25 802 256 that was due to differences between the general ledger and the supporting schedules that resulted in the understatement of liabilities.

#### Issue 6 - Other adjustments to trade payables

Adjustments for various insignificant liabilities that were unrecorded during the 2023 financial year.



# Lekwa Local Municipality

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### 41. Prior-year adjustments (continued)

#### 3: Receivables from exchange transactions and Revenue from exchange transactions (Service charges & Interest received on trade and other receivables)

During the period ended 30 June 2024, the municipality noted that water accounts on of the municipality's major customer was incorrectly billed resulting from incorrect tariffs that were applied from the 2016 financial year up to the 2023 financial year and amounting to R42 458 501. During the 2016 budget year the Municipal council approved a tariff increase of 8%, however the tariff increase that was applied to the industrial rates amounted to an effective increase of 68%.

Revenue from exchange transaction - Service charges and interest for 2023 financial year was reduced by R325 507 and R3 113 911 respectively to account incorrect billing that related to the comparative period and the balance of R39 019 083 was adjusted against accumulated surplus financial years preceding 2022.

#### 4: Statutory Receivables , Revenue from non-exchange

During the year ended 30 June 2024, the municipality noted:

##### Issue 1 - Property rates

An error in billing commercial and business consumers and as a result a correction was made on municipal rates accounts on of the municipality's business and commercial consumers who were billed based on incorrect tariffs from the 2021 financial year up to the 2023 financial year and amounting to R61 827 852. Incorrect municipall rates tariffs were applied incorrectly from the 2021 financial year up to the 2023 financial year.

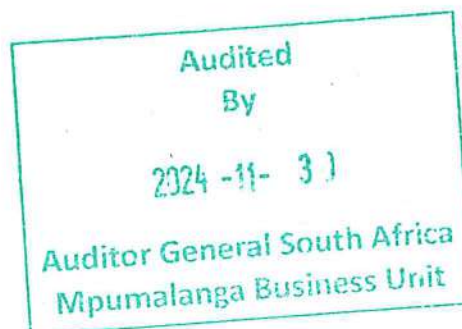
Revenue from non-exchange transaction - Property rates for 2023 financial year was reduced by R24 247 789 to account incorrect billing that related to the comparative period and the balance of R37 580 054 was adjusted against accumulated surplus financial years preceding 2022.

##### Issue 2 - Traffic fines

Certain traffic fines issued in the previous year amounting to R1 715 785, outstanding as at 30 June 2023 were not accounted for in the correct financial year and as a result, the opening balance for 2024 financial year was restated to reflect the correct debtors balance.

##### Issue 3 - VAT Payable/Receivable

The VAT receivable balance as previously reported was adjusted by R95 282 for various prior period error adjustments that required to be adjusted for VAT input and output accruals during the 2022 financial year.



# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 41. Prior-year adjustments (continued)

#### Property, plant and equipment

##### 5: Property, plant and equipment - Finance Lease

During the year ended 30 June 2024, management noted that an arrangement with a service provider for leasing of office printers was incorrectly accounted for as a finance lease. An operating lease was recognised and a correction of R265 712 was made to reverse the VAT accrual that was raised when capitalising finance lease assets and recognising finance lease liability. Property, plant and equipment amounting to R2 956 474 excluding VAT in the previous financial year ending 30 June 2023 was therefore reclassified from a finance lease to an operating lease and the finance lease liability of R3 200 210 including VAT was subsequently derecognised.

##### 6: Finance lease obligations

A correction on the balance of finance leases amounting to R3 200 210 including VAT in the previous financial year for the acquisition of printers that were incorrectly classified as a finance lease.

##### 7: Property, plant and equipment - Buildings

Management derecognized infrastructure assets that belonged to the Correctional Services from the fixed asset register as they were not the property of the municipality. Management also revisited the expected useful lives and methodology in which depreciation and impairment were calculated. This resulted in a total restatement of R 14 260 385.

##### 8: Property, plant and equipment - Plant and Machinery

Management reassessed the expected useful lives and methodology in which depreciation and impairment was calculated. This resulted in a total restatement of R 249 220.

##### 9: Property, plant and equipment - Furniture and Fixtures

Management revisited the expected useful lives and methodology in which depreciation and impairment was calculated. This resulted in a total restatement of R 148 859.

##### 10: Property, plant and equipment - Motor Vehicles

Accounting for fleet vehicles that were purchased at the end of 2023 financial year, the disposal of a vehicle due to write off. Management revisited the expected useful lives and methodology in which depreciation and impairment was calculated. This resulted in a total restatement of R 3 545 687.

##### 11 - Property, plant and equipment - IT Equipment

Management accounted for an asset that was acquired in the 2023 financial year but only paid after yearend. Management revisited the expected useful lives and methodology in which depreciation and impairment was calculated. This resulted in a total restatement of R 2 516 552.

##### 12: Property, plant and equipment - Roads Network

Management revisited the expected useful lives and methodology in which depreciation and impairment was calculated. Management also accounted for the roads that were donated by SANRAL to the municipality in the past. This resulted in a total restatement of R 198 082 027.

##### 13: Property, plant and equipment - Community

Management revisited the expected useful lives and methodology in which depreciation and impairment was calculated. This resulted in a total restatement of R 10 359 912.

##### 14: Property, plant and equipment - Electricity Network

# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 41. Prior-year adjustments (continued)

Management revisited the expected useful lives and methodology in which depreciation and impairment was calculated as well as the recognition of assets acquired at the end of the 2023 financial year and only paid for and accounted for in the 2024 financial year. This resulted in a total restatement of R 36 205 282.

#### 15: Property, plant and equipment - Landfill Site Asset

Prior period recognition of iGRAP 2 and GRAP 17 in terms of application of depreciation of Landfill Site Asset. Previously depreciation was calculated on cost over useful life and subsequently changed to comply with iGRAP 2 and GRAP 17 on Carrying Value over useful life. This resulted in a total restatement of R 7 759 696.

#### 16: Property, plant and equipment - Waste Water Network

Management revisited the expected useful lives and methodology in which depreciation and impairment was calculated as well as accounting for capital projects that were implemented by the district and handed over to the municipality. This resulted in a total restatement of R 80 145 980.

#### 17: Property, plant and equipment - Water Network

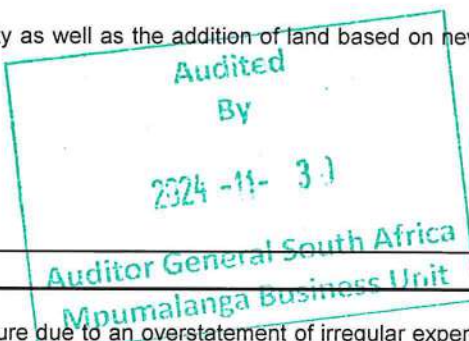
Management revisited the expected useful lives and methodology in which depreciation and impairment. This resulted in a total restatement of R 31 721 035.

#### 18: Property, plant and equipment - Land

Management reclassified land to investment property as well as the addition of land based on newly acquired deeds data. This resulted in a total restatement of R 1 552 196.

#### 19: Irregular expenditure

Opening balance	- 618 811 457
Adjustment	- (34 824 207)
<b>Restated opening balance</b>	<b>- 583 987 250</b>



Adjustment of opening balance of irregular expenditure due to an overstatement of irregular expenditure -R34 824 207 - made to a Multi-year contract in the 30 June 2021 financial statements. It was previously reported that expenditure incurred on the multi-year contract was R61 million but the actual expenditure was R26 million.

#### 20: Capital Commitments

Opening balance	- 83 333 887
Adjustments	- (1 430 192)
<b>Restated opening balance</b>	<b>- 81 903 695</b>

Prior period's commitments balance was restated due to incorrect calculation for periods 2019 -2020 (DTS 31), 2021 - 2022 (DTS01) and reversal of feasibility studies costs that were ultimately expensed for the establishment of regional cemeteries and as such, the comparative amount change.

#### 21: Depreciation

Adjustment made to depreciation amounting to R 5 343 033 is due to various corrections made within the Property, plant and equipment balance from the respective errors corrected on carrying values.

# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 41. Prior-year adjustments (continued)

#### 22: General expenses, Transfers and Subsidies and Employee costs

An adjustment made to general expenses and, transfers and subsidies of R732 848 is due to an MSCOA account for Transfers and subsidies that was incorrectly mapped general expenses on the prior year financial statements.

An adjustment made to general expenses R871 081 relates to various corrections relating to asset projects that were incorrectly expensed.

An adjustment made to employee cost of R37 208 relates to transactions that were omitted by error during the the preparation of financial statements.

#### 23: Public Contributions and donations

An adjustment made to public contributions and donation relates to property, plant and equipment adjustments for assets and projects that were not completely accounted for in the asset register amounting to R76 771 229 during the 2023 financial year.

#### 24: Fair value adjustments

An adjustment made to fair value adjustment relates to property, plant and equipment and investment property adjustments for assets and projects that were not completely accounted for in the asset register amounting to R249 066.

#### 25: Loss on disposal of assets and liabilities

A correction was made to a loss on disposal of assets and liabilities relates to property, plant and equipment for assets that were disposed amounting to R191 289 during the 2023 financial year.

The effect of correction of all the above prior period errors is summarised below:

Statement of financial position	As previously reported	Correction of error	Restated
Property, plant and equipment	372 443 241	378 409 335	750 852 576
Statement of financial performance	As previously reported	Correction of error	Restated
Depreciation	(50 009 303)	(6 289 605)	(56 298 908)
Impairment loss	(6 178 742)	(3 789 497)	(9 968 239)
Impairment reversal	40 486 994	(23 426 840)	17 060 154
	<b>(15 701 051)</b>	<b>(33 505 942)</b>	<b>(49 206 993)</b>

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2024-11-30  
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# Lekwa Local Municipality

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### 42. Risk management

#### Financial risk management

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### Categories of financial assets (Gross balances)

Receivables from exchange transactions	1 633 616 163	1 341 535 036
Other financial assets	34 661 621	32 042 581
Cash and cash equivalents	14 998 240	9 857 650
	<b>1 683 276 024</b>	<b>1 383 435 267</b>

#### Categories of financial liabilities

Trade payables from exchange transactions	(3 011 656 669)	(2 647 479 234)
Consumer deposits	(3 688 178)	(3 338 249)
Retentions	(15 161 954)	(12 228 350)
Unallocated deposits	(13 267 196)	(14 901 600)
	<b>(3 043 773 997)</b>	<b>(2 677 947 433)</b>

The following amounts were recognised in the statement of financial performance

#### Financial assets

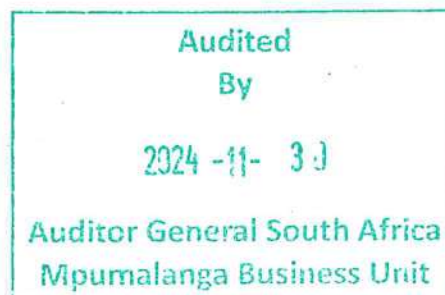
Debt impairment loss	(207 807 819)	(255 426 283)
Bad debts written off	(123 959 726)	(99 982)
	<b>(331 767 545)</b>	<b>(255 526 265)</b>

The following amounts were recognised in the statement of financial performance

#### Financial liabilities

Interest expense on trade payables and other payables	(167 973 525)	(148 308 668)
Foreign exchange gains on settlement of trade and other payables - unrealised	46 661	-
	<b>(167 926 864)</b>	<b>(148 308 668)</b>

The carrying amounts of financial instruments recognised in the statement of financial position, approximate their fair values.



# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

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### 42. Risk management (continued)

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

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

#### Financial liabilities

Trade payables from exchange transactions	(3 011 656 669)	(2 647 479 234)
Retentions	(15 161 954)	(12 228 350)
Unallocated deposits	(13 267 196)	(14 901 600)
Consumer deposits	(3 688 178)	(3 338 249)
	<b>(3 043 773 997)</b>	<b>(2 677 947 433)</b>

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one 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:

Financial instrument		
Other financial assets	34 661 621	32 042 581
Trade and other receivables from exchange transactions	262 403 371	91 520 051
Cash and cash equivalents	14 998 240	9 853 656

The carrying amount of assets included on the balance sheet represents the maximum counterparty credit default exposure. At the end of the reporting period management did not consider there to be any material counterparty default risk exposures that is not already covered by an expected impairment loss.

#### Ageing of receivables from exchange transactions

Refer to note 14 - Receivables from exchange transactions and note 15 - Statutory receivables for the municipality's analysis of financial assets into relevant maturity groupings based on the age analysis at reporting date.



# Lekwa Local Municipality

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### 43. Budget differences

The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2023 to 30 June 2024. The budget and accounting bases are the same.

Material differences between budget and actual amounts greater than 10% based on Table A1 of the budget schedules in accordance with the Municipal Budget Reporting regulations No. 32141.

#### Statement of Financial Performance:

The persistent cash flow constraints necessitated the development of the Financial Recovery Plan (FRP) with the assistance of National Treasury. A number of strategies and plans are being implemented to turnaround the financial health position of the municipality. Revenue enhancement initiatives have been implemented to maximise on revenue collection as well as cost containment plans to maximise on profits and cashflows.

#### 1. Service charges

The municipality identified certain accounts that were not billed basic charges during the financial year and the billings were subsequently corrected. This was after the approval of the budget and the adjustments thereof.

#### 2. Interest received from receivables from exchange transactions

The municipality identified certain accounts that were not billed basic charges during the financial year and the billings were subsequently corrected. This resulted in correction of interest earned on the outstanding debtors balance and was after the approval of the budget and the adjustments thereof.

#### 3. Interest earned from bank and other financial assets

The variance is mainly attributed to the recognition and accrual of interest received from favorable balances on the bank accounts and from Eskom account deposits.

#### 4. Property rates

During the year ended 30 June 2024, management noted an error in billing commercial and business consumers and as a result a correction was made on municipal rates accounts on the municipality's business and commercial consumers were billed based on incorrect tariffs from the 2021 financial year up to the 2023 financial year. Incorrect municipal rates tariffs were applied.

#### 5. Government grants and subsidies

In the 2023-24 financial year an additional grant was received by the municipality, namely Municipal Disaster Recovery Grant.

#### 6. Personnel costs

The variance is mainly attributable to a number of employees who had resigned and others deceased during the financial year.

#### 7. Depreciation, amortisation and impairment

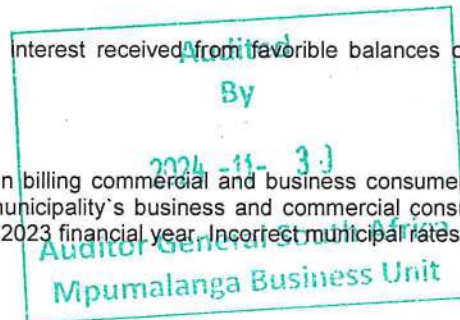
The variance is primarily attributable to the write-offs of assets during the year due to the disposal of assets and impairment losses.

#### 8. Finance costs

The variance is mainly attributable to the municipality making late or no payments on accounts due to its major suppliers including; SARS, Eskom and DWS which resulted in increased late payment penalties and interest being charged.

#### 9. Debt impairment and bad debts written off

During the financial year ending 30 June 2024, management through a Council resolution approved the write-off of outstanding



# Lekwa 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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debtors for registered indigent households, inactive accounts and all customers who qualified for 50/50 Rand for Rand council incentive discounts as at 31 August 2023. This resulted in the significant decrease in debt impairment expense and an increase in bad debts written off.

### 10. Inventory consumed

The municipal water and electrical infrastructure wear and tear being significant resulted in high demand and frequency to utilise available stock and consumables to repair and maintain the infrastructure.

### 11. Bulk purchases

The variance in bulk purchases is mainly attributable to increased demand in water and electricity and increased winter tariffs.

### 12. Contracted Services

The municipality took strategic steps to reduce the scope of contracted services mainly electrical services maintenance services provider.

### 13. Transfers and subsidies

The variance resulted from the expensed components of capital projects that did not qualify for capitalisation. This expenditure includes, but is not limited to, housing connections, infrastructure development, repairs and maintenance.

### 14. General expenses

The variance on general expenses is mainly due to the increases repairs and maintenance on the old infrastructure assets.

### 15. Debt Relief and Incentives

The municipality applied for the Municipal Debt relief (Eskom) under MFMA Circular No. 124 issued on 31 March 2023 to write off all all debt (including penalties and interest but excluding the March current account at 31 March 2023) which resulted in interest due being written off of R136 535 833. In addition, the provincial Department of Transport wrote off a debt of R75 333 825 owing by the municipality as irrecoverable debt in the benefit of the municipality.

### 16. Public contributions and donations

The variance is primarily attributable to the recognition of projects received from SANRAL and Gerit Sibande District.

### 17. Impairment loss/reversal of impairments

The variance is due to reversal of impairment on assets based on the reassessment performed during the current financial year.

### 18. Loss on disposal of assets and liabilities

The variance is due to losses incurred on the disposal of assets during the current financial year, auction.

### 19. Interest, Dividends and Rent on Land

During the year ended 30 June 2024, management noted an error in billing commercial and business consumers and as a result a correction was made on municipal rates accounts on the municipality's business and commercial consumers were billed based on incorrect tariffs from the 2021 financial year up to the 2023 financial year. Incorrect municipal rates tariffs were applied. This resulted in interest adjustment.

### 20. Actuarial gains/(loss)

The variance is due to unrealised gains arising from the actuarial valuation of post employment benefit liabilities which is performed annually at each reporting date..

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# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 44. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R68 898 686 and that the municipality's total liabilities exceed its assets by R660 699 027. The current year accumulated surplus was a result of write-offs from the Department of Transport and Eskom Debt relief. Refer to note 17 for details.

The financial statements of Lekwa Local municipality for the year ended 30 June 2024 have been prepared on a going concern basis. This basis presumes that the municipality will continue in operational existence for the foreseeable future and that it is able to meet its obligations as they fall due.

As of 30 June 2024, the municipality's current liabilities exceed its current assets, and the municipality has reported a deficit budget for the fiscal year. These factors indicate a substantial financial strain on the municipality's operations.

#### Recovery and Improvement Plans

In response to the financial distress, the municipality has approved a deficit budget accompanied by a comprehensive Budget Funding Plan aimed at improving revenue streams and overall financial performance. This plan includes specific measures designed to enhance revenue generation and fiscal management.

Furthermore, the municipality is actively implementing a Financial Recovery Plan. The objectives of this plan include;

**Debt Management:** Reviewing and reorganizing current debt and setting up repayment plans where possible.

**Improving Internal Controls:** Strengthening procedures to make operations more efficient and prevent financial mismanagement.

**Cost Savings:** Finding and applying ways to cut costs and manage expenses better.

**Increasing Revenue:** Creating strategies to boost income, including exploring new sources of revenue.

**Managing Cash Flow:** Effectively handling the municipality's cash flow to ensure financial stability.

The management of Lekwa Local Municipality has evaluated the municipality's ability to continue operating as a going concern. This evaluation considers the ongoing financial recovery initiatives, including the Budget Funding Plan, Financial Recovery Plan, Eskom Debt Relief, and the Debt Relief Grant for smart metering. Based on this assessment, the municipality is confident in its capacity to remain operational and fulfil its financial obligations in the foreseeable future.

While there are significant challenges and uncertainties, the ongoing recovery efforts and strategic plans are expected to address the financial difficulties faced by the municipality. Management remains confident that these measures will improve the municipality's financial position and operational stability.

### 45. Events after the reporting date

On the 30th of August 2024, the Council approved the Municipal Public Accounts Committee (MPAC) report, which included the write-off of unauthorised expenditure as well as fruitless and wasteful expenditure. The Council also approved the write-off of inactive accounts and adjustments to own billing for accounts opened in the name of the municipality. Additionally, amendments were made to several key policies, including the Credit and Debt Collection Policy, Bad Debt Policy, and Asset Management Policy.

On the 31st of October 2024, a motion of no confidence was passed against the then Executive Mayor and the Speaker, Councillor D Thabethe and Councillor S Majozi respectively. On a special council meeting seated on the 5th of November 2024 Councillor S Mngomezulu and Councillor D Msibi were elected as an Executive Mayor and the Speaker of the council, respectively.

On the 14th of November 2024, the newly elected Executive Mayor Councillor S Mngomezulu announced mayoral committee as follows:

Corporate Services	Cllr. P Mahlaba
Planning and Economic Development	Cllr. S Masondo
Technical Services	Cllr. L Marago
Community Services and Safety	Cllr. M Molaba
Budget and Treasury	Cllr. T Motaung

# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>46. Unauthorised expenditure</b>		
Opening balance as previously reported	409 415 153	1 506 232 588
Add: Unauthorised expenditure - current	354 021 749	242 994 147
Less: Amount authorised - prior period	(409 415 153)	(1 339 811 582)
<b>Closing balance</b>	<b>354 021 749</b>	<b>409 415 153</b>

Unauthorised expenditure relates to over-expenditure on certain votes due to unfunded budget.

MPAC has concluded the investigation of unauthorised expenditure for the period July 2021 to June 2024 financial years. A recommendation to write off unauthorised expenditure was submitted to council on 30 August 2024, and certified, authorised and wrote-off the historical unauthorised expenditures incurred from July 2021 - June 2024 financial years amounting to R409 415 153.

MPAC has made recommendations on 30 August 2024 to continue with the investigation of unauthorised expenditures for the period July 2021 - June 2024 and a Council resolution was passed on the same date.

### Recoverability of unauthorised expenditure

During the financial year, The Department of Water and Sanitation (DWS) issued a credit note as reflected on the statement of account as at 31 August 2023 to the Municipality for an amount of R416 831 539. The account of the Municipality with DWS had been in dispute for a number of financial years.

### 47. Fruitless and wasteful expenditure

Opening balance as previously reported	414 275 020	718 971 529
Add: Fruitless and wasteful expenditure identified on overdue accounts	183 517 684	151 914 693
Add: Penalties on late payments (SARS)	6 406 246	5 313 312
Less: Amount written off by Eskom relating to prior period	(136 535 833)	-
Less: Amount written off - current	-	(461 924 514)
Less: Prior period amount written off in the current year	(446 789 457)	-
<b>Closing balance</b>	<b>20 873 660</b>	<b>414 275 020</b>

Fruitless and wasteful expenditure relates to interest charged on long overdue accounts and penalties charged on the late payment due to the Municipality having cashflow constraints.

MPAC has concluded the investigation of fruitless and wasteful expenditure for the period July 2021 to June 2024 financial years. A recommendation to write off fruitless and wasteful expenditure was submitted to council on 30 August 2024, and certified, authorised and wrote-off the historical fruitless and wasteful expenditures incurred from July 2021 - June 2024 financial years amounting to R446 789 457.

### Amount recovered

The Municipality applied for the Municipal Debt relief (Eskom) under MFMA Circular No. 124 issued on 31 March 2023 to write off all debt (including penalties and interest but excluding the March current account at 31 March 2023) and as at 31 March 2024 over 36 months. The Municipality application for the debt relief was approved on 1 December 2023 subject to the Municipality complying with all the terms and conditions of municipal Debt relief for municipalities as contained in MFMA Circular No.124 for a consecutive period of three municipal financial years.

As a result of the process, Eskom wrote off an interest amount of R136 535 833. The interest written-off by Eskom was covering period commencing from 31 March 2023 up to the date of approval of Municipality's application to participate in the programme.

Eskom - Interest written-off	136 535 819	-
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# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

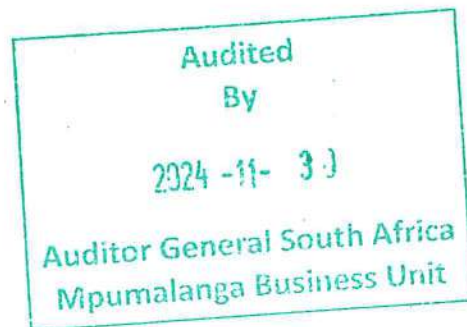
Figures in Rand	2024	2023
<b>47. Fruitless and wasteful expenditure (continued)</b>		
<b>Disciplinary steps taken/criminal proceedings</b>		
No disciplinary action or steps were taken or criminal proceedings.		
<b>48. Irregular expenditure</b>		
Opening balance as previously reported	143 635 223	618 811 457
add: Prior period error 2021/22 identified in current year	-	34 824 207
Restated opening balance 2022/23	-	583 987 250
Add: Irregular expenditure (non-compliance)	2 750 346	4 527 729
Add: Irregular expenditure - service providers	8 887 328	15 472 348
add: Irregular expenditure on competitive bidding process	41 127 666	41 815 054
add: Irregular expenditures - Deviations	1 457 827	-
Less: Amount written off - current	-	(502 167 158)
<b>Closing balance</b>	<b>197 858 390</b>	<b>143 635 223</b>

Irregular expenditure relates to quotations which were not compliant with SCM regulations, contracted services which had expired SLAs and appointment of service providers where tender processes were not adequately adhered to.

MPAC has made recommendations on 30 August 2024 to continue with the investigation of irregular expenditures for the period July 2021 - June 2024 and a Council resolution was passed on the same date.

### Disciplinary steps taken/criminal proceedings

No disciplinary action or steps were taken or criminal proceedings.



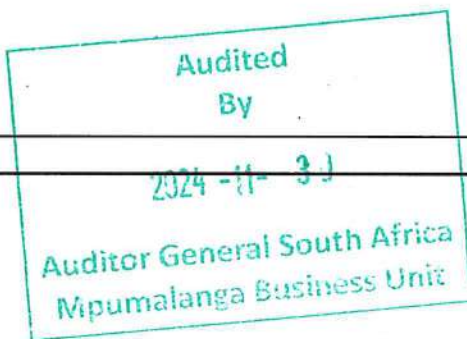
# Lekwa Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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<b>49. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Opening balance	3 402 125	2 619 400
Current year subscription / fee	3 605 410	3 896 335
Amount paid - current year	(3 407 535)	(3 113 610)
	<b>3 600 000</b>	<b>3 402 125</b>
<b>Audit fees</b>		
Opening balance	3 247 458	810 459
Current year subscription / fee	10 925 664	10 111 372
Amount paid - current year	(11 710 283)	(7 494 373)
	<b>2 462 839</b>	<b>3 427 458</b>
<b>PAYE and UIF</b>		
Opening balance	7 986 771	15 344 638
Current year subscription / fee	73 704 552	49 081 022
Amount paid - current year	(23 773 244)	(56 438 889)
Amount paid - previous years	(7 986 771)	-
	<b>49 931 308</b>	<b>7 986 771</b>
<b>Pension and Medical Aid Deductions</b>		
Opening balance	12 803 383	6 296 252
Current year subscription / fee	77 257 242	71 279 757
Amount paid - current year	(89 062 069)	(64 772 626)
	<b>998 556</b>	<b>12 803 383</b>
<b>Value Added Tax</b>		
All VAT returns have been submitted by the due date throughout the year.		
<b>Reconciliation of VAT receivable</b>		
Opening balance	93 228 924	91 808 710
Amount claimed from SARS during the year	91 808 710	55 279 291
Amount received during the year	52 718 146	95 470 945
Net VAT output accrual	(4 725 749)	-
	<b>(46 572 183)</b>	<b>(58 941 526)</b>



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

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2024:

30 June 2024	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr .DL Thabethe - Executive Mayor	1 364	-	1 364
Cllr .AM Majozi (Speaker)	59 744	185 861	245 605
Cllr. DJ Msibi- Chiefwhip	3 338	49 680	53 018
Cllr .PC Mahlaba	5 767	136 542	142 309
Cllr .JT Sebilwane	3 674	35 890	39 564
Cllr.DR Manana	563	-	563
Cllr. MR Motloung	843	-	843
Cllr.GJ Xulu	133 358	109 760	243 118
Cllr.SA Silosini	621	-	621
Cllr PD Bekker	14 472	-	14 472
Cllr.APM Mthimkhulu	6 134	85 596	91 730
Cllr. RS Tsotetsi	6 228	113 813	120 041
Cllr. MS Mngomezulu	14 397	-	14 397
Cllr.M Molaba	2 013	-	2 013
Cllr.LM Marago	12 637	32 153	44 790
Cllr SP Ngwenya	4 600	4 666	9 266
Cllr.SA Tshabalala	899	-	899
Cllr.CAO Franco	2 432	-	2 432
Cllr SB Ngqulunga	723	-	723
Cllr .TC Motaung	1 775	32 789	34 564
Cllr. NC Nhlapho	5 815	57 051	62 866
Cllr NS Selepe	4 924	30 978	35 902
	<b>286 321</b>	<b>874 779</b>	<b>1 161 100</b>

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30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr .DL Thabethe - Executive Mayor	8 539	249 309	257 848
Cllr . O Phiri - Speaker	3 319	60 565	63 884
Cllr . DJ Msibi Chiefwhip	1 625	41 649	43 274
Cllr . PC Mahlaba	3 871	121 660	125 531
Cllr . JT Sebilwane	1 589	32 025	33 614
Cllr . SM Modise	4 163	91 794	95 957
Cllr . AM Majozi	7 320	207 273	214 593
Cllr .DR Manana	1 356	17 735	19 091
Cllr . MR Motloung	2 972	27 182	30 154
Cllr . GJ Xulu	4 645	119 254	123 899
Cllr . NS Tlhakudi	4 810	83 404	88 214
Cllr . SA Silosini	5 984	-	5 984
Cllr . APM Mthimkhulu	2 819	72 804	75 623
Cllr . RS Tsotetsi	3 547	98 804	102 351
Cllr . DJ Venter	7 150	3 445	10 595
Cllr . MS Mngomezulu	3 211	5 402	8 613
Cllr . JC Stoltz	8 066	4 102	12 168
Cllr . LM Marago	3 777	35 132	38 909
Cllr . SP Ngwenya	2 641	14 854	17 495
Cllr . SA Tshabalala	1 781	20 172	21 953
Cllr . CAO Franco	1 883	-	1 883

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<b>49. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>			
Cllr . W Venter	7 150	3 445	10 595
Cllr . SB Ngqulunga	2 022	18 896	20 918
Cllr . TC Motaung	1 214	28 130	29 344
Cllr . NC Nhlapho	2 164	45 906	48 070
	<b>97 618</b>	<b>1 402 942</b>	<b>1 500 560</b>

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

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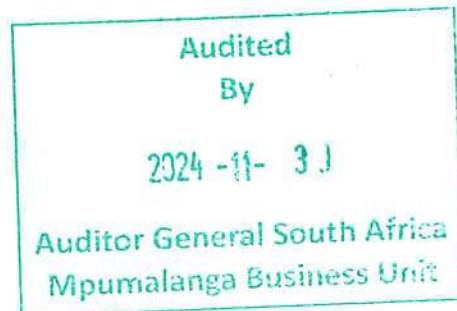
### 50. Deviation from supply chain management regulations

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

Below are a transactions that were deviated from the normal supply chain processes:

DESCRIPTION	REASON	SUPPLIER	Amount
service and repair bell dump truck 2500 hr service	service and repair bell dump truck 2500 hr service -single supplier	Bell Equipment Sales South Africa	14 327
service and repair bell jcb	service and repair bell jcb -single supplier	Bell Equipment Sales South Africa	85 243
service jcb	service jcb -single supplier	Bell Equipment Sales South Africa	12 917
service and repair jcb jtt253mp	service and repair jcb jtt253mp-single supplier	Bell Equipment Sales South Africa	47 440
service and repair bell adt	service and repair bell adt-single supplier	Bell Equipment Sales South Africa	16 121
carry pout diagnostic on bell dumbo truck	carry pout diagnostic on bell dumbo truck -single supplier	Bell Equipment Sales South Africa	9 982
service and repair jcb backhoe	service and repair jcb backhoe-single supplier	Bell Equipment Sales South Africa	79 559
service and repair juc	service and repair juc -single supplier	Bell Equipment Sales South Africa	16 626
replace bucket tips cat 950l work order	replace bucket tips cat 950l work order-single supplier	Barlows equipment co (isando)	124 971
			<b>407 186</b>

The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.



# Lekwa Local Municipality

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### 51. Segment 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 Mpumalanga Province. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Gauteng were sufficiently similar to warrant aggregation.

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any). These reportable segments as well as the goods and/services for each segment are set out below.

#### 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:

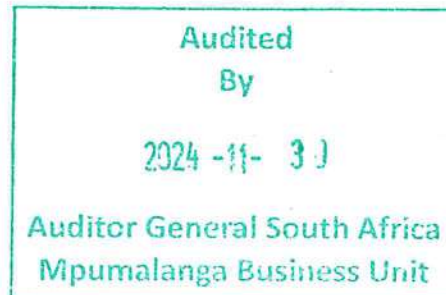
#### Reportable segment

Segment 1  
Segment 2  
Segment 3  
Segment 4  
Segment 5  
Segment 6  
Segment 7

#### Goods and/or services

Community and Social Service  
Energy sources/electricity  
Unallocated  
Town Planning and Local Economic Development  
Public Safety  
Public Works and Roads  
Solid Waste and Cleansing

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



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### 51. Segment information (continued)

2024

	Community & Social Services	Electricity	Planning & Development & Housing	Public Safety	Road Transport	Waste Management	Water	Finance & administration	Waste & Water Management	Unallocated	Total
Service charges	150 155	458 083 657	-	-	-	59 487 476	-	93 822	78 524 473	97 173 593	693 513 177
Rental Income	31 089	-	-	2 560 381	-	-	-	411 741	-	-	3 003 212
Interest received on bank and other financial assets	-	2 201 274	-	-	-	-	-	-	-	1 934 416	4 135 691
Interest received on trade and other receivables	-	-	-	-	-	-	-	187 208 579	-	(63 762 269)	123 446 311
Property Rates	-	-	-	-	-	-	-	228 885	-	217 485 734	217 714 620
Operational revenue	-	-	248 808	56 189	909	-	-	-	-	2 187 688	2 493 595
Public contributions and donations	-	-	-	-	-	-	-	145 133 128	-	100 290 463	245 423 592
Government Grants and Subsidies	-	8 500 000	39 130 269	-	1 643 000	-	97 478 296	479 917 966	-	(406 773 262)	219 896 270
License or permits	-	-	5 869	-	-	-	-	-	-	(3 391)	2 479
Fine, Penalties and Forfeits and debt relief	175	211 995 416	-	3 456 280	-	-	-	-	-	(2 492 682)	212 959 190
Sale of goods and services	-	-	757 957	114 833	478	-	-	472 447	-	841 973	2 187 689
<b>Total segment revenue</b>	<b>181 419</b>	<b>680 780 347</b>	<b>40 142 903</b>	<b>3 627 302</b>	<b>4 204 768</b>	<b>59 487 476</b>	<b>97 478 296</b>	<b>813 466 568</b>	<b>25 406 736</b>	<b>25 406 736</b>	<b>1 724 775 826</b>
<b>Entity's revenue</b>											<b>1 724 775 826</b>

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	Community & Social Services	Electricity	Planning & Development & Housing	Public Safety	Road Transport	Waste Management	Water	Finance & administration	Waste & Water Management	Total
<b>51. Segment information (continued)</b>										
<b>Expenditure</b>										
Employee related cost	8 806 036	20 786 808	19 339 287	44 985 048	17 140 733	27 813 816	19 030 841	19 030 841	21 437 177	83 860 701
Renumeration of councillors	-	-	-	-	-	-	-	-	-	14 740 484
Transfers and subsidies	-	-	-	-	-	-	-	-	-	1 156 470
operating lease	-	-	-	-	-	-	-	-	-	1 801 021
Actuarial gain	-	-	-	-	-	-	-	-	-	(2 020 397)
Fair value gains/(loss)	-	-	-	-	-	-	-	-	-	702 686
Materials and supplies	16 322	122 331	58 733	58 733	(1 183)	73 977	28 664 788	28 575 749	354 904	20 067 873
General expenses	278 709	13 213 067	1 025 145	2 015 030	3 073 326	4 808 026	12 430 289	12 430 289	685 491	85 899 472
Gain on exchange rate loss on disposal of assets	-	-	-	-	-	-	-	-	-	46 661
Contracted services	36 902 060	38 392 224	670 522	119 001	375 326	560 178	2 874 497	2 874 497	18 856	39 256 892
Bulk purchases	-	524 408 376	-	-	-	-	-	-	-	19 660 512
Depreciation	-	59 762 834	-	-	-	-	-	-	-	613 904
Debt impairment and bad debts	-	48 083 019	-	3 658 758	-	36 606 052	-	15 105 676	37 295 894	197 823 645
Finance costs	-	116 751 279	-	-	-	4 153 438	44 290 490	-	-	16 477 756
Reversal of impairment	-	-	-	-	-	-	(4 204 641)	-	-	5 691 893
<b>Total segment expenditure</b>	<b>46 003 127</b>	<b>821 519 938</b>	<b>21 093 687</b>	<b>50 836 570</b>	<b>20 588 202</b>	<b>74 015 487</b>	<b>103 086 264</b>	<b>78 017 052</b>	<b>440 810 123</b>	<b>440 810 123 1 655 970 450</b>

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	Community & Social Services	Electricity	Planning & Development & Housing	Public Safety	Road Transport	Waste Management	Water	Finance & administration	Waste & Water Management	Total
<b>51. Segment information (continued)</b>										
<b>Assets</b>										
Inventories	(101 463)	(18 541 931)	(135 595)	(830 528)	(502 989)	7 422 760	(4 986 124)	20 666 725	(390 498)	2 160 193
Value added tax	28 190 616	370 969 839	635 947	596 997	22 774 134	5 581 972	52 418 162	274 958 374	14 066 514	(770 192 555)
Work in progress	17 650 057	21 740 988	-	-	-	-	-	(70 472 225)	-	31 081 180
Cash and cash equivalents	(223 275 995)	841 122 110	168 026 401	(7 826 463)	(40 632 769)	(22 201 514)	(10 417 526)	(10 417 527)	39 982 214	(719 360 691)
Clearing control	-	(5 008 449)	-	-	-	(83 187)	(2 766 776)	8 565 237	(451 956)	(254 869)
Investments	-	34 031 009	-	-	-	-	-	282 324 380	-	(34 031 009)
Heritage	-	-	-	-	-	-	-	106 187	-	106 200
Statutory receivables	-	-	286 129	-	6 912	-	-	143 226 339	(172 974 191)	163 623 520
Receivables from exchange transactions	-	86 477 576	329 049	4 184 776	20 426 233	50 865 680	124 976 683	220 811 945	-	(285 318 984)
Property, plant and equipment	91 515 421	248 867 622	34 328 221	-	757 183 391	29 007 356	217 482 661	155 127 217	533 294 016	(60 627 746)
Acc surplus	(23 748 554)	(282 400 746)	(48 562 548)	44 141 932	23 243 538	(158 663)	(32 270 099)	2 150 766 757	(200 349 014)	1 630 662 603
Other financial assets	-	-	-	-	-	-	-	-	-	34 661 621
<b>Total segment assets</b>	<b>(109 769 918)</b>	<b>1 297 258 018</b>	<b>154 907 604</b>	<b>40 266 714</b>	<b>782 498 450</b>	<b>70 434 404</b>	<b>344 436 981</b>	<b>3 175 663 409</b>	<b>(3 055 744 858)</b>	<b>2 699 950 954</b>

**Total assets as per Statement of financial Position**

**2 699 950 954**

# Lekwa Local Municipality

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	Community & Social Services	Electricity	Planning & Development & Housing	Public Safety	Road Transport	Waste Management	Water	Finance & administration	Waste & Water Management	Total
<b>51. Segment information (continued)</b>										
<b>Liabilities</b>										
Provisions	(145 840)	-	-	-	-	(59 761 694)	-	-	-	145 840
Value Added Tax output	(7 697 855)	(258 179 921)	(33 423 220)	(53 056)	(4 797 997)	(29 684 022)	-	(18 166 849)	(41 366 614)	393 369 534
exchange transactions	-	(2 473 334 733)	(208 879)	(74 129 922)	(3 808 679)	(9 040 497)	1 013 447 593	-	8 982 711	371 038 049
Consumer deposits	-	(1 094 878)	-	-	-	(536 493)	-	-	4 088	(2 060 895)
Non-exchange payables	-	(229 946)	(10 059 731)	-	-	-	-	-	-	229 947
Value Added Tax Input	-	-	-	-	-	-	(71 042 947)	-	230 000	70 812 947
Defined benefit obligation	-	-	-	-	-	-	-	(23 199 765)	-	(63 183 838)
Financial liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
<b>Total segment liabilities</b>	<b>(7 843 695)</b>	<b>(2 732 839 478)</b>	<b>(43 691 830)</b>	<b>(74 182 978)</b>	<b>(8 606 676)</b>	<b>(98 486 213)</b>	<b>(1 085 027 033)</b>	<b>(41 366 614)</b>	<b>-</b>	<b>-(3 353 842 652)</b>
<b>Total liabilities as per Statement of financial Position</b>										<b>(3 353 842 652)</b>

Following the processing of prior period error adjustments (refer to note 41) on the financial statements, the corresponding effect on segment information for earlier periods has been adjusted through the accumulated surplus/(deficit).

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### 51. Segment information (continued)

2023

Revenue	Community & Social Services	Electricity	Planning & Development & Housing	Public Safety	Road Transport	Waste Management	Unallocated	Total
Service charges	72 399 269	352 618 859	-	-	-	69 581 524	-	494 599 652
Rental Income	3 391	-	69 494	-	1 570 572	-	-	1 643 457
Interest received bank and other financial assets	-	1 353 602	-	-	-	-	1 130 774	2 484 376
Interest received on trade and other receivables	-	-	-	-	-	-	72 041 982	72 041 982
Property rates	-	-	-	-	-	-	33 494 534	33 494 534
Interest revenue	-	-	-	-	-	-	152 872 339	152 872 339
Public contributions and donations	-	-	-	-	-	-	1 740 500	1 740 500
Other operational income	189 897	169 588	825 699	56 707	811	-	387 081	1 629 783
Government grants and subsidies	-	3 000 000	-	-	1 855 000	-	223 160 864	228 015 864
Fines, penalties and forfeits	40	224 225	-	-	2 369 404	-	-	2 593 669
<b>Total segment revenue</b>	<b>72 592 597</b>	<b>357 366 274</b>	<b>895 193</b>	<b>56 707</b>	<b>5 795 787</b>	<b>69 581 524</b>	<b>484 828 074</b>	<b>991 116 156</b>
<b>Entity's revenue</b>								<b>991 116 156</b>

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	Community & Social Services	Electricity	Planning & Development & Housing	Public Safety	Road Transport	Waste Management	Unallocated	Total
<b>51. Segment information (continued)</b>								
<b>Expenditure</b>								
Employee related cost	26 264 068	20 897 258	28 602 427	45 454 452	19 042 406	48 143 018	83 271 335	271 674 964
Remuneration of councillors	-	-	-	-	-	-	13 787 559	13 787 559
Depreciation and Amortisation	-	48 268 629	-	-	-	1 740 673	-	50 009 302
Finance costs	34 711 860	110 702 656	-	-	-	3 260 637	13 902 373	162 577 526
Debt impairments	69 965 654	53 829 557	2 088 333	-	-	65 042 145	64 500 595	255 426 284
Bulk purchases	54 216 050	421 367 560	-	-	-	-	-	475 583 610
Contracted services	38 655 572	27 095 945	1 000 141	187 606	488 832	1 774 642	17 455 587	86 658 325
Inventory consumed	7 397 345	26 377	21 712	231 337	4 812 799	724 918	7 645 933	20 860 421
Bad debts written off	-	-	-	-	-	-	99 982	99 982
Operational cost	7 043 525	7 251 642	604 388	2 410 434	2 273 498	2 316 365	48 060 006	69 959 858
Loss on disposal of assets	-	-	-	-	-	-	25 293	25 293
Fair value adjustments	-	-	-	-	-	-	(5 028 181)	(5 028 181)
Reversal of impairment	-	-	-	-	-	-	(13 928 000)	(13 928 000)
Actuarial gains/(loss)	-	-	-	-	-	-	(34 308 252)	(34 308 252)
Net effect of prior period adjustments - Accumulated surplus/(deficit) - Refer to note 41	-	-	-	-	-	-	(15 613 884)	(15 613 884)
<b>Total segment expenditure</b>	<b>238 254 074</b>	<b>689 439 624</b>	<b>32 317 001</b>	<b>48 283 829</b>	<b>26 617 535</b>	<b>123 002 398</b>	<b>179 870 346</b>	<b>1 337 784 807</b>
<b>Total segmental surplus/(deficit)</b>	<b>(165 661 477)</b>	<b>(332 073 350)</b>	<b>(31 421 808)</b>	<b>(48 227 122)</b>	<b>(20 821 748)</b>	<b>(53 420 874)</b>	<b>304 957 728</b>	<b>(346 668 651)</b>



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	Community & Social Services	Electricity	Planning & Development & Housing	Public Safety	Road Transport	Waste Management	Unallocated	Total
<b>51. Segment information (continued)</b>								
<b>Assets</b>								
Inventories	(3 978 684)	(12 954 973)	(234 205)	(621 056)	(361 366)	3 833 877	19 637 148	5 320 741
Value added tax	7 024 849	88 094 076	(32 698 054)	528 453	20 768 318	(34 982 026)	42 977 812	91 713 428
Receivables from non-exchange transactions	-	-	-	(419 028)	5 760	-	70 556 722	70 143 454
Receivables from exchange transactions	73 385 287	(4 535 108)	79 918	-	18 840 543	(145 023 110)	155 578 017	98 325 547
Cash and cash equivalents	(197 675 621)	714 617 897	(3 477 283)	(6 653 016)	(32 646 707)	160 449 598	(624 757 214)	9 857 654
Investment property	-	-	-	-	-	-	269 669 304	269 669 304
Property, plant and equipment	230 755 050	236 461 561	40 062 626	-	506 555 597	342 020 622	16 587 784	1 372 443 240
Heritage assets	-	-	-	-	-	-	106 187	106 187
Other financial assets	-	31 805 035	-	-	-	-	237 546	32 042 581
Net effect of prior period adjustments - Accumulated surplus/(deficit) - Refer to note 41	-	-	-	-	-	-	289 291 816	289 291 816
<b>Total segment assets</b>	<b>109 510 881</b>	<b>1 053 488 488</b>	<b>3 733 002</b>	<b>(7 164 647)</b>	<b>513 162 145</b>	<b>326 298 961</b>	<b>239 885 122</b>	<b>2 238 913 952</b>
<b>Total assets as per Statement of financial Position</b>								<b>2 238 913 952</b>

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### 51. Segment information (continued)

	Community & Social Services	Electricity	Planning & Development & Housing	Public Safety	Road Transport	Waste Management	Unallocated	Total
<b>Liabilities</b>								
Finance lease obligation - current	-	-	-	-	-	-	797 181	797 181
Payables from exchange transactions	920 678 064	1 807 169 354	303 774	75 888 429	2 769 319	21 206 535	(366 261 808)	2 461 753 667
Consumer deposits	425 769	972 342	-	-	-	186 516	1 854 512	3 439 139
Employee benefit obligation - current	53	229 947	-	-	-	(230 000)	5 855 000	5 855 000
Unspent conditional grants and receipts	-	-	-	-	-	-	6 625 000	6 625 000
Employee benefit obligations - Non-current	-	-	-	-	-	-	2 403 029	2 403 029
Provisions	-	-	-	-	-	-	75 282 000	75 282 000
Net effect of prior period adjustments - Accumulated surplus/(deficit) - Refer to note 41	-	-	-	-	-	49 704 828	-	49 704 828
<b>Total segment liabilities</b>	<b>921 103 886</b>	<b>1 808 371 643</b>	<b>303 774</b>	<b>75 888 429</b>	<b>2 769 319</b>	<b>70 867 879</b>	<b>82 356 060</b>	<b>2 961 660 990</b>
<b>Total liabilities as per Statement of financial Position</b>								<b>2 961 660 990</b>

Audited  
By  
2024 -11- 3-1  
Auditor General South Africa  
Mpumalanga Business Unit

# Lekwa Local Municipality

(Registration number MP305)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>52. Accounting by principals and agents</b>		
The entity is a party to a principal-agent arrangement(s).		
<b>Details of the arrangements are as follows:</b>		
During the financial year Lekwa Local Municipality appointed Equaliser Group (Pty) Ltd as a new agent for the selling and collecting of sales revenue from prepaid electricity on the behalf of the municipality. The duration of the agreement is for a period of 36 months from the date when the system "goes live " - (beginning of September 2023). In terms of the agreement, Equaliser is entitled to a commission of 10.35% including VAT on all monies collected by the service provider. For the first 7 months of the contract Equaliser was paying over the gross amounts that were collected from customers to the municipality; and invoiced separately the commission for the services rendered in the particular month. Equaliser was paying the municipality on a net basis for the 3 months of the financial year. The commission charged and withheld has been disclosed as an expense under operational expenses.		
The contract of the previous agent Syntell (Pty) Ltd ended during the financial year (end of August 2023). In terms of the agreement Syntell (Pty) Ltd was entitled to a commission of 4.58% including Vat plus 0.03 cents per sale on free basic sales . Syntell withheld the commission from the cash collection and paid over the Net amount to Lekwa Local Municipality. The commission withheld has been disclosed as an expense under operational expenses.		
<b>Entity as principal</b>		
<b>Fee paid</b>		
Fee paid as compensation to the agent	6 773 115	7 194 924
<b>53. Interest, dividends and Rent on Land</b>		
Interest - Receivables	40 819 964	33 494 534
<b>54. Other revenue</b>		
Other income - (rollup)	910	-
<b>55. Transfer and subsidies</b>		
<b>Other subsidies</b>		
Group co ID 4	1 156 470	732 848
<b>56. Fair value adjustments</b>		
Investment property (Fair value model)	(702 686)	5 277 247

