

**FINAL ANNUAL REPORT: 2022 / 2023 FINANCIAL YEAR**

## **Introduction**

### **Vision**

Integrated, economically viable and developmental local government.

### **Mission**

Continuously develop and improve living conditions of our communities by providing efficient and effective bulk services and create a conducive environment for economic opportunities and job creation.

### **Core Values**

Transparency, Commitment, Cooperation, Openness and Consultation, Responsiveness, Effective Communication, Corporate governance, Social responsibility, Service delivery in line with Batho Pele Principles, High level of professionalism, integrity and objectivity, Creativity, Fairness, Accountability, Honesty, Respect, Ubuntu, Punctuality, Participation, Solution Orientated, Integrity, Respect, Etiquette, Honor, Morale, Honesty.

## **Preface**

Section 121 (1) of the Local Government: Municipal Financial Management Act 56 of 2003 (MFMA) stipulates that "Every municipality and every municipal entity must for each financial year prepare an annual report" in accordance with its guidelines.

### **The purpose of the annual report is to:**

1. Provide a record of the activities of the Thabo Mofutsanyana District Municipality Council during the 2022/23 financial year.
2. Provide a report on performance against the budget of the Thabo Mofutsanyana District Municipality Council for the 2022/23 financial year; and
3. Promote accountability to the local community for the decisions made throughout the year by the municipality.

### **According to section 121 (3) of the MFMA, the annual report must include:**

1. The annual financial statements of the municipality, and consolidated annual financial statements as submitted to the Auditor-General for the audit in terms of section 126 (1) of the MFMA.
2. The Auditor-General's audit report in terms of section 126 (3) of the MFMA on the financial statements in (a) above.
3. The annual performance report of the municipality as prepared by the Thabo Mofutsanyana District Municipality in terms of section 46 of the Local Government; Municipal Systems Act 32 of 2000 (MSA).
4. The Auditor-General's audit report in terms of section 45 (b) of the Municipal Systems Act (MSA).
5. An assessment of the arrears on municipal taxes and service charges.
6. An assessment of the municipality's performance against the measurable performance objectives referred to in Section 17 (3) (b) of the MFMA for revenue collection from each revenue source and for each vote in the municipality's approved budget for the 2022/23 financial year.
7. Corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d) above; and

## 8. Recommendations of the municipality's Audit Committee

### Contents

<b>INTRODUCTION</b>	<b>1</b>
<b>VISION</b>	<b>1</b>
<b>MISSION</b>	<b>1</b>
<b>CORE VALUES</b>	<b>1</b>
<b>PREFACE</b>	<b>2</b>
<b>LIST OF APPENDICES</b>	<b>6</b>
<b>ABBREVIATIONS AND ACRONYMS</b>	<b>8</b>
<b>CHAPTER ONE: MESSAGE FROM THE LEADERSHIP</b>	<b>12</b>
<b>EXECUTIVE MAYOR'S FOREWORD</b>	<b>12</b>
.....	<b>12</b>
<b>MUNICIPAL MANAGER'S OVERVIEW</b>	<b>15</b>
<b>DEMOGRAPHICS</b>	<b>17</b>
<b>CHAPTER TWO</b>	<b>21</b>
<b>2.1 GOVERNANCE</b>	<b>21</b>
<b>2.2 COMPONENT A: GOVERNANCE STRUCTURE</b>	<b>21</b>
2.2.1 POLITICAL GOVERNANCE STRUCTURE	22
2.2.2 INTRODUCTION OF THE POLITICAL GOVERNANCE	23
2.2.3 COUNCILORS	23
2.2.4 POLITICAL DECISION – MAKING	23
2.2.5 ADMINISTRATIVE GOVERNANCE STRUCTURE	24
<b>2.3 COMPONENT B: INTERGOVERNMENTAL RELATIONS</b>	<b>26</b>
2.3.1 DISTRICT INTERGOVERNMENTAL STRUCTURES	26
<b>2.4 COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION</b>	<b>27</b>
2.4.1 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION	27
2.4.2 OFFICE OF THE SPEAKER	28
<b>2.4.3 REPORT OF GOOD PRACTICES</b>	<b>28</b>
<b>2.4.4 INTERNSHIP PROGRAMME</b>	<b>29</b>
<b>2.4.5 PUBLIC MEETINGS</b>	<b>30</b>
<b>2.4.6 IDP PARTICIPATION AND ALIGNMENT</b>	<b>31</b>
<b>2.4.7 ALIGNMENT BETWEEN IDP, BUDGET AND PMS</b>	<b>31</b>
<b>2.5 COMPONENT D: CORPORATE GOVERNANCE</b>	<b>32</b>
<b>2.5.1 RISK MANAGEMENT</b>	<b>32</b>
<b>2.5.1.1 THE TOP 11 STRATEGIC RISKS IDENTIFIED:</b>	<b>33</b>

<b>2.5.2 ANTI-CORRUPTION AND FRAUD</b> .....	<b>33</b>
<b>2.5.3 INFORMATION &amp; COMMUNICATIONS TECHNOLOGY (ICT) &amp; WEB SITES PUBLIC SATISFACTION ON MUNICIPAL SERVICES</b> .....	<b>34</b>
2.5.4 ALL MUNICIPAL OVERSIGHT COMMITTEES.....	35
<b>CHAPTER THREE</b> .....	<b>36</b>
<b>3. SERVICE DELIVERY PERFORMANCE</b> .....	<b>36</b>
3.1 COMPONENT A: BASIC SERVICES.....	36
3.2 COMPONENT B: CIVIL AND ELECTRICAL .....	36
3.3.1 THE STRATEGIC OBJECTIVES OF THE DEPARTMENT ARE TO: .....	36
3.3.2 ENERGY EFFICIENCY DEMAND SIDE MANAGEMENT (EEDSM) .....	36
3.3.3 THE OVERALL PURPOSE OF THE ENERGY ASSESSMENT WAS TO: .....	37
<b>3.3.4 ENERGY EFFICIENCY PROJECT IMPLEMENTATION</b> .....	<b>37</b>
3.3.5 ENERGY EFFICIENCY PROJECT IMPLEMENTATION .....	38
3.3.5.1 METHODOLOGY.....	38
<b>3.3.6 OVERVIEW OF THE BUSINESS PLAN 2022/23</b> .....	<b>39</b>
<b>3.3.7 ADOPTED IMPLEMENTATION PLAN</b> .....	<b>39</b>
<b>3.3.8 TARGETED MUNICIPAL FACILITIES</b> .....	<b>40</b>
<b>3.3.9 PROJECT EXPENDITURE</b> .....	<b>42</b>
<b>3.3.10 CAPACITY BUILDING AND TRAINING</b> .....	<b>43</b>
<b>3.3.11 ENERGY EFFICIENCY AWARENESS CAMPAIGN</b> .....	<b>44</b>
<b>3.3.12 HIGH MAST RETROFIT: SYSTEM MAPPING</b> .....	<b>44</b>
<b>3.3.13 RURAL ROAD ASSET MANAGEMENT SYSTEM (RRAMS)</b> .....	<b>49</b>
<b>3.3.14 DATA COLLECTION &amp; ANALYSIS (100%)</b> .....	<b>50</b>
<b>3.3.15 THE EPWP EXPENDITURE FOR 2022/23 FINANCIAL YEAR</b> .....	<b>54</b>
<b>3.3.16 THE DISTRICT MUNICIPALITY FORUMS</b> .....	<b>55</b>
<b>3.3.17 THE WATER SECTOR COMMITTEE</b> .....	<b>55</b>
<b>3.3.18 WATER AND SANITATION</b> .....	<b>55</b>
<b>3.3.19 THE DISTRICT ENERGY FORUM</b> .....	<b>56</b>
<b>3.4 COMPONENT C: COMMUNITY SERVICES</b> .....	<b>56</b>
3.4.1 (LED) ON SMME SUPPORT AND DEVELOPMENT PROGRAMME .....	58
<b>3.4.2 AGRICULTURE AND RURAL DEVELOPMENT</b> .....	<b>61</b>
3.4.2.2 FARMER SUPPORT PROGRAM .....	61
3.4.3 TRAINING OF SMALLHOLDER FARMERS.....	62
3.4.4 EXHIBITIONS / SHOW.....	63
3.4.5 AGRI-PARK.....	64
3.4.6 IN CONCLUSION .....	65
<b>3.5 COMPONENT D: COMMUNITY AND SOCIAL SERVICES</b> .....	<b>66</b>
3.5.1 IMBIZOS.....	66
3.5.1.1 WOMEN IMBIZO.....	66

3.5.1.2	SERVICE DELIVERY IMBIZO .....	66
3.5.2	IDP / BUDGET .....	67
3.5.3	OUTREACH PROGRAMS (TRANSVERSAL ISSUES) .....	68
3.5.4	POLITICAL IGR / DAC / MAYORS FORUM .....	68
3.5.5	POVERTY ALLEVIATION .....	69
<b>3.6</b>	<b>COMPONENT E: ENVIRONMENTAL PROTECTION</b> .....	<b>70</b>
3.6.1	ENVIRONMENTAL MANAGEMENT .....	70
<b>3.7</b>	<b>COMPONENT F: HEALTH</b> .....	<b>70</b>
3.7.1	MUNICIPAL HEALTH .....	70
<b>3.8</b>	<b>COMPONENT G: SECURITY AND SAFETY</b> .....	<b>70</b>
<b>3.9</b>	<b>COMPONENT H: DISASTER MANAGEMENT</b> .....	<b>71</b>
<b>3.10</b>	<b>COMPONENT I: SPORTS AND RECREATION</b> .....	<b>80</b>
3.10.1	THE MAYORAL GAMES .....	80
3.10.2	SPORTS DEVELOPMENT .....	82
<b>3.11</b>	<b>COMPONENT J: CORPORATE POLICY OFFICES AND OTHER SERVICES</b> .....	<b>83</b>
3.11.1	EXECUTIVE AND COUNCIL .....	83
<b>3.12</b>	<b>COMPONENT K: COMMUNICATIONS</b> .....	<b>86</b>
3.12.1	COMMUNICATIONS PLATFORMS /CHANNELS VIA POSTERS .....	86
3.12.2	COMMUNICATIONS BRANDING AND PHOTOGRAPHIC SERVICES .....	87
3.12.3	MEDIA ENGAGEMENTS WITH SETSOTO FM (RADIO INTERVIEWS) .....	88
3.12.4	BUDGET SPEECH 2023/2024 .....	89
3.12.4	PAUL ROUX MAYORAL IMBIZO SUPPORTING LOCAL MUNICIPALITIES .....	90
3.12.5	DISTRICT COMMUNICATORS FORUM MEETING JUNE 2023 AT SETSOTO LOCAL MUNICIPALITY .....	91
3.12.6	DCF OUTREACH JUNE 2023 HELD AT WELLIMINAH TRUST IN SETSOTO LOCAL MUNICIPALITY .....	92
<b>3.12.7</b>	<b>IN CONCLUSION</b> .....	<b>93</b>
<b>3.13</b>	<b>ORGANISATIONAL PERFORMANCE SCORECARD</b> .....	<b>94</b>
<b>CHAPTER FOUR</b>	.....	<b>134</b>
•	<b>4. ORGANIZATIONAL DEVELOPMENT PERFORMANCE</b> .....	<b>134</b>
<b>4.2</b>	<b>COMPONENT B MANAGING THE MUNICIPAL WORKFORCE</b> .....	<b>135</b>
4.2.1	POLICIES .....	135
<b>4.3</b>	<b>COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE</b> .....	<b>136</b>
4.3.1	SKILLS DEVELOPMENT AND TRAINING .....	136
4.3.1.1	MUNICIPAL FINANCE MANAGEMENT PROGRAM: OFFICIALS .....	137
4.3.1.2	SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS .....	137
<b>4.4</b>	<b>COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE</b> .....	<b>138</b>
<b>CHAPTER FIVE</b>	.....	<b>138</b>
<b>5.</b>	<b>FINANCIAL PERFORMANCE</b> .....	<b>138</b>
<b>CHAPTER SIX</b>	.....	<b>139</b>
<b>6.1</b>	<b>AUDITOR GENERAL AUDIT FINDINGS</b> .....	<b>139</b>

**6.2 ACTION PLAN ..... 151**

**6.3 AUDIT REPORT 2022/2023 ..... 215**

    6.3.1 ANNEXURE TO THE AUDITOR'S REPORT ..... 228

**6.4 ACTION PLAN ..... 234**

**APPENDICES ..... 292**

**APPENDIX A ..... 292**

**APPENDIX B ..... 297**

**APPENDIX C ..... 298**

**APPENDIX D ..... 298**

**APPENDIX E ..... 299**

**APPENDIX F ..... 299**

**APPENDIX G ..... 299**

**APPENDIX H ..... 310**

**APPENDIX I ..... 310**

**APPENDIX J ..... 310**

**APPENDIX K ..... 310**

**APPENDIX K (I) ..... 311**

**APPENDIX K (II) ..... 311**

**APPENDIX L ..... 311**

**APPENDIX M ..... 311**

**APPENDIX M (I) ..... 311**

**APPENDIX M (II) ..... 312**

**APPENDIX N ..... 312**

**APPENDIX O ..... 312**

**APPENDIX P ..... 312**

**APPENDIX Q ..... 312**

**APPENDIX R ..... 312**

**APPENDIX S ..... 313**

**APPENDIX T ..... 313**

**CHAPTER SEVEN ..... 314**

**7.1 REPORT OF THE CHIEF FINANCIAL OFFICER ..... 314**

**7.2 ANNUAL FINANCIAL STATEMENTS ..... 326**

**List of Appendices**

[APPENDIX A](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX B](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX C](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX D](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX E](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX F](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX G](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX H](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX I](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX J](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX K](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX K \(I\)](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX K \(II\)](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX L](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX M](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX M \(I\)](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX M \(II\)](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX N](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX O](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX P](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX Q](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX R](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX S](#) .....ERROR! BOOKMARK NOT DEFINED.  
[APPENDIX T](#) .....ERROR! BOOKMARK NOT DEFINED.



## Abbreviations and Acronyms

AFASA	African Farmers' Association of South Africa
AG	Auditor General
AH	Agri-Hub
AIDS	Acquired Immune Deficiency Syndrome
APR	Annual Performance Report
AVCASA	Association of Veterinary and Crop Associations of South Africa
CCS	Carbon Capture and Storage
CCTV	Closed Circuit Television
CEO	Chief Executive Officer
CLLR	Councilor
COGTA	Cooperative Governance and Traditional Affairs
COIDA	Compensation for Occupational Injuries and Diseases Act
COVID	Corona Virus Disease
CUT	Central University of Technology
DAC	Development Assistant Committee
DAFF	Department of Agriculture, Forest, and Fisheries
DALRRD	Department of Agriculture, Land Reform and Rural Development
DARD	Department of Agriculture and Rural Development
DCF	Discounted Cash Flow
DDM	District Development Model
DFFE	Department of Forestry and Fisheries
DMA	Disaster Management Act
DoE	Department of Energy
DoRA	Division of Revenue Act
EAP	Employee Assistance Programme
EDSM	Electricity Demand Side Management
EE	Employment Equity
EEA	Employment Equity Act

EEDSM	Energy Efficiency Demand Side Management
EHS	Environmental Health Services
EnBs	Energy Services Company
EnPIs	Energy Performance Indicators
EPWP	Extended Public Works Programme
ERM	Enterprise Risk Management
ERP	Enterprise Risk Management
ESCO	Energy Services Company
F	Female
FB	Facebook
FBSA	Fire Brigade Service Act
FET	Further Education and Training
FM	Frequency Modulation
FPSU	Farmer Production Support Unit
FS	Free State
GBV	Gender Based Violence
GDP	Gross Domestic Products
GP	Gauteng Province
GRAP	Generally Recognised Accounting Practice
HIV	Human Immunodeficiency Virus
HR	Human Resources
HRM	Human Resource Management
IAC	Internal Audit Committee
ICT	Information and communication Technology
IDP	Integrated Development Plan
IESBA	International Ethics Standards Board for Accountant
IGR	Intergovernmental Relations
IRFA	Intergovernmental Relations Framework Act
ISA	International Standards on Auditing

IT	Information Technology
JD	Job Description
KPA	Key Performance Areas
KPI	Key Performance Indicators
KZN	KwaZulu Natal
LED	Local Economic Development
LG	Local Government
LGMF	Local Government Financial Management Grant
LGSETA	Local Government Sector Education Training Authority
LLF	Local Labour Forum
LM	Local Municipality
M	Male
MAP	Maluti-A-Phofung
MCPF	Municipal Councillors Pension Fund
MFMA	Municipal Finance Management Act
MFMA	Municipal Finance Management Act
MM	Municipal Manager
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MP	Mpumalanga
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
MTREF	Medium Term Revenue and Expenditure Framework
MUT	Mangosuthu University of Technology
NERPO	National Emergent Red Meat Producers Organisation
NGO	Non-Governmental Organizations
OBP	Onderspoort Biological Products
OHS	Occupational Health and Safety
PAA	Public Audit Act of South Africa, 2004

PAYE	Pay As You Earn
PMS	Performance Management Systems
PPE	Personal Protective Equipment
QLFS	Qualifications
RMC	Risk Management Committee
RRAMS	Rural Road Asset Management Systems
RUMC	Rural Urban Market Centre
SA	South Africa
SALGA	South African Local Government Association
SALGBC	South African Local Government Bargaining Council
SAMIC	South African Meat Industry Company
SAMSRA	South African Municipal Sports and Recreation Association
SANBI	South African National Biodiversity Institute
SANRAL	South African National Roads Agency
SAPPO	South African Pork Producers' Organisation
SAPS	South African Police Services
SCM	Supply Chain Management
SDBIP	Service Delivery Budget and Implementation Plan
SDF	Spatial Development Plan
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SEZ	Small Economic Zones
SLA	Service Level Agreement
SMME	Small Medium Micro Economic
SPLUMA	Spatial Planning and Land Use Management Act
STATS	Statistics
TK	Task
TMDM	Thabo Mofutsanyana District Municipality
UIF	Unemployment Insurance Fund

UNISA University of South Africa  
 VAT Value Added Tax  
 VUT Vaal University of Technology

WIL Work Integrated Learning  
 WSP Work Skills Plan



## CHAPTER ONE: Message from the Leadership

### EXECUTIVE MAYOR'S FOREWORD

I take immense pleasure in introducing this Annual Report for 2022/23 fiscal year. This Annual Report highlights the achieved milestones and difficulties being experienced by the municipality for the year under review.

Circular No 63 of the Municipal Finance Management Act, Act 56 of 2003 requires that every municipality and municipal entity must prepare an annual Performance report which form part of Annual report for each financial year in accordance with section 46 of the Municipal Systems Act, Act 32 of 2000 and section 121 of the MFMA, Act 2003 with an aim to:

1. Provide a record of activities of the municipality or entity during the financial year which report relates;
2. Provide a report on performance in service delivery and budget implementation for the financial year
3. Promote accountability to the local community for decision made throughout the year by municipality or municipal entity; and
4. Reduce the additional reporting requirements that will otherwise ride from the departments, monitoring agencies and financial institutions.

This report offers a comprehensive view of the district's activities over the organisation's financial year from July 2022 to June 2023. It delves into what has been done in the arenas of financial management, operations, social and environmental work as well as planning to achieve the

objectives set out in our IDP and other documents. It highlights our key challenges and explains how we are addressing them.

It is with the above understanding that I wish to take this opportune time to present to all our valuable stakeholders the 2022/23 annual report which satisfies all the structural requirement and format such a report. It will however be unfortunate of me, to fail to appreciate the level of commitment and support we have received from both Executive and the Legislative Arm of council during this period. The collaboration, selflessness and passion for our work will remain at the Centre of my heart for years to come.

And this report will also seek to present an honest perspective about our challenges and achievements. Challenges which are not unique to Thabo Mofutsanyana District Municipality, and I am confident that with the existing leadership and collective wisdom of other political parties in Council and the Administration these challenges are not insurmountable. During this current term of office, council have made bold pronouncements and commitments aligned to the identified priorities. Municipal council have put measures in place to improve and strengthen our administrative discourse.

It further gives me pleasure to reflect on the municipality's performance during the 2022/23 financial year in which the district obtained unqualified audit opinion after comprehensive assessment by the Auditor General of South Africa. Our district took a leading role and ensured the approval of the DDM implementation by this council. Mantsopa local municipality has receive a communication award under our stewardship sending outstanding waves indicative of collaborative efforts. I cannot forget the reverberating celebration of the calendar months, be it youth, women, or disability against all odds with ailing budget. I am also pleased to announce that I have been vindicated in taking stern financial support to the needy learners through Mayoral Bursary as this stand to augment the dominance of the Free State department of education on matric results.

This is indeed pleasing to the heart as I further note that it could not have been possible without the sterling support received from various units and oversight structures. I therefore see it necessary to equally commend the support and guidance we have been receiving from all section 79 committees through their oversight activities, the office of the Municipal Public accounts Committee (MPAC), the internal audit Committee, Risk management committee and from our individual performance review and Recognition Committee to mention but few.

To build the TMDM of tomorrow, we need to ensure that we are getting the basics right today. This includes building safe communities, achieving excellence in service delivery, and mainstreaming basic service delivery to our constituencies. We are also building integrated communities to promote and enhance social cohesion and group flourishing. While all of our priorities promote economic inclusion, we are specifically focused on achieving this goal through a range of programmes aimed at promoting greater access to, and participation in the economy for all inhabitants. To achieve all of our goals sustainably over time, it is crucial that the district attains operational sustainability.

During this fiscal year, the municipality continues to experience several financial challenges which have compromised the municipality's ability to perform certain of its deliverables. We have also not departed from our deliberate efforts to actively intervene on the plight faced by our local development businesses in the district. Through ring-fencing 30% of total procurement to TMDM District-based businesses we are certain that this will increase participation of local businesses to the economy of the district. We continue to give top priority to the Expanded Public Works Programme (EPWP), Human Capital Development initiatives like Internal and External Bursaries, and a few of our initiatives that are part of the municipality's efforts to reduce poverty and are designed to provide employment opportunities for a large number of our communities.

This report also details our progress towards this end, as I thank all the officials who have invested many hours of hard work in drafting this report and work tirelessly to make TMDM a district of hope for all. You are what make Team TMDM the greatest civil service in the province, and possibly on the country. I feel confident that Team TMDM's skills and dedication will continue to propel us forward and ensure that the inhabitants of tomorrow are happier, healthier, and more prosperous than those of today.



Cllr. AC. MSIBI

**Executive mayor**

## Municipal Manager’s Overview

Thabo Mofutsanyana District Municipality (DC19) was established in terms of the Municipal Structures Act (Act 117 of 1998) and proclaimed in the Provincial Gazette, Notice No 184, on 28 September 2000. During the May 2011 local government municipality boundaries were altered.

By provincial gazette of May 2011, the District together with Motheo District were de-established. Parts of Motheo now form part of the Mangaung Metro. Thabo-Mofutsanyana District Municipality was by the same notice re-established, to now it includes Mantsope, which was part of Motheo as one of its local municipalities.

### Location



Thabo Mofutsanyana District forms the northeastern part of the Free State Province and is one of four district municipalities in the Free State. It is bordered by all the other district municipalities of the province namely, Lejweleputswa District in the west, Fezile Dabi District in the north and Xhariep District in the south, as well as the Mangaung Metro in the southwest. Other borders are with the Kingdom of Lesotho in the southeast, Kwa-Zulu Natal Province in the east and Mpumalanga



Province in the northeast.

Topographically the district is bordered for most of its eastern border by the Maluti and Drakensberg mountains. Hydrologically the district is located between the Vaal River to the north, and Orange river to the south, with rivers within the district draining towards these rivers.

Thabo Mofutsanyana consists of six local municipal areas, with Setsoto and Mantsopa forming the southwestern section, Dihlabeng the south middle section, Nketoana the north middle section, Maluti a Phofung the southeastern section and Phumelela the northeastern section of the district. The district includes the former homelands of QwaQwa.

The table below identifies twenty-six urban centres for the Thabo Mofutsanyana District, grouped per its respective local municipality:

#### Urban centres located within Thabo Mofutsanyana District Municipality

MANTSOPA	SETSOTO	DIHLABENG	NKETOANA	MALUTI A PHOFUNG	PHUMELELA
Hobhouse	Clocolan	Rosendal	Lindley	Kestel	Vrede
Ladybrand	Ficksburg	Paul Roux	Arlington	Harrismith	Warden
Excelsior	Marquard	Fouriesburg	Petrusteyn	Qwa-Qwa	Memel
Thaba Patchoa	Senekal	Clarens Bethlehem	Reitz	Tshiame	
Tweespruit					

Bethlehem, Ficksburg, Harrismith, Vrede, Memel, Phuthaditjhaba, Senekal, Reitz and Ladybrand constitute the main economic centres within the district. The above identified urban centres also serve the surrounding rural areas.

Thabo-Mofutsanyana district municipality enjoys high levels of connectivity to other districts, provinces within South Africa, as well as to airports and harbours. The N3 that links the Gauteng Province with the KwaZulu Natal Province, passes Warden and Harrismith in the northeastern part

of the district.

## THABO MOFUTSANYANA DISTRICT MUNICIPALITY POPULATION AND ENVIRONMENTAL OVERVIEW:

### Demographics

Thabo Mofutsanyana District Municipality has a population size of 736238 according to census results of 2011 and made up of 197018 households with average household size of 3.4 and lastly with 77.3% of formal dwellings.

Local Municipalities	Census 2011			CS 2016		
	Total Population	Households	Average household size	Total Population	Households	Average Households Size
<b>Thabo Mofutsanyane</b>	<b>736238</b>	<b>217884</b>	<b>3.4</b>	<b>779600</b>	<b>246171</b>	<b>3.2</b>
Setsoto	112597	33687	<b>3.3</b>	117632	37388	<b>3.1</b>
Dihlabeng	128704	38593	<b>3.3</b>	140044	46857	<b>3.0</b>
Nketoana	60324	17318	<b>3.5</b>	64893	19664	<b>3.3</b>
Maluti a Phofung	335784	100228	<b>3.4</b>	353452	110725	<b>3.2</b>
Phumelela	47772	12888	<b>3.7</b>	50054	14586	<b>3.4</b>
Mantsopa	51056	15170	<b>3.4</b>	53525	16951	<b>3.2</b>

*Data source: Statistics South Africa, Census 2011 and Community Survey 2016 (Census 2011 and CS 2016 is aligned with 2011 municipal boundaries)*

The above table indicates the total population, number of households as well as the average household size in Thabo Mofutsanyana District municipality between the years 2011 and 2016. Even though the total population of Thabo Mofutsanyane DM as well as the number of households has increased, the average household size has slightly decreased from 3.4 in 2011 to 3.2 in 2016, implies that the number of people per household has been decreasing. At local level the household size profile revealed that Mantsopa LM had the highest average household size (3.4) in 2016 and Dihlabeng LM had the lowest average households (3.0) in 2016.

Table 1: Distribution of households by main type of dwelling and municipality

Type of main dwelling and Census 2011 and CS 2016	DC19: Thabo Mofutsanyana	FS191: Setsoto	FS192: Dihlabeng	FS193: Nketoana	FS194: Maluti a Phofung	FS195: Phumelela	FS196: Mantsopa
<b>2011</b>							
Formal dwelling	168378	23646	29599	12735	80585	9407	12406
Traditional dwelling	14858	911	1897	655	9676	1269	450
Informal dwelling	33258	8954	6904	3879	9159	2136	2226
Other	1390	176	192	50	808	77	87
<b>CS 2016</b>							
Formal dwelling	191252	28564	37542	15823	84978	10157	14189
Traditional Dwelling	12134	373	1214	368	9294	642	244
Informal dwelling	39019	8211	7445	3412	15058	2707	2187
Other	3765	240	656	61	1395	1081	332

Data source: Statistics South Africa, Census 1996, 2001, 2011 and Community Survey 2016 (Census 2011 and CS 2016 is aligned with 2011 municipal boundaries)

The above table presents results on housing at Thabo Mofutsanyana district and its local municipalities. Maluti a phofung recorded the highest proportion of households residing in formal dwellings in 2016 followed by Dihlabeng LM (37542) and Setsoto LM (28564) and Phumelela LM (10 157) had the lowest proportion of households residing in formal dwellings. In informal dwelling, there was a sign of increase in local municipalities between the 2011 and 2016 except in Nketoane and Mantsopa LM. The highest number of traditional dwellings were found in Maluti a Phofung (9 294) in 2016 followed by Dihlabeng LM (1 214).

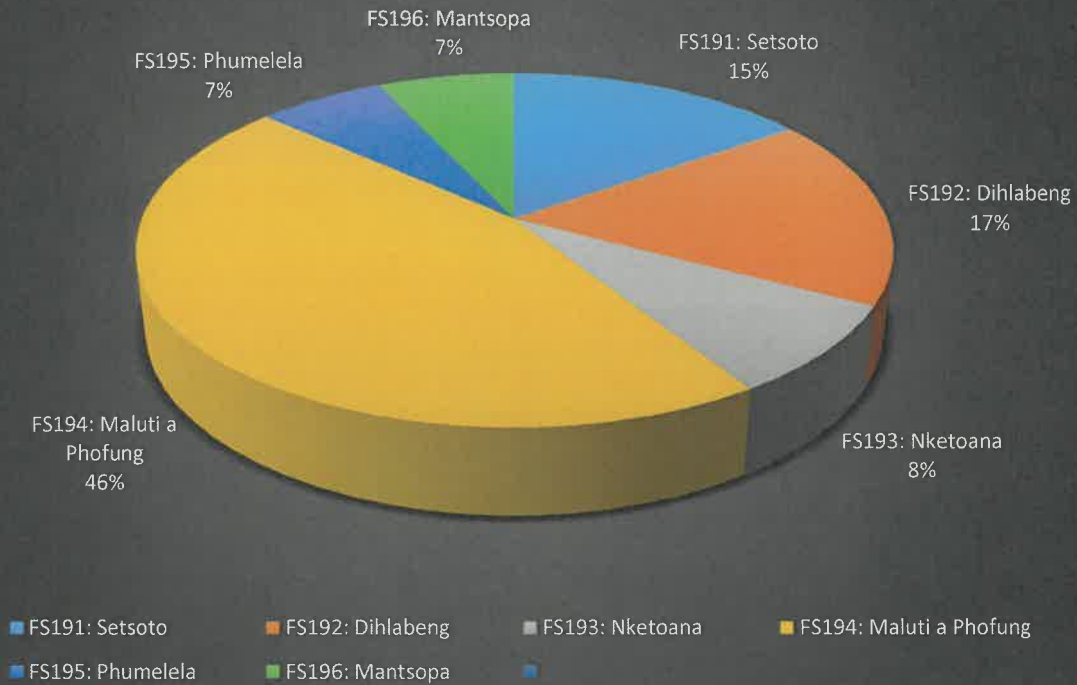
# Thabo Mofutsanyana Local Municipality Boundaries



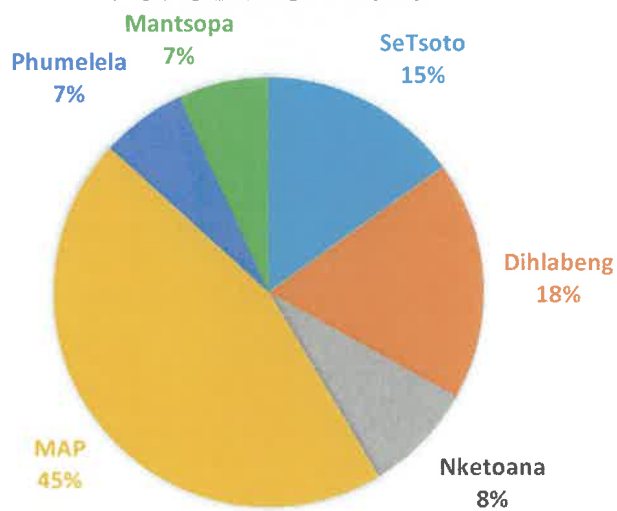
THE SOUTH AFRICA I KNOW,  
THE HOME I UNDERSTAND



## DC 19: Thabo Mofutsanyana Population: 2011



## DC19 THABO MOFUTSANYANA DISTRICT MUNICIPALITY POPULATION 2016



## **CHAPTER TWO**

### **2.1 Governance**

#### **Introduction**

All spheres of government must provide effective, transparent, accountable, and coherent governance for the Republic to secure the well-being of its people and the progressive realization of their rights to a healthy environment, water, food, housing, sanitation, refuse collection, health care services, education, and social security.

Evaluating the ongoing effectiveness of public officials or public bodies ensures that they perform to their full potential, providing value for money in the provision of public services, instilling confidence in the government and being responsive to the community they are meant to be serving.

### **2.2 Component A: Governance Structure**



### Thabo Mofutsanyana District Municipality Political Leadership



*Executive Mayor  
Cllr. Conny Msibi*

*Council Speaker  
Cllr. Thabo Mokoena*

*Council Whip  
Cllr. Lindriwe Makshalema*

*MPAC Chairperson,  
Cllr. Setshoana Chabeli*

### *Members of Mayoral Committee*



*Cllr. Mosia Mokuane*

*Finance*

*Cllr. Thandi Masiteng*

*Corporate Services*

*Cllr. Malefu Vilakazi*

*Community Services*



*Cllr. Anna Fume*

*IDP & PMS, SPLUMA and  
Batho Pele*

*Cllr. Sylvia Visagie*

*Local Economic Develop-  
ment, SMME Development  
& Tourism*

*Cllr. Theminkosi Mahlambi*

*Infrastructure & Transport*

### 2.2.1 Political Governance Structure

Thabo Mofutsanyana District Municipality identifies that good governance is a key priority in the district. For good governance Thabo Mofutsanyana District Municipality has highlighted some deficiencies which have been subsequently addressed by on-going basis in terms of capacity building programmes.

### 2.2.2 Introduction of the Political Governance

The Thabo Mofutsanyana District Municipality has an Executive Mayoral system which allows for the exercise of executive authority through an Executive Mayor in whom the executive leadership of the Municipality is vested and who is assisted by the Mayoral committee. There is an Audit Committee that provides opinions and recommendations on financial processes and performance which submits a report for inclusion in the Annual Report. The Thabo Mofutsanyana district has established a Municipal Public Accounts Committee, comprised of non-executive councilors. One of the tasks of the MPAC is to provide Council with comments and recommendations on the Annual Report. The MPAC report will be published in accordance with MFMA guidance.

### 2.2.3 Councilors

The Thabo Mofutsanyana District Municipality has 32 Councilors, 13 of which are directly employed by District Municipality and 19 of which are secondly employed from local municipalities within the ambit of Thabo Mofutsanyana. There are six mayoral committees which are -: Corporate Services; Finance; Infrastructure; IDP & Performance, Agriculture & Rural Development and Disaster management & Municipal Health.

### 2.2.4 Political Decision – Making

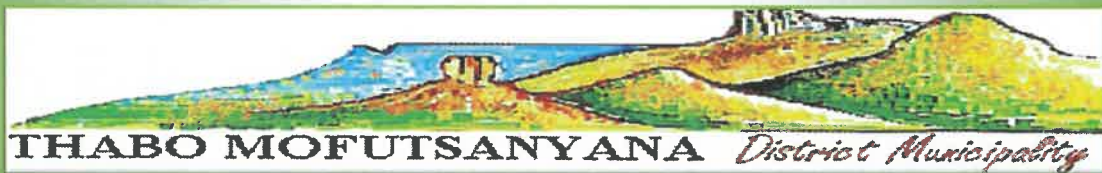
All decisions are made by the Council, the Executive Mayor in consultation with the Mayoral Committee, or senior officials in terms of authority delegated by legislation of authority. Council has delegated a lot of authority to the Executive Mayor. The Mayoral Committee also makes recommendations to Council on matters which have not been delegated to it.

As the executive authority of the Council, the Executive Mayor provides political guidance over the policy, Budget and Financial affairs of the Municipality. The Speaker oversees the legislative arm of the municipal Council. This means that the Speaker guards the integrity of the legislative process and plays an important role in the oversight that the council must exercise over the actions of the



executive. The Speaker is also responsible to ensure that the Municipality fulfils its public participation responsibilities. All decisions made by council are implemented.

### 2.2.5 Administrative Governance Structure



# TMDM MANAGEMENT

## Administrative Governance Structure

 <b>Me. T.P.M Lebenya</b> <u>Municipal Manager</u>	 <b>Me. N.L Gqoli</b> <u>Chief Financial Officer</u>	 <b>Mr. S.K Khote</b> <u>Director Corporate Services</u>	 <b>Mr. M.S Lengoabala</b> <u>Director Community Services</u>	 <b>Mr. M.S Thamaha</b> <u>Supply Chain Manager</u>
 <b>Me. T.A Mlotha</b> <u>Manager LED &amp; Tourism</u>	 <b>Mr. M.S. Nkosi</b> <u>Manager Environmental Health Services</u>	 <b>Mr. T.L Khubeka</b> <u>Security Manager</u>	 <b>Mr. J.W Nhlapo</b> <u>Internal Audit Manager</u>	 <b>Mr. L.W Moshwaliba</b> <u>Agriculture &amp; Rural Development Manager</u>
 <b>Me. M.M.P Phoofole</b> <u>Chief Risk Officer</u>	 <b>Mr. M.J Mokoena</b> <u>Manager Fire &amp; Disaster</u>	 <b>Mr. M.D Mhlahlo</b> <u>Budget Manager</u>	 <b>Me .D.M Moshugi</b> <u>Communications Manager</u>	 <b>Me. M.E Ngobese</b> <u>Manager Human Resources</u>
 <b>Me. T.S Vanqa</b> <u>Manager IDP &amp; PMS</u>	 <b>Mr. B.J Mdakane</b> <u>Information Technology Manager</u>	 <b>Mr. M.G.B Ngwenya</b> <u>Corporate Support Manager</u>	 <b>Mr. M.B Mphahlele</b> <u>Manager Transport &amp; Infrastructure</u>	 <b>Mr. M.S Mofubetsoane</b> <u>Principal Scientist</u>

The Municipal Manager is the Accounting Officer of the Municipality as portrayed in the Municipal Finance Management Act and provides guidance and ensures compliance with all other legislation applicable to local government, to political structures, political office bearers, officials of the Municipality and any entity under the sole or shared control of the Municipality.

There are various departments within the institution. The departments are aligned in terms of the development priorities of the municipality. There are also some functions entrusted to the office of the Municipal Manager.

Office of the Municipal Manager is the driving force behind the Thabo Mofutsanyana district municipality's administration and integrates the different components of the Municipality into its strategic and Operational plans. Municipal Manager is responsible for these departments namely: Finance and corporate service, infrastructure Services and Planning Community services, ICT Agriculture development and Economic Development. The Municipal Manager of the Thabo Mofutsanyana has direct responsibility for the following areas:

1. Capacity building
2. Intergovernmental relations: and Performance management

## 2.3 Component B: Intergovernmental Relations

MSA Section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in section 41 of the constitution.

Thabo Mofutsanyana recognizes the importance of intergovernmental relations to improve service delivery to communities. Success in delivering government services to the nation requires an approach in which the three spheres of government work in partnership in terms of the principles of co-operative government and intergovernmental relations.

### 2.3.1 District Intergovernmental Structures

In order to comply with legislative requirements and fulfill its obligations, in terms of co-operative governance and intergovernmental relations the Thabo Mofutsanyana District Municipality has established several internal structures and systems.

An intergovernmental Forum which complies in all respects with the requirements of the Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005).

1. The Thabo Mofutsanyana District Mayor's forum

A few technical support structures in terms of the Act, for example.

1. Municipal Managers' forum
2. District communicators forum
3. District water Forum
4. District Energy Forum
5. District IDP Managers Forum
6. District HR Managers Forum
7. District Batho Pele Coordinators Forum
8. District LED Managers Forum
9. District Mayors Forum

We also envisage to entrench other forums or structures such as:

1. District CFO's Forum
2. District PMS Managers Forum

## **2.4 Component C: Public Accountability and Participation**

### **2.4.1 Overview of Public Accountability and Participation**

The function of Public Participation resides mainly in the office of the Speaker. However, these exercises are sometimes carried out by the departments or cross departmental task teams, depending on the nature of the information to be disseminated. One example is the exercise to obtain public input on the Annual Reports.

In addition to public meetings, the Thabo Mofutsanyana District has a communications division which supplies its communities with information concerning all matters relating to the district municipality.

## 2.4.2 Office of the Speaker

The legislative and oversight function of Council is vested in the full Council with the Speaker as Chairperson.

The adoption of by-laws, approval of the annual budget, policies on functions retained by Council and frameworks within which delegated powers must be exercised, remain the function of the full Council, except

where specific delegations have been made.

The Speaker is also responsible for the Whippers, Councillor training and capacitation, specific mentorship programmes (e.g. women's mentorship programme) and Ward Committees, amongst others.

### 1.

#### **Section 79: Ethics and Disciplinary Committee**

The Section 79-Ethics & Disciplinary Committee was established, to assist the Speaker with the performance of the delegated functions relating to investigating misconduct of Councillors, enforcing the

Code of Conduct for Councillors and the Standing Orders of Council.

### 2.

#### **Section 79: Municipal Public Accounts Committee (MPAC), Petitions Committee and Public**

##### **Place Naming Committee**

The Section 79-Municipal Public Accounts Committee (MPAC) was established with specific terms of reference to assist Council with its oversight function.

The Municipal Public Accounts Committee (MPAC) functions as the Oversight Committee of Council in respect of the Annual Report and its Oversight Report is submitted and published in accordance with the MFMA requirements and guidance. MPAC consists of members of the majority and opposition parties and is chaired by a member of the opposition.

## 2.4.3 Report of Good Practices

All documents to be made public were placed on the municipal website. Public meetings were advertised on the website. This includes Council meetings, Budget and IDP meetings, Bid Adjudication Committee meetings, amongst others. The Bid Adjudication Committee meetings (in respect of tenders) were open to the public. Council interacted with its stakeholders at Budget and IDP meetings, the People's Assembly and many other meetings and gatherings. These engagements were on-going throughout the year. Most meetings were well attended, resulting in meaningful engagement.

#### 2.4.4 Internship Programme

### **MFMIP INTERNSHIP ANNUAL REPORT 2023**

---

#### **Audit outcome 2022/2023 financial period**

Thabo Mofutsanyana District Municipality retained unqualified audit opinion in the 2023. Most municipalities make use of consultants to prepare GRAP compliant annual financial statements, these requires millions of rands. Thabo Mofutsanyana District Municipality prepares annual financial statements in-house and therefore a competent strong finance team is needed to move municipality to clean audit opinion. Municipality however has recurring findings in components of asset management, expenditure management and procurement and contract management. These findings will require the finance team to have sufficient staff composition in these key areas.

#### **Job creation especially for young graduates**

TMDM have recruited interns during the 2022/2023 financial period, part of the government agenda is to see more job opportunities created for all employable South Africans, especially the youth to benefit from those opportunities. The MFMIP provides interns preferably recruited from previously disadvantaged backgrounds with a logical training sequence founded on the knowledge they acquired from tertiary institutions. Through workplace interaction with and mentoring by chief finance officers, municipal managers, other officials within the Budget and Treasury Office and/or advisors where present, the interns benefit from the expertise and experience of these officials. The two to three-year programme is expected to end, where appropriate, with the awarding to each intern with a professional qualification in Municipal Finance Management Programme to strengthen the chances of permanent retention within the same or neighbouring municipalities at the onset.

#### **Capacity already built**

Three of interns have achieved minimum level of competency through the in-service training that has been ongoing. To capacitate people and release them to roam around township streets with such a wealth of knowledge is not going to assist in achieving the millennium Development Goals in as far as it seeks to eradicate extreme poverty and hunger.

### **Confidence and sense of self-worth**

Confidence and a sense of working independently have been instilled in the interns as they are able to work on their own without being pushed to perform the work. Finance has come alive ever since their appointment and cannot afford to lose the momentum and their agility.

Yours sincerely



**Mr MD Mhlahlo AGA(SA)**  
**Chief Financial Officer**

### **2.4.5 Public Meetings**

Thabo Mofutsanyana pursues meaningful public participation and has structured its activities relevant to the Integrated Development Plan (IDP), Budget and issues accordingly. It also engages on feedback sessions and not only information gathering. This enhances transparency and accountability.

In summary, on the overview of public accountability and participation, Thabo Mofutsanyana embarked extensively on ensuring public participation at ward committee meetings, IDP and budget public ward meetings, IDP Representative Forum, the People's Assembly, and other stakeholder engagements. The oversight report is also widely publicised. The Municipal Public Accounts Committee (MPAC) is operational and measures are in place to protect personal information.

#### 2.4.6 IDP Participation and Alignment

The Integrated Development Plan (IDP) process is a process through which the municipalities prepare strategic development plans for a five-year period. An IDP is one of the key instruments for Thabo Mofutsanyana District Municipality to cope with its developmental role and seeks to arrive at decisions on issues such as municipal budgets, promotion of local economic development and institutional transformation in a consultative, systematic and strategic manner.

In order to ensure minimum quality standards of the IDP process and proper coordination between and within, Thabo Mofutsanyana District municipality prepared IDP process plan and formulated budget to implement the IDP. The IDP and Budget Process Plan include the following:

1. A programme specifying the timeframes for the different planning steps;
2. Appropriate mechanisms, processes and procedures for consultation and participation of local communities, organs of state, traditional authorities and other role players in the IDP and budget formulation processes; and

#### 2.4.7 Alignment between IDP, Budget and PMS

An organizational performance management system linked to the IDP was prepared. Great progress has been made with the process of aligning the IDP, Budget and Performance Management System.



The IDP, Performance Management Systems (PMS) and Budget are all components of one overall development planning and management system of the Thabo Mofutsanyana District Municipality. The Key Performances Indicators (KPI's) were set out to accomplish the municipality's aims; The PMS enabled the municipality to check to what extent it is achieving its aims (Plans). The budget was provided and the resources that the municipality will use to achieve its plans. As indicated earlier, every attempt is made in this process plan to align the IDP and PMS formulation and/or review, and the budget preparation process. The linkages of the three processes are summarized:

## 2.5 Component D: Corporate Governance

### OVERVIEW OF CORPORATE GOVERNANCE

#### 2.5.1 Risk Management

The role of the Risk Management department is to provide the Municipality with comprehensive support for institutionalizing ERM, coaching management on principles and practices of ERM, coordinating efforts in determining the municipality's risk exposures and in the development of action plans by management for addressing such exposures.

During the financial year 2022/2023, the Municipality had a functional Risk Management Unit operation with four personnel which includes the Risk Manager, the Risk Officer and the two risk interns. The municipality had a well functional Risk Management Committee which held 6 meetings during the year as per the approved schedule. The municipality maintains the following approved policy documents:

1. Risk Management Committee Charter;
2. Risk Policy;
3. Risk Strategy
4. Risk

Management  
 Management and Risk  
 Assessment  
 Methodology;  
 Management



Implementation Plan;

5. Fraud Risk Management Plan and Whistle Blowing Policy; and
6. Enterprise-wide Business Continuity Plan

#### 2.5.1.1 The Top 11 Strategic Risks identified:

1. Human Resource Capacity (Potential Inadequacy in Institutional Structure and Functioning)
2. Fraud and Corruption
3. Change in Political Leadership
4. Water Crisis
5. Electricity/ Power outages
6. Poverty Alleviation
7. Inability to create sustainable Jobs
8. Public perception
9. Unauthorised, Irregular, fruitless and Wasteful Expenditure
10. Service Delivery (Social unrest at local municipalities)
11. Cyber (ICT) security threats

#### 2.5.2 Anti-Corruption and Fraud

The Risk Management Committee plays an oversight role over the function of fraud and corruption prevention in the Municipality; and reports its findings on fraud risks to the Audit Committee. The Municipality has an approved Fraud Risk Management Plan in place, and they are multidisciplinary and cross-functional. The Fraud Risk Management Plan is made up of the Whistle Blowing Policy.

The Municipality had two cases of fraud reported in the current financial year. Both cases reported have been resolved as they are still under investigation.

### 2.5.3 Information & Communications Technology (ICT) & Web Sites Public Satisfaction on Municipal Services

The Thabo Mofutsanyana District Municipality's Information & Communications Technology (ICT) maintains all the computers, Wide Area Networks and Local Area Networks in the municipality. The ICT unit supports about 150 users and server infrastructure.

As technology is needed continuously, the ICT unit delivers support to its users uninterrupted.

The main objectives of the ICT unit are to ensure proper utilization of Council's ICT resources as well as providing strategic direction and a technology growth path for the region. The ICT unit strives to find better, faster, and more economical ways of delivering a world class ICT service.

The ICT unit's focus this year was influenced by two strategic objectives, namely working towards maintaining high systems availability and secondly, to improve municipal ICT Governance. The key focus area of the ICT unit during the period under review has been service continuity.

PROJECT	PROJECT ACTIVITIES	OUTCOMES
Veeam Backup and Replication Enterprise Solution	<ol style="list-style-type: none"> <li>1. Veeam Cloud Connect Backup (per VM)</li> <li>2. Cloud File Storage (7.2K) Allocated (per VM)</li> <li>3. Veeam Backup and Replication Implementation</li> </ol>	<ol style="list-style-type: none"> <li>4. Monthly Veeam Cloud Connect Backups</li> </ol>
Server Room Power recovery 24-hour power backup	<ol style="list-style-type: none"> <li>1. Municipality Infrastructure audit</li> <li>2. Align and Customise DR 24-hour power</li> </ol>	<ol style="list-style-type: none"> <li>1. Uninterrupted power supply, 24 hours a day in the server room, sourced from the</li> </ol>

	<p>backup specification.</p> <p>3. Installation of the 24-hour power backup solution, viz: -</p> <ul style="list-style-type: none"> <li>- 17 X LV 550W Solar Panels</li> <li>- 1 X 11kw round version</li> <li>- 4 X LV 48100 lithium batteries</li> <li>- 6mm PV Black 100 - Cables</li> <li>- 6mm PV Red 100 – Cables</li> </ul>	<p>power backup infrastructure.</p>
ICT Governance	<p>1. ICT Policies and procedures were reviewed to ensure that they are aligned with industry norms and standards.</p> <p>2. Filling of vacant position in the ICT Unit, IT Technician and a Software Developer were appointed.</p>	<p>3. Updated ICT Policies and Procedures.</p> <p>4. Proper segregation of duties</p>

#### 2.5.4 All Municipal Oversight Committees

The Municipal Public Accounts committee is in place and functional and its shared service for Thabo Mofutsanyana district municipality and local municipality within its ambit. MPAC provide Council with comments and recommendations on the Annual Report. The MPAC reports are published in accordance with MFMA guidance.

Thabo Mofutsanyana District Municipality has all legislated council committees in place, and they convene as per their schedules.

## CHAPTER THREE

### 3. Service Delivery Performance

#### 3.1 Component A: Basic Services

Services in The Thabo Mofutsanyana district are primarily rendered by the local Municipalities. These include water, sanitation, electricity, energy efficiency & road management system.

#### 3.2 Component B: Civil and Electrical

This department includes the following key performances areas and key performance indicators:

1. Energy Efficiency Demand Side Management (EEDSM)
2. Rural Road Asset Management System (RRAMS)
3. Expanded Public Work Programme (EPWP)
4. Establishment of District Water Sector & Energy Forums

#### 3.3 Description of the departmental activities

##### 3.3.1 The strategic objectives of the department are to:

1. To ensure energy efficiency and energy saving mechanisms to public infrastructure and buildings within the District Municipality
2. To ensure the overall planning on roads conditions and assessments and provides municipalities with infrastructure maintenance plans through GeoRAMS
3. To ensure that a properly co-ordinated public transport exist in the district.

##### 3.3.2 Energy Efficiency Demand Side Management (EEDSM)

The energy efficiency demand side management grant is a government programme that was established in 2009/10 as part of the South African National Government's efforts to reduce energy consumption. The grant's purpose was to support municipalities in the

country in implementing energy efficiency measures in the infrastructure sector e.g. energy efficient, traffic lights, streetlights, high mast lights and building lights as well as energy efficiency in water & sewerage infrastructure. The EEDSM programme is fully financed by the National Treasury through DoRA and managed by the Department of Energy (DoE) with the strategic support and administrative management by Deutsche Fur International Zusammenarbeit (GIZ) GnbH. The energy efficiency demand side management comprises of a number of projects whose main objective is to reduce energy consumption for the municipalities and ultimately reduce electricity bills significantly.

TMDM District municipality is characterized by lack of measure and verification of electricity consumption and municipal officials are generally unaware of the impact of lighting on energy costs.

### 3.3.3 The overall purpose of the energy assessment was to:

1. Assist the local municipalities to quantify their significant energy users within their processes.
2. Identify potential opportunities for the reduction and more efficient use of energy within the plant.
3. Assist in setting energy targets
4. Assist in identifying opportunities to contribute to the overall national energy efficiency target.

The focus was on the implementation process of the EEDSM program within the Thabo Mofutsanyana District Municipality. The pre-installation data shall be compared to the post-installation data.

### 3.3.4 Energy Efficiency Project Implementation

Initially, TMDM's overall energy improvement objectives were clearly defined. TMDM has defined realistic, attainable and timely objectives within its infrastructure. Ultimately, the TMDM energy policy must be formulated in-line with ISO/DIS 50001:2017. An organization's policy is a statement that would define its intentions and principles for a particular resource, where the ultimate goal is to leverage that specific resource whether tangible or intangible.

The current energy baseline status was then assessed and developed a current energy baseline which aided TMDM to assess their current energy use and provides a level for comparison with future improvements. A baseline and benchmark for energy usage by facilities and equipment was then established. Key activities and operations that consume the most energy or are inefficient were identified. Information from the energy audit was used to identify the most energy-intensive or inefficient activities and operations in the facilities. The key projects that were identified include:

### 3.3.5 Energy Efficiency Project Implementation

#### 3.3.5.1 Methodology

ISO 50006:2014 provides guidance to organizations on how to establish, use and maintain energy performance indicators (EnPIs) and energy baselines (EnBs) as part of the process of measuring energy performance. The overarching methodology followed by the service provider is Deming's PDCA cycle whereby the project steering committee will oversee the implementation of the EnMS, following the plan, do, check, act steps.

The service provider has conducted an in-depth review of organisation to map out the institutional structure and processes related to buildings, infrastructure, and energy. Data was collected which embrace the following elements.

1. Building and energy consuming infrastructure assets, including services or function provided by the various facilities/ buildings
2. Utility service provision per all building/ facility types, including utility providers, billing processes and existing metering systems
3. Data capture procedures, including payment and usage (i.e. Units of measure – kwh, kva etc.), approval, and processes for identifying errors or anomalies. When considering a sub-metering strategy, the site will be broken down into the different end users of energy. This might be by area (for example, floor, zone, building, tenancy or department), by system (heating, cooling, lighting or industrial process) or both.
4. Institutional structures and responsibilities for energy data management and facilities / building management
5. Existing and planned programmes and projects and corresponding data

requirements

6. GHG emissions reporting processes

### 3.3.6 Overview of the Business Plan 2022/23

A total of 576 units were retrofitted at a total cost of R 8 000 000.00 leading to 239 148 kWh/a savings. The payback periods range from 2.8 to 7.1 years.

The proposed energy efficiency measures incorporated energy efficiency awareness which basically raises energy efficiency awareness throughout the municipality's area of jurisdiction. In addition, the project capacitated everyone that is using municipal infrastructure, capacity is therefore improved by exposing municipality officials on various courses around energy efficiency concept.

### Energy Efficiency Project Implementation Approach

The implementation processes outlined below were followed as a guideline during the execution of the 2022-23 EEDSM project.

### 3.3.7 Adopted Implementation Plan

Activity	Output
Step 1: Appointment of service providers	1. The municipality utilised the services of a Service provider that was appointed through an open tendering process to appoint an Energy Services Company (ESCO) to assist with the planning and implementation of EEDSM projects
Step 2: Energy Audits	1. The appointed ESCO conducted an energy audit – during which they identified streetlights and high mast lights to be retrofitted in various local municipalities within the Thabo Mofutsanyana District Municipality
Step 3:	2. Upon conclusion of the energy audit,



Activity	Output
Business Plans, Workplans and Detailed baseline Reports	Business Plans, Workplans and Detailed baseline Reports were developed and submitted to the Department of Minerals Resources and Energy for approval
Step 4: Implementation	3. Upon approval of Business plans the appointed electrical contractor was given permission to proceed with procurement of material and commence with retrofitting of lights
Step 5: Capacity building and training	4. Municipal officials were enrolled for formal training with accredited training institutions on energy efficiency related courses
Step 6: Energy Efficiency Awareness Campaign	5. Energy efficiency Awareness campaigns were conducted within the municipality and surrounding areas

### 3.3.8 Targeted Municipal Facilities

Item No.	Facility Description	Area/Location	QTY
1	<b>Streetlight Retrofit:</b> 150W HPS to 60W LED	Phuthaditjhaba - Maluti Harrismith- Maluti	190
2	<b>High Mast Retrofit:</b> 1000W HPS to 400W LED	Reitz – Nketoana Petrus Steyn – Nketoane Bethlehem - Dihlabeng	159
3	<b>High Mast Retrofit:</b> 400W HPS to 200W LED	Phuthaditjhaba - Maluti	218

Item No.	Facility Description	Area/Location	QTY
4	<b>Energy Management System:</b> Smart Metering and Monitoring on Municipal Buildings - <u>Main Office Buildings</u>	6. Thabo Mofutsanyana District Municipality 7. Dihlabeng Local Municipality 8. Mantsopa Local Municipality 9. Nketoana Local Municipality 10. Phumelela Local Municipality 11. Setsoto Local Municipality 12. Wastewater Laboratory	7
5	<b>Planning _ EEPBIP:</b> Audit on Municipal Buildings - <u>Main Office Buildings</u>	13. Thabo Mofutsanyana District Municipality 14. Dihlabeng Local Municipality 15. Maluti-A-Phofung Local Municipality 16. Mantsopa Local Municipality 17. Nketoana Local Municipality 18. Phumelela Local Municipality 19. Setsoto Local Municipality	7

### 3.3.9 Project Expenditure

Item No.	Project name	QTY	Total cost in ZAR	Payback Period
<i>No</i>	<i>Description</i>	<i>number</i>	<i>ZAR</i>	<i>Years</i>
1	Streetlight Retrofit: 150W HPS to 60W LED	190	R 1 178 000	7,1
2	High Mast Retrofit: 1000W HPS to 400W LED	110	R 1 820 400	2,8
3	Energy Management System on 7 x Municipal Buildings (Head Offices) (Max 18% of total Budget)	7	R 900 000	n/a
4	High Mast Retrofit: 400W HPS to 200W LED (BUDGET ADJUSTMENT)	218	R 1 940 200	4,6
5	High Mast Retrofit: 1000W HPS to 400W LED (BUDGET ADJUSTMENT)	49	R 803 600	2,8
PP	Planning _ EEPBIP _ Audit on 7 x Municipal Buildings (Head Offices) _ (Max 15% of total Budget)	1	R 750 000	n/a
PP	Planning _ EEDSM _ Audit on High Masts and streetlights		R 210 000	n/a
PM	Project Management (max. 5% of total budget)	1	R 250 000	n/a
TR	Capacity building and training	1	R 51 600	n/a
EE	Energy efficiency awareness	1	R 50 000	n/a
<b>Sum</b>		<b>576</b>	<b>R 8 000 000</b>	<b>5,3</b>

### 3.3.10 Capacity Building and Training

Item No.	Training Type	Course Description	Participant (Full Names)	Municipality	Completion Status
1	Formal Training	Energy Performance Certificate	Mr TE Hlongwane	Thabo Mofutsanyana	completed
2	Formal Training	Energy Performance Certificate	Mr S Ntombela	Thabo Mofutsanyana	completed
3	Formal Training	Energy Performance Certificate	Mr MB Mphahlele	Thabo Mofutsanyana	completed
4	Formal Training	Certified Energy Manager	Mr Sam Masoeu	Dihlabeng LM	completed
5	Formal Training	Certified Energy Manager	Mr Mpho John Moropoli	Dihlabeng LM	completed

### 3.3.11 Energy Efficiency Awareness Campaign

Energy Efficiency Awareness Plan	Target Audience	Expected Output	Completion Status
<b>POSTERS:</b>	municipal employees and general public	To raise awareness on Energy Efficiency with the messaging directed at the municipal officials as to how they can contribute to energy efficiency.	<b>Completed</b>

### 3.3.12 High Mast retrofit: System mapping

#### Jobs Created

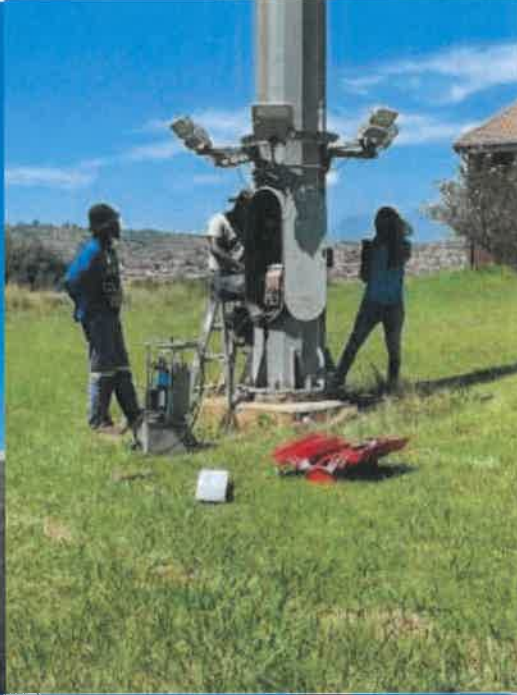
Through the implementation of the EEDSM the municipality working with the service provider has been able to employ 4(Four) Electrical Technicians.

EEDSM pictures of High Mast Retrofits in Bohlokong, Reitz & Petrus Steyn

#### ANNEXURE A

High Mast retrofit and energy savings awareness

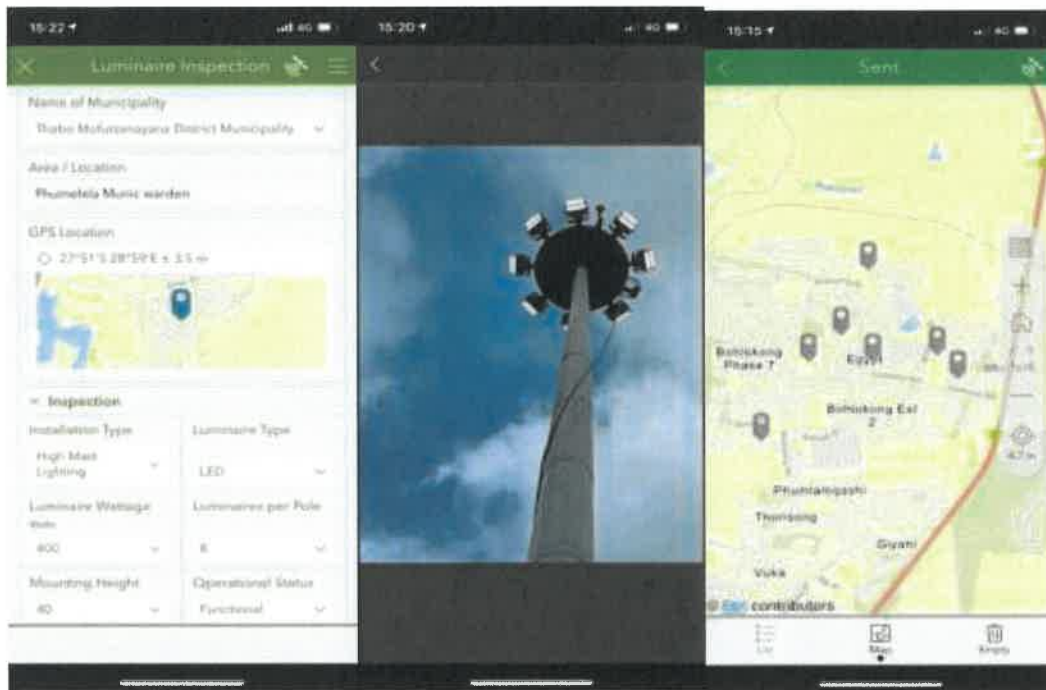












### 3.3.13 Rural Road Asset Management System (RRAMS)

The RRAMS programme has spent amount of R 2 235 880.00 in 2022/23 out of R 2 534 000.00

#### RISFSA classification in Thabo Mofutsanyana DM in kilometers

Extent of roads network per RISFSA classification(km)							
Municipality/Authority	Class 01	Class 02	Class03	Class 04	Class05	Class 06	Totals
Dihlabeng	0	0	3	302.68	149.73	106	558.41
Malut-A-Phofung	0	0	3.09	267.35	204.61	1443.49	1918.05
Phantsopa	0	0	6.99	108.66	131.47	76	323.12
Nketoana	0	0	1.33	14.88	117.66	79	319.87
Setsoto	0	0	9.61	162.44	305.13	93	570.18
Phumelela	0	0	16.8	105.72	69.97	69	261.49
<b>Total</b>	<b>0</b>	<b>0</b>	<b>37.82</b>	<b>1068.73</b>	<b>978.57</b>	<b>1866</b>	<b>3951.12</b>
<b>SANRAL</b>	536.2	0	0	0	0	0	0
<b>FS DPRT</b>	0	2094.9	0	0	0	0	0

### 3.3.14 Data Collection & Analysis (100%)

**Data collection, roads conditions and visual assessment of gravel and earth roads network per each local municipality.**

<b>Dhlabeng Local Municipality</b>					
<b>Town</b>	<b>Gravel (Km)</b>	<b>Earth (Km)</b>	<b>Totals</b>		<b>Subtotal</b>
	Actual Assessments	Actual Assessments	Total Assessments	Actual	
<b>Bethlehem</b>	0	0	0		35.20
<b>Bohlokong</b>	30,23	4.97	35.20		
<b>Fouriesburg</b>	5.00	0	5.00		29.00
<b>Ikhaeng</b>	20.00	4.00	24.00		
<b>Clarens</b>	20.00	0	20.00		32.99
<b>Kgubetswana</b>	10.00	2,99	12.99		
<b>Paul Roux</b>	6.00	1.00	7.00		19.00
<b>Fateng tse Ntsho</b>	7.00	5.00	12.00		
<b>Rosendal</b>	3.00	1.00	4		11.50
<b>Mautse</b>	3.5	4.00	7.50		
<b>Total</b>	<b>94.73</b>	<b>22.96</b>			<b>127.69</b>

**Table 2: Nketoana LM Assessments (100%)****Nketoana Local Municipality**

Town	Gravel (Km)	Earth (Km)	Totals	Subtotal
	Actual Assessments	Actual Assessments	Total Actual Assessments	
<b>Reitz</b>	0.69	1.34	2.03	35.44
<b>Petsana</b>	30.23	3.18	33.41	
<b>Petrus Steyn</b>	9.1	0	9.1	31.26
<b>Mamafubedu</b>	15.03	7.13	22.16	
<b>Lindley</b>	12.79	1.51	14.3	51.98
<b>Ntha</b>	16	21.68	37.68	
<b>Arlington</b>	3.78	0	3.78	9.38
<b>Leratswana</b>	4.19	1.41	5.6	
<b>Total</b>	<b>91.81</b>	<b>36.25</b>		<b>128.06</b>

**Table 3: Phumelela LM Assessments (100%)****Phumelela Local Municipality**

Town	Gravel (Km)	Earth (Km)	Totals	Subtotal
	Actual Assessments	Actual Assessments	Total Actual Assessments	
<b>Memel</b>	11.76	2.93	14.69	46.64
<b>Zamani</b>	8.74	23.21	31.95	
<b>Vrede</b>	11.32	18.57	29.89	72.91
<b>Thembalihle</b>	25.39	17.63	43.02	
<b>Warden</b>	15.15	0.73	20.05	35.93
<b>Ezenzeleni</b>	9.24	10.81	43.02	
<b>Total</b>	<b>81.60</b>	<b>73.88</b>		<b>155.48</b>

**Table 4: Setsoto LM Assessments (100%)****Setsoto Local Municipality**

Town	Gravel (Km)	Earth (Km)	Totals	Subtotal
	Actual Assessments	Actual Assessments	Total Actual Assessments	
<b>Senekal</b>	0	0	0	92.55
<b>Matwabeng</b>	33.09	59.46	0	
<b>Marquard</b>	0	0	0	50.9
<b>Moemaneneg</b>	22.07	28.83	0	
<b>Clocolan</b>	0	0	0	64.04
<b>Hlohlwane</b>	26.39	29.86	0	
<b>Ficksburg</b>	0	0	0	92.55
<b>Megheleng</b>	33.09	59.46	0	
<b>Total</b>	<b>98.71</b>	<b>165.03</b>	<b>0</b>	<b>263.74</b>

<b>Table 5: Mantsopa LM Assessments (100%)</b>				
<b>Mantsopa Local Municipality</b>				
<b>Town</b>	<b>Gravel (Km)</b>	<b>Earth (Km)</b>	<b>Totals</b>	
	Actual Assessments	Actual Assessments	Total Assessments	Actual
<b>ThabaPhatchoa</b>	13.18	9.81	22.99	67.31
<b>ThabaPhatswa</b>	34.49	9.83	44.32	
<b>Excelsior</b>	3.26	14.23	17.49	43.26
<b>Mahlatswetsa</b>	20.00	6.0	26.0	
<b>Tweespruit</b>	13.18	9.81	22.99	52.88
<b>Boswa</b>	23.85	6.89	29.89	
<b>Hobhouse</b>	10.22	8.05	18.27	58.59
<b>Dipelaneng</b>	4.84	35.48	40.32	
<b>Ladybrand</b>	28.95	8.05	37.00	96.30
<b>Manyatseng</b>	23.82	35.48	59.30	
<b>Total</b>	<b>162.61</b>	<b>133.82</b>	<b>296.43</b>	<b>318.34</b>

**Table 6: Maluti-A-Phofung LM Assessments (100%)****Maluti-A-Phofung Local Municipality**

Town	Gravel (Km)	Earth (Km)	Totals		Subtotal
	Actual Assessments	Actual Assessments	Total Assessments	Actual	
<b>Phuthaditjhaba</b>	81.8	74.64	156.44		1262.96
<b>Namahadi</b>	26.8	85.16	111.96		
<b>Makwane</b>	61.11	205.86	266.97		
<b>Bolata</b>	96.30	97.31	193.61		
<b>Monotsha</b>	26,21	184.49	210.07		
<b>Tsheseng</b>	26.42	297.49	323.91		
<b>Harrismith</b>	13.02	180.78	193.80		332.80
<b>Tshiame</b>	35.10	103.90	139		
<b>Kestel</b>	9.68	9.72	19.40		
<b>Total</b>	<b>376.24</b>	<b>1239.02</b>			<b>1595.76</b>

**3.3.15 The EPWP Expenditure for 2022/23 financial year**

The EPWP incentive grant from National Department of Public Works was R 5 548 000.00.

Employment generated through the EPWP incentive grant programme was 202 participants for 12 months period and were reported on the EPWP reporting system under Environment & Greening and Social Sectors and EPWP demographics are mentioned as follows below:

## EPWP Demographics, Performance and Achievements (2022/23)

Adults(M)	Adults(F)	Youth(M)	Youth(F)	Totals
30	42	30	100	202
<b>Grant Allocation</b>			<b>Total Expenditure</b>	
<b>R 5 356 000.00</b>			<b>R 5 617 000.00(inclusive of counter funding from the municipality)</b>	

### 3.3.16 The District Municipality Forums

The District Municipality has established the water sector and energy committees in order to coordinate those forums and consolidate the information.

### 3.3.17 The Water Sector Committee

The water sector committee was established with the intention to provide a platform for the water sector dialogue involving all water sector partners. To provide water sector collaboration and effective management of water institutions and the water business. To ensure that the water sector stakeholders play their role in the business in an informed and organized manner. To ensure integrated planning and the development of the water sector. The District Municipality council sitting of February 2022 has approved the water summit resolutions and the action plans were developed to monitor the progress on the water summit resolutions in line with Department of Water & Sanitation National Water Summit resolutions held on the February 2022 in Midrand and the water sector forum managed to convene four meetings in the previous year.

### 3.3.18 Water and Sanitation

The District Municipality has received In-kind support of **R5 million in April 2023** from Cogta to operate and manage **Kogosatsana Manapo Mopeli Water Testing Laboratory with the**



**staff components of 10 professionals and 1 general worker.** The laboratory is at the development stage whereby they are currently developing the **Laboratory Quality Management System** and **Operational Policies** for kick starting. Once the laboratory is fully operational and accredited with ISO 17025, it will assist all Local Municipalities within the district with testing of both portable and wastewater to improve the drinking water quality and effluent charged to the natural resources.

### 3.3.19 The District Energy Forum

The district energy committee was established with the intention to provide an enabling platform for the energy efficiency and alternative source of energy. The platform was provided for the energy sector dialogue involving all the energy sector partners and local municipalities. The District Municipality has managed to hold four meetings in the calendar year.

## 3.4 Component C: Community Services

Department in partnership with SANTAM procured and distributed disaster response and relief equipment to local municipalities, as part of the district municipality's mandate of managing disaster.

Equipment donated amounted to over R1.2 million and the municipality is intending to continue to partner with other social partners to assist or support local municipalities with capacity building for firefighting and disaster management functions.

TeamTMDM \_Thabo Mofutsanyana District Municipality handed donations of the disaster response equipment to local municipalities as per its role to support the locals.

The equipment was a benefactor of the relationship TMDM has with Santam.

Santam donated the equipment to the District on behalf of the locals to use in cases of fire and other disasters.

Dr Moses Khangale of Santam was present to hand over the donation to the District Mayor.

In his statement, the MC for the day and the Director responsible for Community Services, Mr Selby Lengoabala said Thabo Mofutsanyana will be entering in a Deeds of Donation Agreement, which will be used for monitoring that all donated assets are insured and properly serviced to ensure they are not only kept safe and in the assets registers, but that they are in working conditions all the time.

The Executive Mayor, Cllr. Conny Msibi, in her acceptance of the donation from Santam emphasised the importance of looking after the machines and equipment as all of them are valuable to ensure that disaster and emergency is responded to by the local municipalities.

She then handed over the equipment to Nketoana Local Municipality Mayor, Cllr. Mamiki Mokoena on behalf of all local Mayors in the District and commended her for always availing herself to be a servant she had committed to be when identified to lead the community of Nketoana.

#workingtogether



#movingthabomofutsanyanadistrictforward





Selby M Lengoabala  
Director Community Services and LED

### 3.4.1 (LED) On SMME Support and Development Programme

#### **SMALL BUSINESS DEVELOPMENT**

Participants, who took part in the Hygiene and Cleaning learnership program, were trained on the cooperative's formation guidelines. During the training period, the department of Local Economic Development and Tourist made a commitment that the exit strategy of the program was to establish cooperatives and further assist them to acquire tools of trade through the SMME & Entrepreneur Support Fund.

So far 5 Cooperatives have been established.

1. 1 Maluti -A-Phofung
2. 1 Dihlabeng Local Municipality
3. 3 Setsoto Local Municipality

#### **OUTREACH PROGRAMS UNDERTAKEN IN MALUTI-A-PHOFUNG LOCAL MUNICIPALITY**

Following the visit by the Ministry of Small Business Development, led by Deputy Minister Sdumo Dhlamini, a resolution was taken that, after crafting and consolidation of issues that came out of the roadshows, the District Municipality, SEDA, Department of Small Business Development and Maluti A Phofung Local Municipality should make a follow-up and report back to the Ministry.

Through the District, department of LED & Tourism, Ward Councilors from the affected wards were invited to assist with mobilization of SMMEs in order to share business opportunities available in their respective wards, subsequent, outreach programs were undertaken in the following wards:

1. Ward 1                                      Ward 6
2. Ward 4                                      Ward 22
3. Ward 5

## **PRESENTATIONS**

Presentations were done by the following stakeholders:

-  District Municipality (LED & Tourism)
- 1. SEDA
- 2. DSB
- 3. DESTEA
- 4. FDC
- 5. CIDB
- 6. WERSETA
- 7. Dept of Agriculture
- 8. STD BANK
- 9. National Lottery

## **ESTABLISHMENT LED FORUMS**

The district municipality (Department of LED & Tourism) in partnership with Phumelela Local Municipality established Local Economic Development Forums.

### **Purpose:**

The purpose of the forums is to facilitate economic development at the local government level in partnership with key stakeholders. The forum also seeks to create a platform for relevant

structures in the economic value chain to provide inputs in the development of the municipality. To explore funding opportunities.

Two LED Forums were established in the following towns:

1. Memel
2. Vrede

## ASSISTANCE OF SMMEs THROUGH ENTREPRENEUR SUPPORT FUND

The department of LED & Tourism through its entrepreneur support fund, assisted seven (7) SMMEs, the intervention was achieved by buying equipment as per the needs of each business.

### Beneficiaries

1. 2 MAP Local Municipality
2. 1 Dihlabeng Local Municipality
3. 1 Phumelela Local Municipality
4. 1 Nketoana Local Municipality
5. 1 Mantsopa Local Municipality
6. 1 Setsoto Local Municipality

## TOURISM

### Exhibitions and Shows

The district municipality, Department of LED & Tourism, is mandated to promote and market district products provincial, national, and international, in order to fulfil this mandate; five district tourism products were given an opportunity to show case their products at the Africa Tourism Indaba, which was held at Inkosi Albert Luthuli International Convention Centre. The platform provides product owners an opportunity to meet industry stakeholders and decision makers face to face to sell and promote products, experiences, and attractions, and to provide the ideal platform for African tourism exhibitors to showcase their offerings to international and local buyers, destination marketing companies and leisure tourism services partners.

## TRAINING

The district municipality in partnership with National Department of Tourism, Free State Gambling, Liquor & Tourism Authority and Setsoto Local Municipality, held Domestic Tourism Awareness Program at Uniondale Game Farm.

The program seeks to promote domestic tourism within the district.

The municipality helped to identify 30 tourism role players and ambassadors such as schools, petrol attendants, stokvels and social clubs, the aim was to introduce them to different excursions and exploring areas of interest within the district, in this way, school tours can be done locally, social clubs can have their closing parties or get-together using their own local facilities.

### 3.4.2 Agriculture and Rural Development



#### 3.4.2.2 Farmer Support Program

The smallholder farmers applied to the district municipality to be assisted with tools of trade and the successful ones were provided with tools of trade including the following:

- |    |                                |                       |
|----|--------------------------------|-----------------------|
| 1. | 1000 Day old chicks            | 50 molasses meal 40kg |
| 2. | 150 broiler feeds 40kg         | 6 Herbicides          |
| 3. | 40 bales lucerne (rectangular) | 100 vegie-packs       |
| 4. | 50 Pig feeds 40kg              | 1 hammermill          |

### 3.4.3 Training of Smallholder Farmers



Picture: Training of smallholder farmers TMDM

Development of various skills in the agricultural sector is one of our major targets; in this regard the district municipality rolled-out training programs on the following areas: **industrialization, modernization of agricultural production** and other important skills in the field.

The following farmers were trained to create a significant pool of skills in the agriculture industry:

Trainings	Partners	No of Farmers	Municipality/Area
Trained farmers on Vegetable Production	TMDM	16	Makwane MaP
Training of farmers on Animal vaccines	Lionels Vet	20	TMDM
Disease control	SAPPO	41	TMDM
Training of farmers on abattoirs	SAMIC	40	TMDM
Training of farmers on	TMDM	19	MaP, Makwane

poultry			
Training of farmers on cannabis	Budwise edibles	60	DLM
Training of farmers on Breeding	SAPPO	20	TMDM
Training of farmers on Pig Production	SAPPO	36	TMDM

#### 3.4.4 Exhibitions / Show



Picture: Nampo Harvest Day, Bothaville

The district municipality allows the farmers to attend various shows/exhibitions to network and discuss issues with other role players in the agricultural industry; this idea gives the farmers the chance to personally experience the newest technology and products on offer and gives farmers



the chance to learn from experts. The shows/exhibition that the municipality assist farmers to attend are as follows:

1. The municipality paid for 15 graduates studying agriculture and 15 farmers to attend NAMPO Harvest Day.
2. 16 Farmers of fruits and vegetables had the chance to attend Bloemfontein's Fresh Produce Market thanks to the Municipal unit of agriculture and rural development. The aim was to provide farmers with more information about the methods for selling to the fresh produce market, the fruits and vegetables that are in demand so they can plan their planting accordingly, the marketing channels, the quality of the product, and the price.
3. The unit of Agriculture and Rural Development afforded 10 farmers with an opportunity to attend Royal Show, Pietermaritzburg, KZN
4. We are proud to report of a successful career Expo which we hosted in partnership with Department of Basic Education which brought 1500 learners, Unisa, CUT, NW University, Vaal University of Technology, Maluti FET, OVK, SEDA, Morgan Group, Afrivet, and many others, at Makholokoeng Farmer Production Support Unit, under the Theme: **FUND, PLANT, FEED – SUSTAIN**

The unit of agriculture and rural development entered into a memorandum of understanding with the University of South Africa.

#### 3.4.5 Agri-Park



Picture: Agri-park 3D modelling

Agri-park is a networked innovation system of Agro-production, processing, logistics, marketing, training and extension services, located in a District Municipality. The Agri-park comprises of three different but interconnected basic components:

1. The Farmer Production Support Unit (FPSU) – it's a unit that links farmers with markets. FPSU does primary collection, some storage, processing for local market and extension services including mechanisation.
2. The Agri-Hub – a production, equipment hires, processing, packaging, logistics, innovation and training unit.
1. The Rural Urban Market Centre (RUMC)- linking and contracting rural, urban and international markets based on seasonal trends. Provides market intelligence and information feedback to the AH and FPSU using latest information and communication technologies.



Picture: Makholokoeng FPSU tools of trade

### 3.4.6 In Conclusion

The district unit recognizes that the Free State is a farming province and that there are numerous private and public agricultural organizations and businesses that can help new and small farmers. In light of this, the district has had discussions and developed positive relationships with AVCASA, MSD Animal Health, AfriVet, AFASA, LIMA, Talitha, OBP, NERPO, QPro Feeds, AFGR, VKB, Makholokoeng FPSU, SAPPO, Wesgrow, CCS, MPO, SAPS, Sernick, Bonsmara SA, Unisa, CUT, Maluti TVET, MUT, DALRRD, Brangus Stud, OVK, SE

The group has also kept up the tradition of presiding over the Agriculture and Rural Development Forum meetings, which are held four times a year to discuss and resolve various issues facing the region's farming communities. The Forum has meetings with local agricultural stakeholders.

### 3.5 Component D: Community and Social Services

The Office of the executive Mayor is tasked with many responsibilities, ensuring that there are programs that it implements by ensuring Public engagements, Poverty alleviation and other Transversal issues. Here is the feedback on the programs and other legislative assignments the office has implemented in the financial year 2022/23.

#### 3.5.1 Imbizos

##### 3.5.1.1 Women Imbizo

The event was planned to get the women across the district to engage on Women Empowerment opportunities and how the Church can play a role in fighting poverty in the society.



##### 3.5.1.2 Service delivery Imbizo

One of the responsibilities of the Executive Mayor's office is to chair and direct the Political IGR, which is responsible in ensuring the decisions of the Technical IGR, and those of the provincial government are implemented. The office mobilized for the

rendering of services found in the district to the community of Fateng in Dihlabeng, where services were taken to the people.



### 5.5.2 IDP / Budget

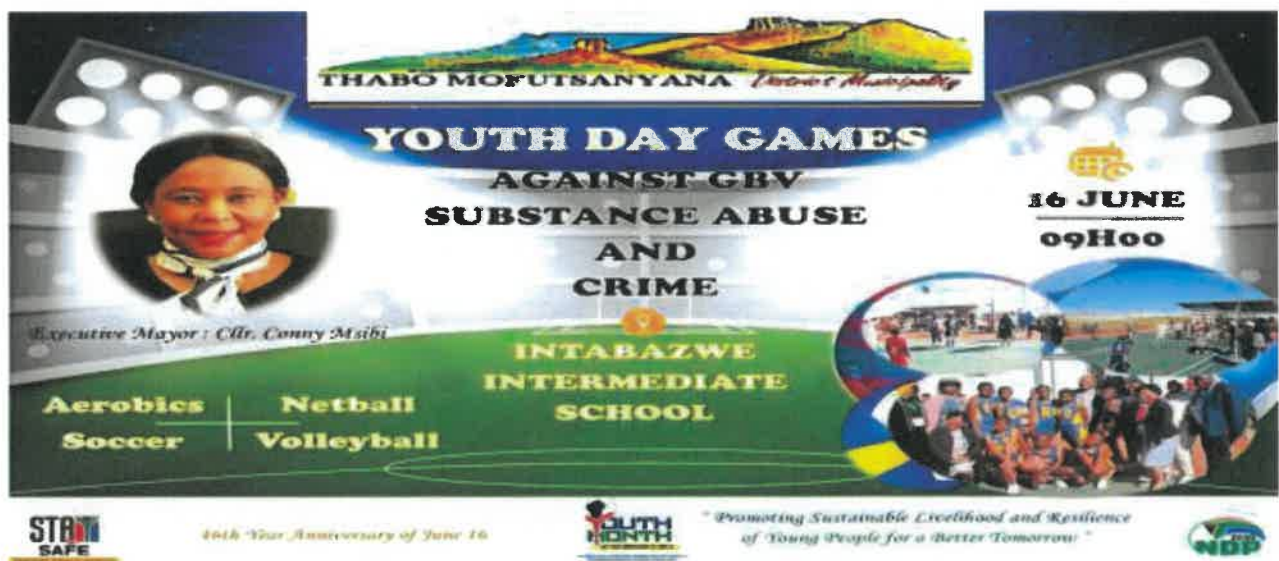
The office led the public engagement processes for purposes of gathering input from the community, sector departments and other interested parties on the planned Budget for the ensuing financial year.



### 3.5.3 Outreach Programs (Transversal Issues)

The office held various campaigns and events that were aimed at including communities affected by disability and those who needed access to issues pertaining to health upliftment (especially on HIV /Aids) and also gathered communities, FBOs and the Royal House representations in programs related to Moral Regeneration.

Trainings for other formerly neglected groups on issues relating to Agriculture (collaborating with the TMDM Agriculture section), Business development (collaborating with TMDM LED and other stakeholders), Youth empowerment (through dialogues and sports & recreation programs) and Social cohesion through partnering with NPOs and individuals within the social development space.



### 3.5.4 Political IGR / DAC / Mayors Forum

With the Executive Mayor being the Chairperson of the above committees, the office had facilitated for holding of successful meetings where all necessary stakeholders that are meant to form part attended, even though some (particularly Mayors Forum) was held virtually due to other commitments of the Mayors.



### 3.5.5 Poverty Alleviation

The office has budgeted for and assisted the poor identified households in the district with various kinds of assistance and has also mobilized other resources that it could not procure due to cost-containment policies or lack of budget availability to help make a difference in the lives of our people and the school learners, through Back-To-School campaigns and issuing of Financial support (Bursaries) to needy students.



### 3.6 Component E: Environmental Protection

#### 3.6.1 Environmental Management

1. In partnership with DFFE and South African National Biodiversity Institute (SANBI), we recruited 11 Groen Sebenza Interns to enhance capacity for Environmental Management section.
2. We were able resuscitate fully the District Environmental Management Forum with full participation from stakeholders.
3. We were able to Extend Environmental Management Programmes by adding Biodiversity in our strategic goals

### 3.7 Component F: Health

#### 3.7.1 Municipal Health

4. To boost capacity for Municipal Health, in partnership with FoodBev SETA and CUT we have appointed 2 Environmental Health Interns with 12 Months contract.
5. We successfully contained Disease Outbreaks within the District: From Mumps to Measles.
6. We were able to train more than 30 Environmental Health WIL Students and received a Certificate from CUT during Employer Recognition Ceremony held on the 11<sup>th</sup> of August 2023 for Financial year 2022/23

### 3.8 Component G: Security and Safety

#### **Consultation, communication & Coordination**

1. Consultation with state security agency
2. Coordination & Communication with security cluster e.g.: sitting in section 4 meetings
3. Communication with the security personnel \& super visors constantly

## **Operation Plan**

1. Control access to the building
2. Conducting security audits constantly
3. Up skill or training security personnel as we have currently taken security to a firearm training
4. Drafting & submitting of operational plan during events

## **Security Measures**

1. Pre – screening/ criminal records of newly appointed employees
  2. Vetting of employees on sensitive posts
  3. Installation of biometrics at the main entrance
  4. Installation of Closed-Circuit Television (CCTV) cameras & alarm system
- Procedure of removal of assets from the building

### **3.9 COMPONENT H: Disaster Management**

## **Thabo Mofutsanyana Municipal Emergency Services input to institutional annual report**

### **Background overview**

Thabo Mofutsanyana Municipal Emergency Services is composed of two sections that are Fire Services and Disaster Management.

Municipal Fire Services derived its powers and function from Schedule 4 Part B of the South African Constitution which is read with Section 84(1)(j) of the Local Government Municipal Structures Act. The main purpose of the sector is to pursue one of the objectives of the Constitution which amongst others to ensure a safe and secure environment. This function is operating under the act of parliament, Fire Brigade Service Act. The main purpose of the fire



services is to ensure firefighting services serving the area of the district municipality as a whole, which includes-

1. planning, co-ordination and regulation of fire services.
2. specialised firefighting services such as mountain, veld and chemical fire services.
3. co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures.
4. training of fire officers.

Municipal Disaster Management derived its powers and function from the act of parliament, Disaster Management Act. The main purpose of the disaster management is outlined in Section 44 of the Disaster Management Act which is translated into four KPAs and three enablers namely:

1. KPA 1: Integrated institutional capacity for disaster risk management
2. KPA 2: Disaster risk assessment
3. KPA 3: Disaster risk reduction
4. KPA4: Response and recovery
5. Ebl:1: Information management and communication
6. Ebl2: Education, training, public awareness and research
7. Ebl3: Funding arrangement for disaster risk management

### **Emergency services governance**

Municipal emergency services has adopted a functional structure consist of two members that is the Manager Emergency Services and the Disaster Management coordinator.

### **Emergency services activities**

The municipality is funding its emergency services from the transfers received from government. To augment the services of the sector, MOU was entered into with Santam to be assisted with fire and disaster resources such as services and the equipment. The main achievement for the sector during 2022/23 financial year were:

1. Development and inheriting of the disaster risk assessment for entire district.
2. Establishment and implementation of incident capturing system.

3. Incorporation and trained in the utilisation of Greenbook for planning.
4. Development in inheriting of Climate Change Response Plan
5. Response to and management of Covid-19 pandemic disaster
6. Response to and management of floods disaster
7. Training the municipal official on the disaster risk assessment done 23/11/22
8. Supporting of the local municipalities with disaster and firefighting equipment

### **Some evidence of the achievements**

Equipment procured to support local municipal emergency services





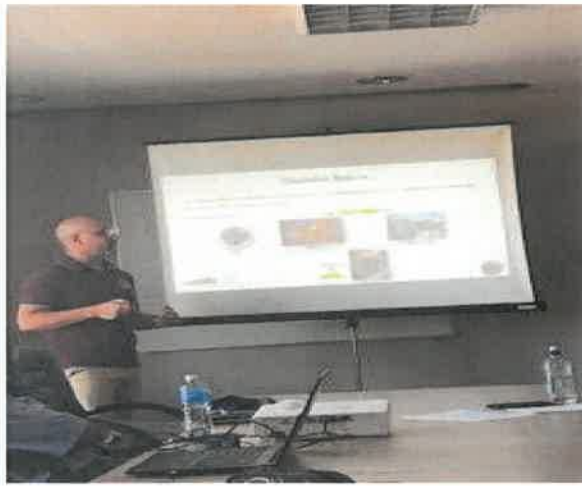






**Disaster risk assesment training done in Harrismith Maluti-a-Phofung**





**Disaster risk assesment training done in Bethlehem Dihlabeng**







### 3.10 Component I: Sports and Recreation

#### 3.10.1 The Mayoral Games

The Executive Mayor of Thabo Mofutsanyana District Municipality hosted the Mayoral Games on the 22nd of April 2023 at Bohlokong Stadium. The main aim was to create social cohesion amongst youth, promote healthy lifestyle and make awareness on danger the prevailing social ills. 350 youth attended the games and Participating sporting codes were netball and soccer.





## **THE South African Municipal Sports and Recreation Association (SAMSRA) NATIONAL GAMES**

Thabo Mofutsanyana District Municipality began participating in SAMSRA since 2012. The aim was to encourage the municipal employees and councillors to participate in sports as part of the wellness programme, and to further build social cohesion amongst officials and councillors.



TMDM participated on the 2022 SAMSRA National games which was held in Mpumalanga (Mbombela) ;whereby participated with Netball, pool and soccer .

### 3.10.2 Sports Development

The District of Thabo Mofutsanyana has been working with several sporting codes to assist and develop the teams, including Soft-Ball team that is based in Kestell as one of the small towns of Maluti A Phofung Municipality the team has now been registered under Free State Softball Federation and participants are able to play at provincial level leagues. Also we assisted the Dominators wheelchair basketball team that is based in Reitz ( Nketoana Local Municipality ) the team got players from Qwaqwa and Reitz players who were able to attend the provincial games after two years of being absent due to lack of funding and transportation. In March 2023 Thabo Mofutsanyana District was able to assist the team by transporting three members to the coaching workshop whereby two of them qualified.



## 3.11 COMPONENT J: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.11.1 EXECUTIVE AND COUNCIL

#### **Background**

The Office of the Executive Mayor had been allocated a budget to implement its programs as stipulated in the SDBIP for the financial year under review.

The office did get to initiate more programs beyond the KPIs mandated to it by the SDBIP in order to supplement on the impact intended to render services to the community of the District.

In all its programs, the Office has attempted to cover all corners of the District in order to ensure services of the municipality are received across the district.

#### **REPORT**

The Office has been engaging with various stakeholders and communities through Imbizos led by the Executive Mayor and MMCs.

The purpose of these Imbizos was to ensure communities are given services where they live, and the Office, through IGR, took with it government departments that are based in the district, where in which communities would be serviced on the spot.



Other campaigns included matters of Transversal Issues, which would be segmented into various categories, from Disability programs- which are meant to address issues of disability.



There are also programs that were designed to address the Gender, Youth and Elderly issues, through sectoral engagement and dialogues.



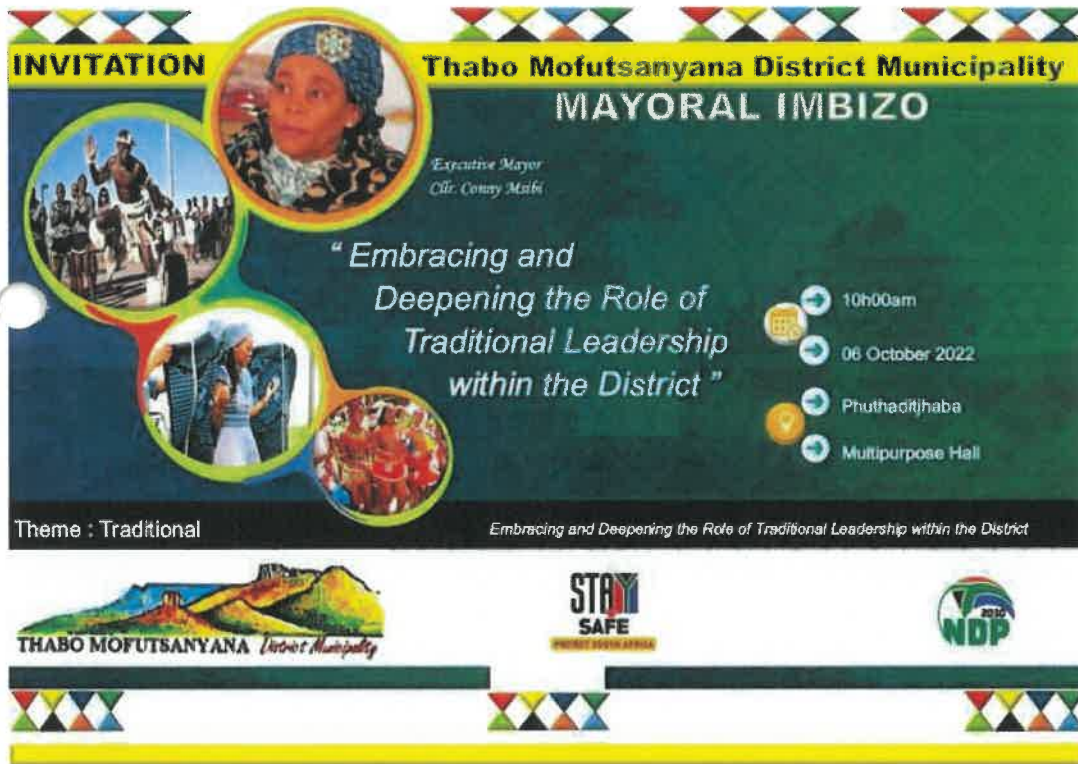
The office also improved on its role to facilitate the Political IGR and other structures where there would be consolidated of budgets, planning, and implementation through Stakeholder Engagement, DDM and constant meetings with the House of Traditional Leadership.



### 3.12 Component K: Communications

The most important purpose of this report is to provide community and stakeholders with information on how the Communications Unit has performed and highlighting some of the achievements.

#### 3.12.1 Communications PLATFORMS /CHANNELS VIA POSTERS



### 3.12.2 Communications Branding and Photographic Services





### 3.12.3 Media Engagements with Setsoto FM (Radio Interviews)



Picture: Communications manager Thabo Mofutsanyana together with the district communicators held a radio talk show informing community of Thabo Mofutsanyana district municipality about the functions of communications within local government.

3.12.4 Budget Speech 2023/2024

# STATE OF THE DISTRICT ADDRESS

# BUDGET

**VOTE 2023/24**

You are cordially invited to the Council Sitting of the 5th Council of Thabo Mofutsanyana District Municipality and Tabling of 2023/2024 Budget Vote

Clarens Martlotze | 10:00 AM | 31<sup>st</sup> MAY | Smart Formal

**Speaker**  
Clr. Thabo Mokoena

Live On Social Media Platforms  
@TeamTMDM  
#TeamTMDM

**Executive Mayor**  
Clr. Conny Msibi



The budget speech was well supported with livestreaming and media houses for marketing and coverage of the event.

### 3.12.4 Paul Roux mayoral Imbizo supporting local municipalities





3.12.5 District Communicators Forum Meeting June 2023 at Setsoto Local Municipality





The district communicators forum is a communications platform whereby all communicators from local municipalities within the district come together and plan together and support each other of issues of service delivery. All government dept communicators within the district forms part of the forum and plan on the activities that will be happening within their department and work together with them.

### 3.12.6 DCF Outreach June 2023 held at Welliminah trust in Setsoto Local Municipality

## Support to Local Municipality

**THABO MOFUTSANYANA**  
**DCF OUTREACH**

Thabo Mofutsanyana District Municipality Communicators Forum together with the District Executive Mayor, Cllr. Conny Msibi accompanied by Setsoto Local Municipality Executive Mayor, Cllr. Seipati Mbiwe, taking services to the people:

**29 June 2023**  
**11:00 AM**  
 Welliminah Trust Farm, Ficksburg  
 Setsoto Local Municipality

Executive Mayor Cllr. Conny Msibi

Executive Mayor Cllr. Seipati Mbiwe

THABO MOFUTSANYANA District Municipality

DDM

NDP

STRIP SAFE

LEAVEN ONEBEHIND

Socio-Economic



### 3.12.7 In Conclusion

Thabo Mofutsanyana District Municipality communications functions is to make sure that local government messages reach our communities and to support local municipalities on communications.

### 3.13 Organisational Performance Scorecard

KIP NO.	KIP	Baseline	Annual target	Actual achievements	Reason for deviation	Remedial action	Legend
<b>Infrastructure</b>							
1	100% Development of Rural Road Asset Management System - The extend & conditions of the road network & RRAMS System Implementation on the 30th June 2023	100% Visual Completion Assessments of Pavement management & Conditions	100% Visual Assessments of Pavement management & Conditions	100% Visual Assessment of pavement management & conditions	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
2	Number of meetings with Province (Dept. of Police, Roads & Transports) and the 6 Local Municipalities on the on 30th June 2023	07 Meetings were held on the 30th June 2022	12 Meetings	7 meetings were held with Province (Dept. of Police, Roads & Transports) and the 6 Local Municipalities on the on 30th June 2023	18th meeting was on a virtual platform via zoom and unfortunately we could not retrieve the recordings of the meeting.	In the ensuing financial year will opt for teams platform only not zoom .	
3.	Number of Arrive Alive Campaigns conducted on the 31st December 2022	New	One Arrive Alive Campaign	1 Arrive alive campaign conducted	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
4.	100% Retrofitting of high mast & street	100% Retrofitting of	100% Retrofitting of high mast &	100% Retrofitting of high mast &	Not applicable because this	Not applicable	

	lights with LED tubes on the 30th June 2023	high mast & streetlights with LED tubes	streetlights with LED tubes	streetlights with LED tubes	streetlights with LED tubes	indicator is achieved	because this indicator is achieved
5.	Number of District Water and sanitation forum held on the 30th June 2023	04 For a held on the 30th June 2022	4 District Water and sanitation fora held on the 30th June 2023	4 District Water and sanitation fora held on the 30th June 2023	4 District Water and sanitation fora held on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
6.	Number of District Energy Forum held on the 30th June 2023	04 Fora held on the 30th June	4 District Energy fora held on the 30th June 2023	4 District Energy fora held on the 30th June 2023	4 District Energy fora held on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
7.	Monthly progress Reports sent to the Municipal Manager on the 07th of every month on the 30 June 2023	09 Monthly Progress Reports sent to Municipal Manager on the 7th of every month	12 Monthly progress Reports sent to the Municipal Manager on the 07th of every month	12 Monthly progress Reports sent to the Municipal Manager on the 07th of every month	12 Monthly progress Reports sent to the Municipal Manager on the 07th of every month	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
<b>SPORTS</b>							
8.	Number of OR Tambo games Meeting attended on the 30th June 2023	Number of OR Tambo games meeting attended on the 30th June 2022	4 OR Tambo Games Meeting	4 OR Tambo Games Meeting	4 OR Tambo games meeting attended on the 30th June 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
9.	Host District OR TAMBO Games	2021/2022 District OR	Hosting of the District	Hosting of the District	District games were not hosted	No budget was provided for this	Budget will be



	2022/2023 on the 30th Oct 2022 and selection of team to represent the District at the provincial OR Tambo games	Tambo Games were not hosted on the 30th September 2021 and selection of team to represent the District at the provincial OR Tambo games was not done.	2022/2023 games on the 30th Oct 2022		financial year to host the games	provided and games will be hosted in the new financial year	
10.	Train and Induct Sports Council and Federations on the 30th November 2022	New	Training and Induction of Sports Council and Federations done on the 30th November 2022	Training and Induction of Sports Council and Federations done on the 30th November 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
11.	Hosting of District Mayoral Games on the 30 April 2023	New	Hosting District Mayoral Games on the 30th April 2023	District Mayoral games were hosted on the 22nd April 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	

Arts & Culture						
12.	Number of Arts & Culture Fora held on the 31st Nov 2022	02 Fora were held on the 30th June 2022	2 Arts & Culture Forums	2 Arts & Culture Fora held	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
13.	Number of Writing and Poetry workshop on the 31st March 2023	1 Writing and poetry workshop held on the 18th February 2022	1 Writing poetry workshop on the 31 Mar 2023	1 Writing poetry workshop held on the 24th February 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
14.	Number of Initiation Schools Workshop held with Government departments (SAPS & Health) and Initiation Schools Leaders on the 30th June 2023	03 Initiation Schools Workshop held with Government departments (SAPS & Health) and Initiation Schools Leaders on the 30th June 2022	2 Initiation Schools Workshops	3 Initiation Schools Workshops held with Government departments (SAPS & Health) and Initiation Schools Leaders on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
15.	Number of Memorial Lectures hosted on the 30th June 2023	Liberation Heritage Routes were not re-established on the 30th June 2022	2 Memorial Lectures hosted on the 30th June 2023	2 Memorial Lectures hosted on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved

16.	Number of Municipal Buildings renamed on the 30 th June 2023	Liberation Heritage Routes were not re-established on the 30th June 2022	4 Municipal Buildings renamed on the 30 th June 2023	Municipal buildings were not renamed	Renaming policy was not tabled before council to guide the renaming process	Policy will be tabled before council during the 1st Quarter	
<b>Emergency Services</b>							
17.	Develop IM & EC Software on the 28th February 2023	IM & EC software was not developed on the 28th February 2022	Develop IM&EC Software on the 28th February 2023	IM&EC Software was not developed	Procurement process was delayed due to Con Court judgement on PPPFA	Project will be implemented in the new financial year	
18.	Host Disaster Risk Reduction International Day on the 31st October 2022	Disaster Risk Reduction International Day was hosted on the 24th November 2021	Host 1 Disaster Risk Reduction International Day on the 31st October 2022	1 Disaster Risk Reduction International Day was hosted on the 31st October 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
19.	Number of Safety Awareness campaigns conducted on the 30th June 2023	03 Safety awareness campaigns conducted on the 30th June 2022	4 Safety Awareness Campaigns conducted on the 30 June 2023	5 Safety awareness campaigns conducted on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
20.	Number of stakeholder meetings held on the 30th June 2023	04 stakeholder meetings held on the 30th	2 stakeholder meetings held on the 30 June 2023	3 Stakeholders meetings on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	

	June 2022					indicator is achieved
<b>Municipal Health Services</b>						
21.	Number of Monthly reports indicating food selling outlets inspected in the district on the 30th June 2023.	12 Monthly reports indicating number of food selling outlets complying with relevant legislation on the 30th June 2022	12 Monthly reports	12 Monthly reports	12 Monthly reports	Not applicable because this indicator is achieved
22.	Number of Monthly reports indicating food samples taken in the district on the 30th June 2023.	12 Monthly reports indicating the status of food samples taken in various towns across the 6 Local Municipalities in the district on the 30th June 2022	12 Monthly reports	12 Monthly reports	12 Monthly reports	Not applicable because this indicator is achieved
23.	Number of Monthly reports indicating water samples taken in the district on the 30th June 2023.	12 monthly water quality reports indicating the status of water in various towns across	12 Monthly reports	12 Monthly reports	12 Monthly reports	Not applicable because this indicator is achieved

		the 6 local municipalities in the district on the 30th June 2022.	4 awareness campaigns conducted in respect of Municipal Health Services on the 30th June 2023.	4 awareness campaigns conducted in respect of Municipal Health Services on the 30th June 2023.	4 awareness campaigns conducted in respect of Municipal Health Services on the 30th June 2023.			
24.	Number of awareness campaigns conducted in respect of Municipal Health Services on the 30th June 2023.	04 Quarterly reports indicating awareness campaigns conducted in respect of Municipal Health Services across 3 Local Municipalities in the district	01 Air Quality Management report generated on the 30th June 2022	03 Quarterly Environmental Services reports with specific focus	04 Quarterly reports on waste management activities performed in the district	01 Air Quality Management report generated on the 30th June 2022	Develop District MHS By-Law and submit to council for adoption on the 30th June 2023.	Develop District MHS By-Law and Tariff Policy submit to council for adoption on the 30th June 2023.
25.	Develop District MHS By-Law and Tariff Policy and submit to council for adoption on the 30th June 2023.	Number of environmental reports on waste management activities performed in the district on the 30th	Number of awareness campaigns conducted in respect of Municipal Health Services on the 30th June 2023.	Number of awareness campaigns conducted in respect of Municipal Health Services on the 30th June 2023.	Number of awareness campaigns conducted in respect of Municipal Health Services on the 30th June 2023.	Number of awareness campaigns conducted in respect of Municipal Health Services on the 30th June 2023.	Number of awareness campaigns conducted in respect of Municipal Health Services on the 30th June 2023.	Number of awareness campaigns conducted in respect of Municipal Health Services on the 30th June 2023.
26.	Number of environmental reports on waste management activities performed in the district on the 30th	Number of awareness campaigns conducted in respect of Municipal Health Services on the 30th June 2023.	Number of awareness campaigns conducted in respect of Municipal Health Services on the 30th June 2023.	Number of awareness campaigns conducted in respect of Municipal Health Services on the 30th June 2023.	Number of awareness campaigns conducted in respect of Municipal Health Services on the 30th June 2023.	Number of awareness campaigns conducted in respect of Municipal Health Services on the 30th June 2023.	Number of awareness campaigns conducted in respect of Municipal Health Services on the 30th June 2023.	Number of awareness campaigns conducted in respect of Municipal Health Services on the 30th June 2023.

	June 2023		conducted on the 30th June 2023	30th June 2023	committee members by Cogta	to expedite induction of ward committee members
<b>Local Economic Development</b>						
58.	Procurement of tools of trade for SMMEs on the 30 June 2023	Procurement of tools of trade for SMMEs was not done on the 30th June 2022	Procurement of tools of trade for SMMEs on the 30 June 2023	Procurement of tools of trade for SMMEs was not done on the 30 June 2023	Procurement process was delayed due to Con Court judgement on PPPFA	Project will be implemented in the new financial year
59.	Number of LED fora held on the 30th June 2023	New	Four LED fora held on the 30th June 2023	Three LED fora held on the 30th June 2023	Unavailability of focal members	Annual Schedule will be crafted and dispatched at the beginning of the financial year so that focal members can block or diaries those dates to enable them to

							attend meetings as per schedule .	
60.	Development of District LED Strategy on the 30th June 2023	New	Develop LED Strategy on the 30th June 2023	LED Strategy was not developed on the 30th June 2023	COGTA and Destea did not fulfill its commitment to support the district in the formulation of the strategy		Because this is dependent on external support, rather than municipal budget, it will be removed in the new year	
<b>Tourism</b>								
61.	Update database of accommodation and tourism destination guide with contact details on the 30th June 2023	Database of accommodation and tourism destination guide with contact details was updated on the 30th June 2022	Update database of accommodation and tourism destination guide with contact details on the 30th June 2023	Database of accommodation and tourism destination guide was not updated with contact details on the 30th June 2023	Procurement process was delayed due to Con Court judgement on PPPFA		Project will be implemented in the new financial year	
62.	Develop calendar for District tourism events on the 30th Sep 2022	New	Development of Calendar for tourism events in District on the 30 September 2022	Calendar for tourism events in District developed on the 30th September 2022	Not applicable because this indicator is achieved		Not applicable because this indicator is achieved	
63.	Number of Tour	Tour operators	Six Tour	One Tour Operators				

June 2023.	on waste management activities performed in 3 local municipalities in the district on the 30th June 2022	district on the 30th June 2022	30th June 2022	achieved	
27.	Number of waste management awareness campaigns conducted on the 30th June 2023.	4 waste management awareness campaigns conducted on the 30th June 2023.	4 waste management awareness campaigns conducted on the 30th June 2023.	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
<b>HIV / AIDS Programmes</b>					
28.	Establish district Aids Council on the 30th September 2022	Establish District Aids Council on the 30th September 2022	District Aids Council was established on the 30th September 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
29.	Number of HIV/Aids awareness campaigns conducted on the 31st December 2022	One HIV/Aids awareness campaigns conducted on the 31 December	One HIV/Aids awareness campaigns conducted on the 31 December 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved



30.	Number of HIV/ Aids support program for people living with HIV/Aids conducted on the 30th June 2023	new	2022	One HIV/ Aids support program for people living with HIV/Aids conducted on the 30th June 2023	One HIV/ Aids support program for people living with HIV/Aids conducted on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
31.	Number of HIV /AIDS workshop for municipal employees held on the 31st December 2022	New		One HIV /AIDS workshop for municipal employees held on the 31 December 2022	One HIV /AIDS workshop for municipal employees was held on the 31 December 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
<b>Moral Regeneration</b>									
32.	Number of moral regeneration awareness campaigns conducted on the 30th September 2022	New		One moral regeneration awareness campaign conducted on the 30th September 2022	1 Moral regeneration awareness campaign was conducted	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
33.	Number of GBV awareness campaigns conducted on the 30th September 2022	New		One GBV awareness campaign conducted on the 30th September 2022	1 GBV awareness campaign conducted on the 30th September 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
34.	Number of women's month celebration conducted on the 30th September 2022	New		One women's month celebration conducted on the 30th September	1 women's month celebration conducted on the 30th September 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved

35.	Number of healthy lifestyle awareness campaigns conducted on the 31st December 2022	New	2022	One healthy lifestyle awareness campaign conducted on the 31st December 2022	1 healthy lifestyle awareness campaign conducted on the 31st December 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
36.	Number of GBV meetings with NGOs conducted on the 30th June 2023	New		Four GBV meetings with NGOs conducted on the 30th June 2023	4 GBV Meetings with NGO's were not conducted on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
37.	Number of Children's dialogues conducted on the 30th March 2023	New		One Children's dialogue conducted on the 30st March 2023	1 Children's dialogue conducted on the 30th March 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
38.	Number of boy child empowerment Dialogues conducted on the 30th March 2023	New		One boy child empowerment Dialogue conducted on the 31st March 2023	1 Boy child empowerment dialogue was conducted on the 31st March 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
39.	Number of Moral Regeneration Dialogue with Traditional leaders and healers, Youth out of school and Religious communities	New		One Moral Regeneration Dialogue with Traditional leaders and healers Youth out of	1 Moral Regeneration Dialogue with Traditional leaders and healers Youth out of school and Religious	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved

	conducted on the 30th June 2023		school and Religious communities to be conducted on the 30th June 2023	communities was conducted on the 30th June 2023		
40.	Number of Motivational talks led by former inmates conducted on the 30 June 2023	New	One Motivational talk led by former inmates to be conducted on the 30th June 2023	1 Motivational talk led by former inmates was conducted on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
<b>Gender &amp; Disability Programmes</b>						
41.	Number of Gender and disability fora held on the 30th June 2023	New	One Gender and disability fora held on the 30th June 2023	1 Gender and disability forum was held on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
42.	Number of awareness campaigns for people with disability conducted on the 30th June 2023 .	New	One awareness campaign for people with disability to be conducted on the 30th June 2023	1 awareness campaign for people with disability conducted on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
43.	Number of social cohesion dialogue for people with disability conducted on the 31st December 2022	New	One social cohesion dialogue for people with disability to be conducted on the 31st December 2022	1 social cohesion dialogue for people with disability conducted on the 31st December 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved

District Development Model						
44.	Number of DDM meetings with Sector Departments held on the 30th June 2023	New	Four DDM meetings with Sector Departments held on the 30th June 2023	4 DDM meetings with Sector Departments held on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
45.	Number of DDM Meetings with Sector Departments and Mayors held on the 30 June 2023	New	Four DDM Meetings with Sector Departments and Mayors to be held on the 30 June 2023	2 DDM meetings with sector departments and Mayors held on the 30th June 2023	Meetings could not take place due to unavailability of stakeholders	In the new financial we will explore a possibility of more virtual meetings.
46.	Number of DDM Meetings with Business communities conducted on the 30th June 2023	New	Four DDM meetings with Business communities conducted on the 30th June 2023	1 DDM meetings with Business communities conducted on the 30th June 2023	Other engagements sessions could not take place due to unavailability of business communities	We shall improve coordination and relations .
47.	Number of DDM Mayoral Imbizos held on the 30th December 2022	New	One DDM Mayoral Imbizo held on the 30th December 2022	1 DDM Mayoral Imbizo held on the 30th December 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
Youth Development Programs						
48.	Host Youth Summit on	New	Host Youth	Youth Summit was	Financial	More

	the 30th June 2023		Summit on the 30th June 2023	not hosted on the 30th June 2023	constraints because we had insufficient funds to do the summit	funds will be solicited in the ensuing financial year
49.	Procurement of tools of trade for eight Youth SMMEs on the 30th June 2023	New	Procurement of tools of trade for eight Youth SMMEs on the 30th June 2023	Procurement of tools of trade for eight Youth SMMEs was not done on the 30th June 2023	Beneficiaries did not submit their formal requests on time to enable the municipality to follow supply chain management processes for procurement of their tools of trade	More beneficiaries will be assisted in the ensuing financial year and they will be encouraged to make their submission on time.
<b>Public Participation</b>						
50.	Number of ward committees Gov Chart training sessins conducted on the 30th June 2023	New	Six ward committees Gov Chart training sessions conducted on the 30th June 2023	Ward committees Gov Chart training sessions were not conducted on the 30th June 2023	The training could not be conducted before the induction of ward committee members by Cogta	The matter was elevated to Cogta as the Service Provider of Gov Chart

							system was contracted by them	
51.	Number of Councillors Gov Chart training sessions conducted on the 30th June 2023	New	one Councillors Gov Chart training session conducted on the 30th June 2023	one Councillors Gov Chart training session was not conducted on the 30th June 2023	Councillors Gov Chart training session was not conducted on the 30th June 2023	The training could not be conducted before the induction of ward committee members by Cogta	The matter was elevated to Cogta as the Service Provider of Gov Chart system was contracted by them	
52.	Number of MPAC meetings held on the 30 June 2023	New	Four MPAC meetings held on the 30th June 2023	Two MPAC meetings held on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
53.	Number of MPAC capacity building workshops held on the 30th September 2022	New	one MPAC capacity building workshop held on the 30th September 2022	One MPAC capacity building workshop held on the 30th September 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
54.	Number Speakers fora held on the 30th June 2023	New	4 Speaker's fora held on the 30th June 2023	3 Speaker's fora held on the 30th June 2023	Congestion of focal members activities	Annual Schedule will be crafted and	Annual Schedule will be crafted and	

							dispatched at the beginning of the financial year to enable focal members diarise the dates and subsequently attend meetings as scheduled	
55.	Number of Public Participation officers fora held on the 30th June 2023	New	Four Public Participation Officers fora held on the 30th June 2023	4 Public Participation Officers fora held on the 30th June 2023		Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
56.	Number of community outreach programmes conducted on the 30th June 2023	New	Four stakeholder meetings to be held on the 30 June 2023	4 stakeholder meetings held on the 30 June 2023		Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
57.	Number of Ward Committees DDM training sessions conducted on the 30th	New	Six Ward Committees DDM training sessions	Ward Committees DDM training sessions conducted on the		The training could not be conducted before the induction of ward	Intervention was sought from Cogta	

	Operators training on product development and Marketing on the 30th June 2023	were trained about Tourism packages on the 10th November 2021	Operators training on product development and Marketing on the 30th June 2023	training conducted on product development and Marketing on the 30th June 2023		
64.	Host Annual Tourism Festival on the 31st Dec 2022	New	Host Annual Tourism Festival on the 31st Dec 2022	Annual Tourism Festival was not hosted on the 31st Dec 2022	Procurement process was delayed due to Con Court judgement on PPPFA	Project will be implemented in the new financial year
65.	Development of Thabo Mofutsanyana Accommodation and travel guide on the 30th June 2023	New	Development of Thabo Mofutsanyana Accommodation and travel guide on the 30th June 2023	Thabo Mofutsanyana Accommodation and travel guide was not developed on the 30th June 2023	Procurement process was delayed due to Con Court judgement on PPPFA	Project will be implemented in the new financial year
<b>Agriculture</b>						
66.	Number of Farmers assisted with Tools of trade (Rural Community Support) on the 30th June 2023	Farmers were not Assisted with tools of trade on the 30th June 2022	Assisting six Farmers with tools of trade on the 30 June 2023	Eight farmers assisted with tools of trade on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
67.	Number of revitalized farms : Electricity /Water installations and Electricity/Water Consumption on the 30th June 2023	New	2 farms revitalised on Electricity /Water installations and Electricity/Water Consumption on	farms were not revitalised on Electricity /Water installations and Electricity/Water Consumption on the	Partially realised because all the necessary documentation was approved by the director , CFO	The target will be realised the next financial year 2023



			the 30th June 2023	30th June 2023	and Municipal Manager , The realisation was halted by SCM	/2024 .	
68.	Number of Farmers sent to NAMPO Day on the 30 June 2023	26 Farmers were sent Farmers NAMPO Day on the 22nd May 2022	Thirteen farmers / learners sent to NAMPO on the 30th June 2023	15 farmers were sent to NAMPO on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
69.	Number of Farmers sent to an Established Fresh Produce Market on the 30th November 2022	Farmers were sent to an Established Fresh Produce Market on the 31st March 2022	Sent Thirteen farmers to an Established Fresh Produce Market on the 30th November 2022	13 farmers were sent to an established Fresh Produce Market on the 30th November 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
70	Number of Farmers sent to Alfa workshop on the 30th Sep 2022	Farmers were not sent to Alfa workshop on 30 Sep 2021	Sending Thirteen farmers /learners to Alfa workshop on Not applicable because this indicator is achieved the 30th Sep 2022	13 farmers were sent to Alfa workshop on the 30th Sep 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
71.	Establishment food security: Municipal Garden on the 30 June 2023	New	Establishment of Municipal Garden on the 30 June 2023	Municipal Garden was established on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
72.	Number of Emerging farmers trained on the	120 Youth Emerging	Training thirty Emerging farmers	232 emerging farmers were trained	Not applicable because this	Not applicable	

	following : Animal Health , Piggery Production , Poultry Production , Animal Nutrition and Vegetable Production on the 30th Jun 2023	farmers were trained on Piggery Production , Poultry Production on the 30th June 2022	on Animal Health , Piggery Production , Poultry Production , Poultry Production , Animal Nutrition and Vegetable Production on the 30th June 2023	on Animal Health , Piggery Production , Poultry Production , Animal Nutrition and Vegetable Production on the 30th June 2023	indicator is achieved	because this indicator is achieved	
<b>Poverty Alleviation And Job Creation</b>							
73.	Number of Jobs to be created through EPWP Incentive Grant on the 30 Sep 2022	245 EPWP Employees were employed on the 30th June 2022	180 jobs created through EPWP incentive Grant on the 30th September 2022	222 jobs created through EPWP incentive Grant on the 30th September 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
74.	Number of Monthly progress Reports on EPWP Incentive Grant sent to Public Works on the 10th of every month	12 Monthly Expenditure Reports on EPWP Incentive Grant sent to Public Works on the 10th of every month.	12 Monthly Expenditure Reports on EPWP Incentive Grant sent to Public Works on the of every month	12 Monthly Expenditure Reports on EPWP Incentive Grant sent to Public Works on the of every month	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
<b>Corporate Support</b>							
75.	Submission of Items from all departments to MM for Council Agenda 5 days before the Council meeting on the 30 June 2023	07 Days before Council Meeting Items from all departments were submitted to	Submission of Items from all departments to MM for Council Agenda 5 days before the Council meeting	Submission of Items from all departments to MM for Council Agenda 6 days before the Council meeting on the 30 June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	

		MM	on the 30 June 2023					
76.	Distribution of Agenda to Council Members 2 Days before the Council meeting on the 30th June 2023	Council Agendas were distributed within 02 Days Before the Council Meetings	Distribution of Agenda to Council Members 2 Days before the Council meeting on the 30th June 2023	Distribution of Agenda to Council Members 5 Days before the Council meeting on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved		
77.	Submission of Items to the Executive Mayor for MAYCO Agenda 5 days before the MAYCO meeting on the 30th June 2023	07 Days before MAYCO Meetings Items were submitted to Ex-Mayor	Submission of Items to the Executive Mayor for MAYCO Agenda 5 days before the MAYCO meeting on the 30th June 2023	Submission of Items to the Executive Mayor for MAYCO Agenda 5 days before the MAYCO meeting on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved		
78.	Distribution of Mayco Agenda to secretary in the office of Executive Mayor 2 days before the Mayco meeting on the 30th June 2023	Mayco Meetings Agendas were delivered 04 Days Before to secretaries in the office of Executive Mayor	Distribution of Mayco Agenda to secretary in the office of Executive Mayor 2 days before the Mayco meeting on the 30th June 2023	Distribution of Mayco Agenda to secretary in the office of Executive Mayor 4 days before the Mayco meeting on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved		
<b>Human Resources</b>								
79.	Number of Corporate Services Portfolio Committee meetings	06 Meetings held on the 30th June	8 Corporate Services Portfolio Committee	10 Corporate Services Portfolio Committee Meetings	Not applicable because this indicator is	Not applicable because		

	held on the 30th June 2023	2022	Meetings held on the 30th June 2023	held on the 30th June 2023	achieved	this indicator is achieved
80.	Number of Human Resources policies reviewed on the 30th June 2023	04 Policies were reviewed on the 30th June 2022	2 Human Resource policies reviewed on the 30th June 2023	2 Human Resource policy reviewed on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
81.	Review Municipal Organogram on the 31st May 2023	Municipal Organogram was reviewed on the 31st May 2022	Review Municipal Organogram on the 31st May 2023	Municipal Organogram reviewed on the 31st May 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
82.	Develop Workplace skills plan & ATR and submit to LGSETA on the 30th April 2023	Workplace skills plan & ATR was developed and submitted on the 30th April 2022	Develop Workplace skills plan & ATR and submit to LGSETA on the 30th April 2023	Workplace skills plan & ATR developed and submitted to LGSETA on the 30th April 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
83.	Distribute Skills Audit Forms to Employees on the 31st Jan 2023	New	Distribute Skills Audit Forms to Employees on the 31st Jan 2023	Skills Audit Forms distributed to employees on the 31st Jan 2023		
84.	Number of employees trained as per their Skills needs on the 30th June 2023	18 employees were trained on the 30th June 2022	12 employees trained as per skills needs on the 30 June 2023	21 employees trained as per skills needs on the 30 June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
85.	Number of	No	4 Occupational	1 Occupational	The committee did	A new

	Occupational Health and Safety Committee Meetings held on the 30 June 2023	Occupational Health and Safety Committee Meetings held on the 30th June 2022	Health and Safety Committee Meetings held on the 30 June 2023	Health and Safety committee meeting held on the 30th June 2023	not have a chairperson since the passing of our Chief HR	chairperson has been appointed	
86.	Submit Employment Equity Report to Department of Labour on the 15th January 2023	EE Report was Submitted on the 14 Jan 2022	Submit EE Report to Department of Labour on the 15th January 2023	EE Report submitted to Department of Labour on the 15th January 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
87.	Number of LLF meetings held on the 30th June 2023	01 Meeting LLF Meetings held on the 30th June 2022	5 LLF Meetings held on the 30th June 2023	3 LLF Meetings held on the 30th June 2023	Focal members did not attend the LLF meetings	Intervention of EM has been requested, regarding participation of MMC	
<b>Communications</b>							
88.	Number of Internal Newsletters Published on the 30th June 2023	04 Internal Newsletters were published on the 30th June 2022	4 Internal Newsletters published on the 30th June 2023	4 Internal Newsletters published on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
89.	Number Communication Channels used on the 30th June 2023	18 Communication Channels were used on the 30th June	12 Communication Channels utilized on the 30th June2023	26 Communication Channels utilized on the 30th June2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	

90.	Number of District Communicators Fora Held on the 30th June 2023	2022 4 District Communicators Fora Held on the 30th June 2022	4 District Communicators For a held on the 30th June 2023	4 District Communicators For a held on the 30th June 2023	4 District Communicators For a held on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
91.	Number of consultations with Local Municipalities communicators to advise them on communication Issues on the 30 June 2023	03 consultations with Local Municipalities communicators to advise them on communication Issues were done on the 30th June 2022	4 Consultations with Local Municipalities communicators for communication support on the 30 June 2023	4 Consultations with Local Municipalities communicators for communication support on the 30th June 2023	4 Consultations with Local Municipalities communicators for communication support on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
92.	Number of Events Based Communications plans developed for TMDM departmental events on the 30th June 2023	04 Events based Communication Plan were developed on the 30th June 2022	4 Events Based Communications plans developed for TMDM departmental events on the 30th June 2023	4 Events Based Communications plans developed for TMDM departmental events on the 30th June 2023	4 Events Based Communications plans developed for TMDM departmental events on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
93.	Number of brand promotion activities conducted on the 30 June 2023	18 Branding, Promotions activities conducted on the 2022	8 Branding, Promotion activities conducted on the 30 June 2023	8 Branding, Promotion activities conducted on the 30 June 2023	31 Branding, Promotion activities conducted on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
94.	Social media update on	New	4 social media	4 social media	31 social media	Not applicable	Not applicable	Not applicable	Not applicable

	the 30 June 2023		updates Facebook, Instagram, Twitter done on the 30th June 2023	updates Facebook, Instagram, Twitter done on the 30th June 2023	updates Facebook, Instagram, Twitter done on the 30th June 2023	because this indicator is achieved	applicable because this indicator is achieved
95.	Number of TMDM events provided with photographic services on the 30 June 2023	18 TMDM events provided with photographic services on the 30th June 2022	12 TMDM events provided with photographic services on the 30 June 2023	33 TMDM events provided with photographic services on the 30 June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
96.	Monthly Media Monitoring and Analysis Report Produced after the end of the quarter and be submitted to the Municipal Manager and Executive Mayor on the 30 June 2023	03 Quarterly Media Monitoring and Analysis report produced and submitted 06 days after end of the month to the Municipal Manager and Executive Mayor on the 30th June 2022	4 Quarterly Media Monitoring and Analysis report submitted 10 days after end of the month to the Municipal Manager and Executive Mayor on the 30th June 2023	4 Quarterly Media Monitoring and Analysis report submitted 3 days after the end of the month to the Municipal Manager and Executive Mayor on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
97.	Number of Media Statements /Advisories /Announcements/Articles released on the 30 June 2023	04 media Statement released on the 30th June 2022	4 of Media Statements /Advisories /Announcements/Articles released	8 of Media Statements ,Advisories ,Announcements, Articles released on	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved

				on the 30 June 2023	the 30th June 2023		achieved	
98.	Number of Media Engagement Activities undertaken (Media House Visits, Briefing Sessions, Networking Sessions, Talk Shows, Dialogues, Media Support, Media Tours and Media Recognition Programmes) on the 30 June 2023	04 Media engagement activities undertaken on the 30th June 2022	six Media Engagement Activities undertaken (Media House Visits, Briefing Sessions, Networking Sessions, Talk Shows, Dialogues, Media Support, Media Tours and Media Recognition Programmes) on the 30 June 2023	six Media Engagement Activities undertaken (Media House Visits, Briefing Sessions, Networking Sessions, Talk Shows, Dialogues, Media Support, Media Tours and Media Recognition Programmes) on the 30 June 2023	six Media Engagement Activities undertaken (Media House Visits, Briefing Sessions, Networking Sessions, Talk Shows, Dialogues, Media Support, Media Tours and Media Recognition Programmes) on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
<b>Information and Communication Technology</b>								
99.	Number of IT security reports Compiled on the 30 June 2023	09 ICT Security Reports were compiled on the 30th June 2022	3 Security reports compiled on the 30 June 2021	12 Security reports compiled on the 30th June 2021	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
100	Number Quarterly Disaster recovery tests conducted on the 30th June	03 Tests Disaster recovery system	Four Quarterly Disaster recovery tests conducted on the 30th June	Four Quarterly Disaster recovery tests conducted on the 30th June	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
101	100% of Website Update Requests	0% Website Update	100% of Website Update Requests	100% of Website Update Requests	Not applicable because this	Not applicable because this	Not applicable because this	



	Carried out within a Day on the 30 June 2023	Requests carried out on the 30th June 2022	Carried out within a Day	Carried out within a Day	indicator is achieved	because this indicator is achieved	
102	Number of ICT steering committee meetings Corodinated quarterly on the 30 June 2023	0 ICT steering committee meeting conducted on the 30th June 2022	4 ICT steering committee meeting conducted on the 30th June 2022	ICT steering committee meeting were not conducted on the 30th June 2022	The IKCT unit has been adequately staffed during the third quarter of the financial year . Two ICT Technicians were added to the unit , subsequent to that , operational schedules were changed to suit the new unit setup resulting in delays in finalising reports	More meetings	
<b>Security</b>							
103	Number Of Quarterly Sectional Reports Submitted to the MM within 10 Days After the end of the Quarter	04 Quarterly Sectional Reports Submitted to the Municipal Manager 08 Days After the end of the Quarter	Quarterly Sectional Reports Submitted to the Municipal Manager 10 Days After the end of the Quarter	Quarterly Sectional Reports Submitted to the Municipal Manager 10 Days After the end of the Quarter	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
104	100% reporting of Fraud and theft cases to Municipal Manager	No activity reported	100% Reduction of theft and fraudulent activities	0% Reduction of theft and fraudulent activities	No fraud was reported to security	Issues of fraud will be elevated to	

105	100% recording of Movement of Municipal assets to Municipal Manager	03 Record of Movement of Municipal assets to Municipal Manager	Quarterly Records of Movement of Municipal assets	Quarterly Records on Movement of Municipal assets	Not applicable because this indicator is achieved	SAPS
106	Submission of the reviewed security policy and plan to Council by 30 June 2023	New	Submission of security policy and plan to Council on the 30 May 2023	Security policy and plan was submitted to Council on the 30th May 2023		
<b>Finance</b>						
107	Hundred percent Payment of Creditors within 30 Days of Receipt of Invoice	60% of creditors payment were done within 30 days	100% Payment of Creditors within 30 Days	95% of Creditors were paid within 30 Days	Supplier statement challenges, turn around time of agreeing with suppliers amounts owed affect the municipality ability to make payments on time. Other instances suppliers submit their tax invoices late	The monthly creditors reconciliations are prepared every month and Creditors Clerk has established supplier contacts that assist confirm statement balances. The

							Finance unit are using stamps to indicate when invoices were received so that we track Municipality ability to pay within 30 days	
108	Preparation of Creditors Reconciliation within 10 working Days After the end of the Month	Preparation of Creditors Reconciliation within 10 working Days After the end of the Month was not done	Prepare Creditors Reconciliation within 10 working Days After the end of the Month	Creditors Reconciliation was prepared within 7 working Days After the end of the Month	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
109	Preparation of Cashbooks within 10 working Days After the end of the Month	Cashbooks were prepared within 03 days After the end of the Month	Prepare Cashbooks 10 Days After the end of the Month	Cashbooks was prepared 7 Days After the end of the Month	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
110	Preparation of VAT Reconciliation after Submission of VAT Return within 10	Reconciliations and reconciliations were prepared	Prepare VAT Reconciliation 10 Days After Submissions of	VAT Reconciliation was prepared 8 Days After Submissions of Returns	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	

	working days After Submissions of Returns	09 Days After Submissions of Returns	Returns				
111	Submission of VAT Returns within 30 Days After the end of the Month	Submission of VAT Returns done within 30 Days After the end of the Month	Submit VAT Returns 30 Days After the end of the Month	Submission of VAT Returns done 27 Days After the end of the Month	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
112	Preparation of Reconciliation between Payroll and General Ledger within 10 working days After the end of the Month	Reconciliation between Payroll and General Ledger within 7 working days After the end of the Month	Reconcile Payroll and General Ledger 10 Days After the end of the Month	Reconciliation of Payroll and General Ledger done 6 Days After the end of the Month	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
113	Number of days on Payment of salaries & allowances After the beginning of each month	Payment of salaries & allowances done 22 Days After the beginning of each month	Payment of salaries & allowances 25 Days After the beginning of each month	Payment of salaries & allowances done 23 days After the beginning of each month	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
114	Preparation of quarterly expenditure report on staff benefits On the 30 June 2023	4 quarterly expenditure report on staff benefits prepared On the 30th June 2022	Prepare quarterly four expenditure on staff benefits	Four quarterly expenditure reports prepared on staff benefits	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
<b>Budget Reporting</b>							
115	Submission and the	Reviewed	Submit the	Review of Budget	Not applicable	Not applicable	Not

	Review of Budget & Tariffs Annually to council on 31 Jan 2023	Budget and Tariffs were submitted to council on the 31st January 2022	Review of Budget on 31 Jan 2023	submitted to council on 31st Jan 2023	because this indicator is achieved	applicable because this indicator is achieved
116	Submission of income and expenditure report within 10 working days after the end of the month (Section 71 Report)	Income and Expenditure reports submitted 10 days after the end of the month	Submit Income and Expenditure report 10 Days after the end of the month	Income and Expenditure report submitted to 10 Days after the end of the month	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
117	Submissions of Annual Financial statement to Office of the Auditor General on the 31st Aug 2022	Annual Financial statement submitted to Auditor General on the 1st Sep 2021	Submit Annual Financial statement on the 31st Aug 2021	Annual Financial statement submitted to Auditor General on the 31st Aug 2021	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
118	Compile Budget time table and submit to Council on the 31st Aug 2022	Budget time table compiled and submitted to Council on the 30th Jul 2021	Compile Budget time table and submit to Council on the 31st Aug 2022	Budget time table compiled and submitted to Council on the 28 July 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
119	Submission of draft budget and tariffs to council for tabling on the 31st March 2023	Draft Budget and Tariffs submitted to council on the 31st March 2022	Submit draft budget on the 31st March 2023	Draft budget submitted to council on the 31st March 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
120	Submission of budget	budget	Submit budget on	Final budget to	Not applicable	Not applicable

	on the 31st May 2023 to council for approval	Submitted to council for approval on the 31st May 2022	the 31st May 2023	council on the 31st May 2023	because this indicator is achieved	applicable because this indicator is achieved
121	Number of Investments Reconciliation ( Interest On Investment)prepared on the 30 June 2023	12 Investments Reports prepared on the 30th June 2022	Prepare twelve Investment Monthly reports	Twelve Investment Monthly reports prepared on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
122	Number of Grants Register (FMG;EPWP.RRAMS,EE SDM & EQUITABLE SHARE)prepared on the 30 June 2023	12 Grant registers prepared on the 30th June 2022	Prepare twelve Monthly Grants Registers	Twelve Monthly Grants Registers prepared on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
123	Preparation of bank reconciliation within 10 working Days	12 Bank reconciliations prepared within 05 Days after the end of the month	Prepare bank reconciliations 10 Days after the end of the month	Bank reconciliations prepared 6 Days after the end of the month	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
<b>Supply Chain Management</b>						
124	Quarterly reporting of all tenders awarded within 10 working Days After the end of each Month on the 30 June 2023	08 Days after the end of the Quarter reports of all tenders awarded were prepared	Quarterly report of all tenders awarded 10 Days after the end of each month	Quarterly report of all tenders awarded 9 Days after the end of each month	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
125	Number of SCM Implementation Report	04 Quarterly report done	Four quarterly reports on	04 Quarterly report done on	Not applicable because this	Not applicable

	(Sec6(3) ) on SCM Policies to the Council on the 30 June 2023	on Implementation of SCM Policy Reports.	Implementation of SCM Policy	Implementation of SCM Policy Reports.	Implementation of SCM Policy Reports.	indicator is achieved	because this indicator is achieved
126	Number of Deviation Registers Prepared on the 30 June 2023	04 Registers of Deviations prepared on the 30th June 2022	Prepare four registers of Deviations	Four Deviation Registers Prepared on the 30th June 2023	Four Deviation Registers Prepared on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
127	Number of Fruitless & Wasteful Expenditure Registers Prepared on the 30 June 2023	04 Registers of fruitless & wasteful Expenditure on the 30th June 2022	Prepare four registers of fruitless & wasteful Expenditure	04 Registers of fruitless & wasteful Expenditure on the 30th June 2023	04 Registers of fruitless & wasteful Expenditure on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
128	Number of Unauthorised Expenditure Register Prepared on the 30 June 2023	04 Unauthorised Expenditure registers prepared on the 30th June 2022	Prepare four register of Unauthorised Expenditure	04 Registers of Unauthorised Expenditure were prepared on the 30th June 2022	04 Registers of Unauthorised Expenditure were prepared on the 30th June 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
129	Review the Supply Chain Management Policy in terms of Chapter 11 of the MFMA and Submit it to Council for Approval on the 31st May 2023	Review of Supply Chain Management Policy in terms of Chapter 11 of the MFMA done and submitted to council on the 31st May	Review the Supply Chain Management Policy on 31 May 2023	Review of Supply Chain Management Policy in terms of Chapter 11 of the MFMA was done and submitted to council on the 31st May 2023	Review of Supply Chain Management Policy in terms of Chapter 11 of the MFMA was done and submitted to council on the 31st May 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved

		2022					
<b>Asset Management</b>							
130	Preparation of monthly Asset reconciliation between the GL and the Asset Register within 10 working Days After the end of the Month	Monthly Asset reconciliation between the GL and the Asset Register done within w05 working Days After the end of the Month	Prepare monthly reconciliation of asset Register 10 Days after the end of the month	Monthly reconciliation of asset register was prepared 7 Days after the end of the month	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
131	Assets verification annually on the 10th July 2022	Assets verification done on the 07 July 2021	Assets verification on the 10th July 2022	Assets verified on the 31th July 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
132	100% of assets insured on the 01st Oct 2022	100% of Assets insured on the 1st Oct 2021	Assets insured on the 1st Oct 2022	Assets insured not insured on the 1st December 2022			
<b>Internal Audit</b>							
133	Review and Submission of Internal Audit Charter to Audit Committee on the 30 Sep 2022	Review and Submission of Internal Audit Charter to Audit Committee	To review and submit Internal Audit Charter to Audit Committee on the 30 Sep 2022	Internal Audit Charter as reviewed and submitted to Audit Committee on the 14th July 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	



134	Submission of Internal Audit Charter to Council on the 31 Oct 2022	done on the 11th Aug 2021	Internal Audit Charter submitted to Council on the 6th Oct 2021	To submit Internal Audit Charter to Council on the 31 Oct 2022	Internal Audit Charter submitted to Council on the 29th July 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved		
135	Submission of Internal Audit Coverage Plan to Audit Committee on the 30 Sep 2022	Internal Audit Coverage Plan submitted to Audit Committee on the 11th Aug 2021	Internal Audit Coverage Plan submitted to Audit Committee on the 11th Aug 2021	To submit Internal Audit Coverage Plan to Audit Committee on the 30 Sep 2022	Internal Audit Coverage Plan submitted to Audit Committee on the 14th July 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved		
136	Submission of Internal Audit Coverage Plan to Council on the 31 Oct 2022	Internal Audit Coverage Plan submitted to Council on the 6th October 2021	Internal Audit Coverage Plan submitted to Council on the 6th October 2021	To submit Internal Audit Coverage Plan to Council on the 31 Oct 2022	Internal Audit Coverage Plan submitted to Council on the 27th October 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved		
137	Overall Quarterly Internal Audit Reports submitted to the Municipal Manager by the end of the Quarter	04 Overall Quarterly Internal Audit Reports submitted to the Municipal Manager 30 days After the end of the quarter	04 Overall Quarterly Internal Audit Reports submitted to the Municipal Manager 30 days After the end of the quarter	To submit four Overall Quarterly Internal Audit Reports to the Municipal Manager by the 25th after the end of the Quarter	four Overall Quarterly Internal Audit Reports submitted to the Municipal Manager by the 25th after the end of the Quarter	The Overall internal Audit report could not be issued on or before the 25th after the end of the Quarter, Information and Management responses are not submitted within	The Overall internal Audit report could not be issued on or before the 25th after the end of the Quarter, Information and Management responses are not submitted within	The Overall internal Audit report could not be issued on or before the 25th after the end of the Quarter, Information and Management responses are not submitted within	The Overall internal Audit report could not be issued on or before the 25th after the end of the Quarter, Information and Management responses are not submitted within

					the indicated timeframe hence the delay in issuing the final quarterly overall Internal Audit reports on or before the 25th after the end of each quarter.	n and management responses timeously to enable the final quarterly overall reports to be submitted to municipal manager on or before the 25th of the month after end of each quarter.	
138	Review of Audit & Performance Charter on the 30 Sep 2022	Review of Audit & Performance Charter done on the 11th August 2021	To review Audit & Performance Charter on the 30 Sep 2022	Audit & Performance Charter reviewed on the 14 July 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
139	Submission of Audit & Performance Charter to Council on the 31 Oct 2022	Audit & Performance Charter submitted to council on the	To Submit Audit & Performance Charter to Council on the 31 Oct 2022	Submit Audit & Performance Charter to Council on the 29 July 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is	

		6th October 2021	07 Ordinary Audit and Performance Committee Meetings held on the 30th June 2022	Four ordinary audit and performance committee meetings to be held	8 Ordinary audit and performance committee meetings held on the 30th June 2023		Not applicable because this indicator is achieved	achieved
140	Number of ordinary audit and performance committee meetings on the 30 June 2023						Not applicable because this indicator is achieved	
<b>Risk Management</b>								
141	Review and Submission of Fraud Prevention Plan/strategy, Risk Policy and Strategy on the 31 May 2023	Review of Risk Management Committee Charter, Fraud Risk Management Plan, Risk Policy and Strategy to Risk Management Committee on the 24th May 2022	Review and Submit Fraud Prevention Plan/strategy, Risk Policy and Strategy on the 31st May 2023	Review and Submit Fraud Prevention Plan/strategy, Risk Policy and Strategy on the 31st May 2023	Review and Submit Fraud Prevention Plan/strategy, Risk Policy and Strategy on the 31st May 2023		Not applicable because this indicator is achieved	Not applicable because this indicator is achieved
F14 2	Submission of Risk Management Committee Charter, Fraud Risk Management Plan, Risk Policy and Strategy to council for approval on the 31 July 2022	Submission of Risk Management Committee Charter, Fraud Risk Management Plan, Risk	Submit Fraud Prevention Plan, Risk Management Policy and Strategy on the 31 July 2022	Submit Fraud Prevention Plan, Risk Management Policy and Strategy on the 29 July 2022	Submit Fraud Prevention Plan, Risk Management Policy and Strategy on the 29 July 2022		Not applicable because this indicator is achieved	Not applicable because this indicator is achieved

		Policy and Strategy to council for approval done on the 30th June 2022						
143	Number of risk maturity Reports Issued by Risk Management Committee to the Accounting Officer on the 30 June 2023	3 risk maturity Reports Issued by Risk Management Committee to the Accounting Officer on the 30th June 2022	Four Signed Risk maturity Reports to be Issued on the 30th June 2023	One Signed Risk maturity Reports to be Issued on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved		
144	Number of risk assessment conducted on the 30 June 2023	3 risk assessment conducted on the 30th June 2021	Four Risk assessment conducted on the 30th June 2023	One risk assessment conducted on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved		
145	Number of risk management Committee Meetings Held on the 30 June 2023	03 Risk management Committee Meetings held on the 30th June 2022	Four Risk management Committee Meetings to be held	Two Risk management Committee Meetings held on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved		
<b>PMS</b>								
146	Submission of 2021/22 Draft Annual Report to Auditor General on the 31 Aug 2022	Submission of 2020/21 Draft Annual Report to Auditor	Submit 2021/22 Draft Annual Report to Auditor General on the 31	2021/22 Draft Annual Report submitted to Auditor General on the 31 Aug 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved		

		General done on the 31st Aug 2021	Aug 2022			indicator is achieved	
147	Tabling of 2021/22 Draft Annual Report to Council on the 31 Jan 2023	2020/21 Draft Annual Report tabled to Council on the 28th Jan 2022	Table 2021/22 Draft Annual Report to Council on the 31 Jan 2023	2021/22 Draft Annual Report submitted to Council on the 31st Jan 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
148	Submission of Final 2021/22 Annual Report to council on the 31 Mar 2023	Final 2020/21 Annual Report submitted to council on the 31st Mar 2022	Submit Final 2021/22 Annual Report to council on the 31 Mar 2023	Final 2021/22 Annual Report submitted to council on the 31st Mar 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
149	Signing of Final 2023/2024 SDBIP 28 Days After Budget Adoption	Signing of Final 2022/2023 SDBIP done 14 days After Adoption of the Budget	Sign Final 2023/2024 SDBIP 28 Days After Budget Adoption	Final 2023/2024 SDBIP within 28 Days After Budget Adoption	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
<b>IDP</b>							
150	Submission of 2022/2023 IDP Process Plan to Council on the 31 Aug 2022	Submission of 2021/2022 IDP Process Plan to Council done on the 30th July 2021	Submit 2022/2023 IDP Process Plan to Council on the 31 Aug 2022	2022/2023 IDP Process Plan submitted to Council on the 31 Aug 2022	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	
151	Tabling of 2022/23 Draft IDP on the 31 Mar 2023	2022/23 Draft IDP tabled to council on the 31st March	Table 2022/23 Draft IDP on the 31 Mar 2023	2022/23 Draft IDP tabled before council on the 31st Mar 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved	

		2022			indicator is achieved	
152	Number of District IDP Managers Fora Held on the 30 June 2023	02 District IDP Managers Fora held on the 30th June 2022	Four District IDP Managers For a to be held	Four District IDP Managers Fora held on the 30th June 2023	Not applicable because this indicator is achieved	Not applicable because this indicator is achieved

Submitted By:

Approved By:

Signature: .....



Me TPM Lebenya

Municipal Manager

Signature: .....



Cllr. AC. Mstbr

Executive Mayor

Date: 16 January 2024

Date: 19 January 2024

## CHAPTER FOUR

- 4. Organizational Development Performance

### 4.1 Component A: Introduction to the municipal personnel

Employees				
Description	2021/2022	2022/2023		
	Employees No	Employees no.	Vacancies no.	Vacancies Percentage
Office of Municipal Manager	39	41	3	31.78%
Community Services & Local Economic Development	32	34	2	26.36%
Corporate Services	23	23	2	17.88%
Finance	12	12	1	9.30%
Political offices	11	12	5	9.30%
Infrastructure	4	4	12	3.10%
FMG Inters	4	3	0	2.33%
<b>Total</b>	<b>136</b>	<b>129</b>	<b>25</b>	<b>19.3%</b>

Vacancy rate 2022/2023			
Designations	Total approved posts No.	Vacancies No	Vacancies %
Municipal Manager	1	0	100%
CFO	1	0	100%
Other S57 managers (excluding Finance posts)	3	1	75%
Senior Management levels	5	1	80%
<b>Total</b>	<b>5</b>	<b>1</b>	<b>20%</b>

Total No of approved posts : 154  
 Total No. of filled Posts : 129  
 Total No. of vacant Posts : 25  
 Vacancy Rate % : 19.3 %

## 4.2 Component B Managing the municipal workforce

### 4.2.1 Policies

<b>HR Policies and Plans</b>			
<b>Name of Policy</b>	<b>Completed</b>	<b>Reviewed</b>	<b>Date adopted by council or comment on failure to adopt</b>
2. Bereavement	Completed	Reviewed	30 November 2022
5.Subsistence & Travel	Completed	Reviewed	30 March 2023
3.Budget Related Policy	Completed	Reviewed	31 May 2023

#### **Injuries, sickness, and suspensions**

**No incidents of injury on duty during the year under review.**

<b>Number on days and costs of sick leave (excl. Injuries on duty )</b>	<b>Total sick leave days</b>	<b>Proportion of sick leave without medical certificate</b>	<b>Employees abusing sick leave</b>	<b>Total employees not in post</b>	<b>Average sick leave per employee</b>	<b>Estimated cost</b>
	80	2	0	0	80	N/A

<b>Number and Period of suspension</b>	<b>Nature of Misconduct</b>	<b>Date of Suspensions</b>	<b>Details of disciplinary hearing</b>	<b>Details of charge</b>	<b>Date finalized</b>
None					



Abscondment	No suspension as yet	No hearing set	Not yet concluded	Not yet finalised
-------------	----------------------	----------------	-------------------	-------------------

**Performance rewards**

Performance awards by Gender	Beneficiary Profile				
Designation	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on reward year	Proportion of beneficiaries within group
None	0	0	0	0	0

**Comments on Performance Awards**

4.3 Component C: Capacitating the Municipal workforce

**Introduction to workforce capacity**

4.3.1 Skills development and Training

NO.	COURSE	TOTAL NO. BENEFITED
-----	--------	---------------------

<b>1.</b>	<b>Secretarial training Course</b>	<b>12</b>
<b>2.</b>	<b>CompTIA Server<sup>+</sup></b>	<b>1</b>
<b>3.</b>	<b>Safety Training: Fire Hazard</b>	<b>10</b>
<b>4.</b>	<b>GAPSKILL System Training</b>	<b>3</b>

#### 4.3.1.1 Municipal Finance Management Program: Officials

##### Full Qualification

Qualification	Total No. Benefited	Institution
<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

#### 4.3.1.2 Skills development and related expenditure and on the financial competency regulations

Description	Total No. of employees employed by municipality	Total number of officials employed by municipal entity	Competency assessment completed	Total number of officials whose performance agreement comply with Regulation 16 (regulation 14 (4)(f))	Consolidated total number of officials that meet prescribed competency levels Regulation 16 (regulation 14 (4)(e4))
Minimum Competency Level Regulation 16.	154	N/A			
<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>NA</b>	<b>N/A</b>	

## **Total Skills Development Expenditure –R 181 984.05**

### 4.4 Component D: Managing the workforce expenditure

Number of employees whose salaries were increased due to their positions being upgraded

1. None

Employees whose salary levels exceed the grade determined by job evaluation

2. None

Employees appointed to posts not approved

3. None

Disclosure of financial interest

4. This information is contained in the financial statement

## CHAPTER FIVE

### 5. Financial Performance

See Financial Statements attached:

## **CHAPTER SIX**

### **6.1 Auditor General Audit Findings**

Report of the auditor-general to the Free State Provincial Legislature and council on the Thabo Mofutsanyana District Municipality

## Opinion

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

## Basis for opinion

1. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
2. 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.
3. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

4. I draw attention to the matters below. My opinion is not modified in respect of these matters. Material uncertainty relating to claims against the municipality.

### **Matters of Emphasis**

7. With reference to note 23 of the financial statements, the municipality is the defendant in various claims against it. The municipality is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liabilities that may result were made in the financial statements.

### **Material impairment**

As disclosed in note 4 to the financial statements, receivables from exchange and receivable from non-exchange transactions were impaired by R3 526 919 (2021: R3 526 919).

### **Irregular expenditure**

9. As disclosed in note 29 to the financial statements, irregular expenditure of R9 791 475 (2021: R16 920 949) was incurred due to non-compliance with supply chain management (SCM) requirements. In addition, the full extent of irregular expenditure is still in the process of being investigated.

### **Other matters**

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

Unaudited disclosure notes

11. 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**

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. 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.

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

14. 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.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

## Introduction and scope

1. 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 areas (KPAs) presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
2. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
3. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected KPA presented in the municipality's annual performance report for the year ended 30 June 2022:

KPA	Pages in the annual performance report
KPA 1 - basic service delivery	



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

**KPA 1 — basic service delivery**

Assisting youth SMMEs with start-up capacity on 30 June 2022

21. The planned target of financial assistance for youth SMMEs on 30 June 2022 for this indicator was not specific in clearly identifying the nature and required level of performance and it was also not measurable.

**Other matters**

22. I draw attention to the matters below.

**Achievement of planned targets**

23. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year. This information should be considered in the context of the material finding on the usefulness and reliability of the reported performance information in paragraph 21 of this report.

## **Adjustment of material misstatements**

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of KPA 1 — basic service delivery. As management subsequently corrected only 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 the audit of compliance with legislation**

### **Introduction and scope**

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

### **Annual financial statements**

27. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, revenue, and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

### **Expenditure management**

1. I was unable to obtain sufficient appropriate audit evidence that money owed by the municipality had always been paid-within 30 days, as required by section 65(2)(e) of the MFMA.

2. Reasonable steps were not taken to prevent irregular expenditure amounting to R9 791 475 as disclosed in note 29 to the financial statements, as required by section 62(1)(d) of the MFMA. The value of R9 791 475 is not complete as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM regulations.

### **Consequence management**

30. Irregular expenditure incurred by the municipality were not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

### **Human resource management**

31. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the municipal systems act 32 of 2000.

### **Procurement and contract management**

32. Some goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.
33. Some quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.
1. 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.
2. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000, as

required by section 2(1)(a) of the preferential procurement policy framework act 5 of 2000.

3. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored monthly, as required by section 116(2)(b) of the MFMA.
4. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management, as required by section 1 16(2)(c)(ii) of the MFMA.

### **Other information**

38. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected KPAs presented in the annual performance report that have been specifically reported in this auditor's report.
39. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and do not express an audit opinion or any form of assurance conclusion on it.
40. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected KPA presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
41. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I

may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### **Internal control deficiencies**

1. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
2. Leadership and management did not implement preventative controls to ensure that they effectively oversee compliance with legislation, as instances of non-compliance with applicable legislation reported in the previous year were also identified in the current year. This was due to lack of consequence management being implemented.
3. The municipality did not have a proper records management system in place to maintain information that supported the reported performance information and the financial statements, resulting in significant delays in the audit of performance information and financial statements.

*Auditor - General*

Bloemfontein

30 November 2022



---

**SOUTH AFRICA**

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

1. 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 KPAs and on the municipality's compliance with respect to the selected subject matters.

### **Financial statements**

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

1. 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.
2. 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.
3. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
4. conclude on the appropriateness of the accounting officer 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 Thabo Mofutsanyana District 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.

5. 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**

1. 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.
2. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate 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.

6.2 Action Plan

**ACTION PLAN FOR THE YEAR 01 JULY 2021 AS AT 30 JUNE 2022**





1 Mampoi street, old parliament building, private bag x810, witsieshoek 9870, south africa ☎: +27 (58)-718 1036 📧: +27 (58)718 1034 [mmadmin@tmdm.gov.za](mailto:mmadmin@tmdm.gov.za)

**OFFICE OF THE MUNICIPAL MANAGER**

**PROGRESS REPORT ON ACTION PLAN TO ADDRESS AUDIT QUERIES / MATTERS ARISING FROM THE AUDIT REPORT AND MANAGEMENT REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 30 JUNE 2022 – AS AT 31 JULY 2023**

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE BY OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION	STATUS OF THE PROGRESS BY MANAGEMENT	% ACHIEVED	VERIFICATION BY INTERNAL AUDIT
<b>MATTERS/S RAISED BY AUDITOR GENERAL ON MANAGEMENT REPORT FOR THE YEAR 30 JUNE 2022</b>							
<b>General</b>							
CoAF 48	CoAF 48: Actuarial gain/loss	Management agrees with audit finding, the actuarial gain/loss will be correctly adjusted to disclose an amount of R692 000,00 as per the GRAP 25 valuation reports instead of R788 000 this will correct the factual overstatement of R96	Chief Officer Financial Accounting Manager	28 February 2023	Management prepared mid-year financial statements and the audit finding misstatement	100%	Confirmed Audited financial statements the corrections of overstatement made.

CoAF 109	CoAF 109: Employee related cost - terminations and appointments(accuracy) (EV)	000 as raised by auditors.	Director: Corporate Services HR Manager	30 November 2022	has been corrected.	Employee related cost was re-performed and is accurate, there is more than appointment letters for employees listed.	100%	Confirmed Audited financial statements the corrections made.
						They were firstly appointed on a temporary basis and the on a fixed term contract afterward.		

CoAF 116	CoAF 116: Non-compliance - HR management	Management don't agree with the finding, as council sitting of the 31st of May 2022 has approved implementation of Municipal Staff Regulations published on the 21st of September 2021. Subsequent to council approval COGTA issued Circular 12 of 2022 indicating postponement of implementation of Chapter 2 (Staff establishment, Job description and job evaluation) and Chapter 4 (Performance Management and development System).	Director: Corporate Services HR Manager	30 June 2023	The Municipality is busy with draft Performance Agreements for middle Managers.	60%	Confirmed with Draft employee contract managers has been developed. And Workshop has been organised on PMS with Provincial department on cascading performance. (Based on workshop held with SALGA on 13 and 14 June 2023 related to cascading of PMS it was resolved that this process can be made in 2024/2025 after complying with certain processes.)
CoAF 36	CoAF 36: Depreciation issues: Kestell Lab	Management agrees with audit finding, municipality was donated a Lab in Kestell which was fully furnished, and building was constructed and ready for use, the talks regarding transfer of rewards started in March 2021 however	Chief Financial Officer Financial Accounting Manager	30 November 2022	Management prepared mid-year financial statements and the audit finding misstatement	100%	Confirmed Audited financial statements and Mid-year AFS the corrections made.

CoAF 41	CoAF 41: Employee benefit obligation (Prior year issue)	<p>the transfer initially took place in September 2021.</p> <p>The Depreciation amount of R163 894,88 will be correctly adjusted on the final adjusted AFS set that will be submitted before end of audit.</p> <p>Management agrees with audit finding, we will ensure that population of depreciation is visited and AFS will be correctly adjusted.</p>	Chief Officer Financial Accounting manager	30 November 2022	Management corrected the raised issues; employee benefits are employee benefits (other than post-retirement benefits and termination benefits) that are not due to	has been corrected.	100%	Confirmed Audited financial statements the corrections made
---------	---	---	---	------------------	--	---------------------	------	---

		<p>25</p> <p>Other long-term employee benefits are employee benefits (other than post-retirement benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.</p>			<p>be settled within twelve months after the end of the period in which the employees render the related service.</p>		
--	--	--	--	--	---	--	--

## Cash flow statements

CoAF 107	CoAF 107: Cash flow statement differences	Management agreed with the finding the cash flow statement differences were corrected on the final Annual Financial Statement set.	Chief Financial Officer Financial Accounting Manager	30 November 2022	Management corrected the remaining issues on cash flow statement on the adjusted AFS submitted to AG on 28 <sup>th</sup> November 2022.	100%	Confirmed Audited financial statements the corrections made.
----------	---	--	---	------------------	---	------	--

## Contingent liabilities

CoAF 68	CoAF 68: Contingent Liabilities not appropriately disclosed	Management partially agrees with audit finding indication of the amount of timing of any outflow on contingent liabilities note will be included.	Chief Financial Officer Financial Accounting Manager	28 February 2023	Management prepared mid-year year financial statements and the audit finding misstatement has been corrected.	80%	Confirmed Audited financial statements and Mid-year AFS the corrections made.
---------	---	---	---	------------------	---	-----	---

## Employee costs

CoAF 10	CoAF 10: Annual Financial Statement (AFS) High level checklist	Management partially agrees with audit finding, General Ledger and Trial Balance from Sage evolution system agree with each other, the differences noted above initially were due to fact the GL submitted on audit file was extracted a few days before the import TB on the file. However, the latest GL agrees with the TB imported.	Chief Financial Officer Financial Accounting Manager	30 November 2022	Management addressed issues raised on the adjusted AFS set, Therefore the financial impact of the finding has been resolved. The finding that remained was for compliance as it resulted in material adjustments in the financial statements	100%	Confirmed Audited financial statements the corrections made.
---------	--	---	---	------------------	--	------	--

CoAF 13	CoAF 13: Employee related cost: differences between payroll report and GL	Management disagrees with audit with audit finding, management is aware that payroll running on VIP 300 PEOPLE software differs sometime after integration on to the SAGE Evolution system the two systems are agreed by the Finance Manager. Management performs salary payroll reconciliations on monthly basis and reconciling items are investigated and reconciliation is approved afterwards. Kindly find the 12 monthly reconciliations and the year-end reconciliation by management.	Chief Financial Officer Financial Accounting Manager	30 November 2022	Management responded with supporting evidence of monthly salary reconciliations; issues raised were addressed Therefore the financial impact of the finding has been resolved finance is following up on the remaining uncleared immaterial issues during the mid-year AFS preparations.	100%	Confirmed with Employee related cost Working paper that differences has been reconciled
---------	---	---	---	------------------	--	------	---

CoAF 15	CoAF 15: Limitation of Scope: Payroll compensation of employees and employee benefit BP(RFI 20)	Management agrees with audit, RFI 20 information has been submitted now.	Chief Financial Officer Financial Accounting Manager	30 November 2022	Management submitted all the requested information, Management only provided auditors with manual leave form for sick, special, and maternity leave, no journal was passed for the reconciling items of salary reconciliation for January 2022. No finding should have been raised.	100%	Confirmed Audited financial statements and Mid-year AFS the corrections made.
---------	---	--	---	------------------	---	------	---



CoAF 27	CoAF 27: Allowances: accuracy	Management disagrees with audit finding, please see each comment below from management, Basis of disagreement by management, the auditors used the incorrect policies to calculate cell phone allowance of the above-mentioned employee.  Management comment on acting allowance, Basis of disagreement by management, the auditors used the only one acting allowance letter and the other instance when the above employee acted as Covid19 Coordinator was no considered.	Chief Financial Officer Financial Accounting Manager	28 February 2023	Management have compiled supporting evidence that proves that the disclosed employee related car allowances were correctly disclosed in the prior period.	100%	Confirmed with Employee related cost Working paper on car allowances (Adjusted AFS)
---------	-------------------------------	--	---	------------------	---	------	---

CoAF 35	CoAF 35: Remuneration of councillors - Overpayment of councillors (Prior year)	Management partially agrees with audit finding, the remuneration of councillors for the period under had difference due to a resolution that was taken by the council during the pandemic when it was resolved that council would be held virtually going forward and that 3Gs be given to councillors and R300 Data amount was then deducted from councillors. Management council is the highest authority in local government and the resolution by previous council to not include data due to covid 19 and instead arranged that municipality provide them with data 3gs in order to ensure council forms a quorum during the national disaster was not rescinded by council furthermore, management ensured that the new councillors are paid in accordance with the upper limits gazette.	Chief Financial Officer Financial Accounting Manager	30 November 2022	Management ensured that the newly elected council remuneration is compliant with the gazetted upper limit. Cell phone and data are included with the councillors' monthly salary.	100%	Confirmed with Employee related cost paper (Adjusted AFS)
---------	--	---	---	------------------	---	------	---

CoAF 42	CoAF 42: Employee related cost (Allowances) - Prior year issue	<p>Management disagrees with audit finding on RFI 52 auditors requested for the acting letter and this was submitted to auditors already.</p> <p>The finding is not correct, the follow up was based on limitation of scope where management could not provide audit team with acting letter in the prior year for the above-mentioned employee, in the 2021/2022 FY management provided auditors with a secondment letter regarding the employee and not the appointment letter.</p>	Chief Financial Officer Financial Accounting Manager	30 November 2022	Management have submitted both the appointment letter and the secondment letter of the above-mentioned employee.	100%	Confirmed Audited financial statements the corrections made.
---------	--	---	---	------------------	--	------	--

CoAF 44	CoAF 44: Remuneration of senior managers and councilors(accuracy)	<p>Total A is in line with the Remuneration of Public Beares Act (PBA), 1998 (Act No.2 of 1998), Government Gazette No. 46470 of 2 June 2022 " Determination of Upper Limits of the salaries, allowances &amp; benefits of different members of municipal councils.</p> <p>different members of municipal councils. Paragraph 9 (1) © of PBA states "A councillor who uses a privately-owned vehicle for execution of official duties on behalf of the municipality, may be reimbursed for official kilometres travelled, in addition to the total remuneration package of a councillor as determined in terms of items 5 and 8 of the Notice, not exceeding the applicable tariffs as prescribed by the national department responsible for transport and in terms of the municipal council's policy" thus why we pay subsistence and travelling allowance.</p> <p>SDL: This is a compulsory levy that you have to pay for all your employees.</p>	Chief Financial Officer Financial Accounting Manager	30 November 2022	Management reformed calculations in accordance with the latest issued gazettes. Working papers are available for review by AG team.	100%	Confirmed Audited financial statements the corrections made.
---------	---	---	---	------------------	---	------	--

CoAF 52	CoAF 52: Employee benefit obligation(accuracy)	Management agrees with audit finding, the actuary assumed payouts will be adjusted with actual figures paid during the year under review. Contributions by the employer or employees are the actual payments made into the fund.	Chief Financial Officer Financial Accounting Manager	30 November 2022	Contributions by the employer or employees are the actual payments made into the fund, therefore actual payments have been considered instead of the expert estimate.  Mid-year AFS have been prepared with the adjustments as prior year restated figures.	100%	Confirmed Audited financial statements the corrections made.
---------	--	--	---	------------------	---	------	--

### Internal Audit Function Deficiencies

CoAF 01	Internal control deficiency: External quality review not conducted.	Agree with the finding, this exercise is not budgeted for, for financial year 2022/2023 because of financial constraints however reliance will be on relevant provincial departments to assist the municipality on intergovernmental relations.	Internal Audit Manager Municipal Manager	31 August 2023	The budget inputs related to performance of external quality review by qualified assessor will be made during process of draft budget however the request will still be made to relevant provincial departments for assistance.	75%	Confirmed with approved budget for 2023/2024 financial year by the Council held 31 May 2023. The procurement processes will be followed to appoint qualified assessor of external quality review.
---------	---	---	---	----------------	---	-----	---

Coaf 02	CoAF 02: Internal control deficiencies: Planning	<p>1. (a) Agree with the finding, the Audit Committee did not meet separately with Internal audit because of financial constraint and the Audit and Committee Charter did not include such meetings.</p> <p>2. (b) Disagree with the finding that Audit and Performance Committee did not submit reports twice to Council and Municipal Manager. Performance reports are standing item on the agenda of Audit Committee with also serves as Performance Committee, therefore every report submitted to Council includes reports on performance results served before the Audit and Performance Committee. These reports were submitted during the process of requesting information in May/June 2022.</p> <p>(c) Partially agree, the Audit and Performance Committee report submitted to Municipal Manager and Council includes performance information of the municipality. Both the reports were submitted to Auditor General during the request of information in May/June 2022.</p>	Internal Audit Manager	30 June 2023	<p>The Audit Committee did meet separately with Internal Audit unit on 27 January 2023</p> <p>The two Audit and Performance Committee reports submitted to Council for financial year 2021/2022 were submitted to AG but no Auditor's comment or evaluation was received, however the report will be resubmitted.</p> <p>The item on performance information of the municipality is standing item in every ordinary audit committee meeting and all relevant information regarding performance information are discussed.</p>	100%	<p>Audit and Performance Committee minutes 27 January 2023.</p> <p>Audit Committee report for Q1&amp;Q2 AND Audit Committee report Q3 &amp;Q4 submitted on the January 2022 and July 2022 respectively.</p> <p>Audit Committee report submitted to Council on 31 January 2023 includes the agenda item related to performance information.</p>
---------	--	--	------------------------	--------------	---	------	--





<p>deficiencies: ISA Audit</p> <p>properly staffing the ICT unit and budget provision has been made to fill the vacancies during the current financial year (2022/2023). Furthermore, a Disaster Recovery system was developed to ensure that the backups are stored offsite, currently backups are replicating daily to a cloud-based storage facility. Password policies have been implemented across the systems.</p> <p>2.Windows Server Update Services has been installed to manage the deployment of the latest system updates.</p> <p>3.The IT Support, People Support and Admin are service accounts used for system maintenance, thus they cannot be assigned to a specific user. It is a standard system administration practice. The other accounts are for the users as indicated.</p> <p>7.No maintenance was carried out on the environmental equipment during the year under review.</p>	<p>IT Technicians were called from October 2022 and Feb 2023 respective. Furthermore, offsite backups are being stored. Passwords are being created in terms of relevant policies.</p> <p>Windows server update reports to date has been generated.</p> <p>The IT Support People Support and Admin service account used to maintain system and are for ITC administrators.</p> <p>Backup power was installed (Solar Powered backup solution). In a process of installing air-conditioner in the server room for temperature regulation</p> <p>Procedures for monitoring SLAs is in</p>	<p>100%</p> <p>100%</p> <p>100%</p> <p>80%</p>	<p>letters confirmations</p> <p>Backup reports confirmations</p> <p>Windows server update reports confirmations</p> <p>Screenshots for administrators' accounts</p> <p>Confirmed with</p>
--	--	--	---

**Financial Accounting**

Coaf 09	CoAF 09: Planning: Issues identified with performance management.	Management agrees with audit finding, the processes to cascade performance management system for middle management level is in progress.	Chief Financial Officer Financial Accounting Manager	30 June 2023	The Municipality is busy with draft Performance Agreements for middle Managers.	60%	Confirmed with Draft employee contract managers has been developed. And Workshop has been organised on PMS with Provincial department on cascading performance. (Based on workshop held with SALGA on 13 and 14 June 2023 related to cascading of PMS it was resolved that this process can be made in 2024/2025 after complying with certain processes.)
---------	---	--	---	--------------	---	-----	---

CoAF 108: Risk Management  
- Disclosure

Management disagrees with audit finding, the Fr. ntly Asked Questions on the Standards of GRAP updated on 7 July 2021, states that VAT is an indirect tax based on consumption of goods and services in the economy. Revenue is raised for the government by requiring certain traders or vendors to register and to charge VAT on taxable supplies of goods and services. The essential characteristics of VAT are:

- It is charged at each stage of the production and distribution and distribution process.
- The taxable person (vendor) may deduct the tax paid during the preceding stages; and
- The burden of the tax is on the final consumer

The non-exchange transaction is the transaction concluded between the person or entity imposing the tax (national government) and the consumer of goods and services in the South African economy. Where an entity sells final goods and services to consumerism it is responsible to collect taxes from its consumers for the goods and services provided.

In collecting and remitting VAT to the national government, and entity acts as an agent. Consequently, VAT receivable or payable is deemed to be an exchange rather than a non-exchange transaction

Chief Financial Officer  
Financial Accounting Manager

30 June 2023

Management have closed the risk management disclosure in accordance with GRAP. The AFS adjusted in the prior period and mid-year AFS are available as supporting evidence.

100%

Confirmed Audited financial statements the corrections made.

Coaf 111	CoAF 111: Irregular expenditure - Follow up of prior year: CAF 1	<p>Management agrees with audit finding, RFI03 submitted investigation report indicates the MPAC UJF expenditure oversight report that was tabled to council, irregular expenditure of R15 614 239,98 was recommended to be written off. The difference noted was due to fact that the signed resolution submitted to finance did not address all issues written off refer to RFI23 MPAC council resolution. The financial statement statements will be adjusted to decrease to raised irregular expenditure by increasing the written off amount to R15 614 239,98 in accordance with investigation report tabled.</p>	Chief Financial Officer Financial Accounting Manager	30 November 2022	Management ensured that this matter was addressed under irregular expenditure disclosure note on the comparative figure's column.	100%	Confirmed Audited financial statements the corrections made.
----------	--	---	---	------------------	---	------	--

Management: issue with investigation of UIFW and Financial Misconduct (EV)

Fruitless Expenditure Management disagrees with audit finding, the MPAC unauthorized expenditure, wasteful and fruitless expenditure reports that were investigated had terms of reference. The item taken to council did not include the entire report that served, MPAC investigation report dated 28 October 2021 and identified that the terms and reference of the MPAC report on page 2 did not indicate that the terms of refer covered unauthorised and Fruitless expenditures, they only referred to irregular expenditure. Management has now provided auditors with the full investigation reports and items that served.

2. Irregular Expenditure

Management disagrees with audit finding, MPAC report dated 28 October 2021 confirmed that the irregular expenditure that occurred in 2019/20 financial year was investigated to determine the persons liable for the instances of irregular expenditure. Special council held on 17 November 2022 council resolved on instances that occurred in the 2020/21 financial year.

3. Financial Misconduct: Claim for work done by another company:

2022

Officer  
Financial  
Accounting  
Manager

Supporting evidence to the auditors and issue was resolved.

UIF&W report submitted to AG for assessment and disclosure on audited AFS

Coaf 56	CoAF 56: Limitation of Scope RFI 71	Management agrees with audit finding, the creditors age listing will be correctly adjusted to disclose the above-mentioned creditors aging.	Chief Financial Officer Financial Accounting Manager	30 November 2022	Management age listing is correctly disclosed under payables from exchange transactions.	100%	Confirmed Audited financial statements the corrections of overstatement made.
Coaf 64	CoAF 64: Compliance: 30-day payment	Management partially disagrees with audit, received date stamp was not used therefore auditors used the invoice date to calculate the number of days.  the accounting officer took all reasonable steps to ensure that all money owing by the municipality is paid within 30 days of receiving the relevant invoice or statement.	Chief Financial Officer Financial Accounting Manager	30 June 2023	Management ensured that the received date stamp is consistently used for the financial period under review of 2022/2023	95%	Confirmed with Cashbooks however the Internal Audit engagement of expenditure management will also provide assurance after completion. (Few shortcomings were identified however they were addressed by management)

**Immovable assets**

CoAF 55	CoAF 55: Transfer of building: Accuracy issues	<p>Management partially agrees with audit finding, the tax invoices have been submitted to the audit team, COGTA delayed submissions of the requested information.</p> <p>VAT portion will be included on the PPE disclosure note on building acquired from COGTA, the same amount will be used to adjust the revenue from non-exchange Donations amount on Statement of Financial Performance on the adjusted AFS set.</p>	Chief Financial Officer Financial Accounting Manager	30 November 2022	Management updated the receivables from non-exchange working paper the adjustment to the raised finding is now corrected on the mid-year AFS prepared by management.	100%	Confirmed Audited financial statements the corrections made.
---------	--	---	---	------------------	--	------	--

<p>audit finding If the <u>land</u> in question satisfies the clarification provided under paragraph 4(a)&amp;(b), then the following is recommended (in line with the auditors' recommendations):</p> <p>(.1) The assumption is that the land was donated to the municipality, however the is a deed of sale that is signed by both accounting offices that has a purchase price section that states, "the purchase price will be sum of R1 VAT included which total purchase price is payable by the purchase to the seller in cash or as agreed on intend to purchase site agreement. The transfer of property will only happen once any outstanding amount is paid in full".</p>	<p>Officer Financial Accounting Manager</p>	<p>demonstrate that the entity has the right to direct access to land, and to restrict or deny the access of others to land, it considers whether it can:</p> <p>(a) direct the use of the land's future economic benefits or service potential to provide services to beneficiaries.</p> <p>(b) exchange, dispose of, or transfer the land; and/or</p> <p>(c) use the land in any other way to generate future economic benefits or service potential.</p> <p>Therefore, management searched for Land with around the same square meter on property 24 website and amount of Land in Kestell its fair market value is around R260 000</p>	<p>Audited financial statements the corrections on disclosure made.</p>
--	---	--	---



<b>Intangible assets</b>							
Coaf 97	CoAF 97: Intangible assets - Difference between the prior year's final GL and corresponding amount.	Management agrees with audit finding, at the time management submitted Annual Financial Statements the financial system general ledger and trial balance were not updated with CaseWare Journals.  Management will include posting of CaseWare journals on their AFS process plan and the AFS business process will also be updated accordingly, kindly trial balance extract together with management comparison on the previously raised difference.  All CaseWare journals have been updated on Sage system	Chief Financial Officer Financial Accounting Manager	30 November 2023	Management updated the Intangible assets working paper the adjustment to the raised finding is now corrected on the mid-year AFS prepared by management.	100%	Confirmed Audited financial statements and the Mid-year the corrections made.
<b>Movable assets</b>							

Coaf 23	CoAF 23: Movables assets: Completeness issues	Management partially agrees with audit finding, please find the management comment on the raised completeness assets.	Chief Financial Officer Financial Accounting Manager	30 June 2023	PPE asset count will commence earlier as compared to previous financial periods to allow asset management unit to conduct proper investigations of discrepancies.	95%	Confirmed preliminary count paper Asset Working
---------	---	---	---	--------------	---	-----	--

<p>and equipment - Opening balance</p>	<p>audit finding, the review of remaining useful life methodology considers impairment testing of the assets with a poor and very poor rating.</p> <p>The asset with barcode 03211 was taken to IT Department where they assess whether the Laptop can be fixed and normally when the IT fix Laptop its returned to the user and when IT cannot repair the laptop they submit a technical report indicating whether diagnosing what happened to the laptop as at 30 June 2022 the report had not been finalized.</p> <p>Testing for impairment methodology</p> <p>The AMS360 software reviews tests for impairment of movable assets, based on the methodology below.</p> <p>Impairment is a loss in future economic benefits or service potential of an asset, over and above the normal wear and tear of everyday use and the recognition thereof in depreciation.</p> <p>Firstly, it is determined if an asset is a cash generating asset or a non-cash generating assets.</p>	<p>Officer Financial Accounting Manager</p>	<p>the asset count will ensure that assets that poor and very poor are identified for possible disposals if they are not in working conditions.</p>	<p>preliminary Impairment testing working paper and condition assessment working paper</p>
<p>Cash generating assets (GRAP26): Is an asset held primarily for the</p>				<p>179   Page</p>

Coaf 37	CoAF 37: PPE Additions: Existence issues	<p>Management partially agrees with audit finding, the asset in question has been reported stolen and at the time of the asset count management requested for case number so that due processes can be followed, the asset count started around 7 July 2022 therefore management needed to determine whether laptop was still in working condition as 30 June 2022.</p> <p>Similarly, if a fixed asset has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the fixed asset has physically ceased to exist, it shall be written off the fixed asset register.</p> <p>Asset was reported stolen on 18 June 2022, therefore this laptop will be adjusted and disposed off the fixed asset register. The case number submitted by the councilor was submitted to auditors.</p>	Chief Financial Officer Financial Accounting Manager	30 June 2023	The PPE item mentioned in the finding has been included on the disposal listing and will be written off municipality fixed asset register.	95%	Confirmed with mid-year emanated audited AFS with AFS from
---------	--	---	---	--------------	--	-----	--

Coaf 69	CoAF 69: Follow-up of prior year issue (PPE) - Prior year CAF 118	Management agrees with audit finding, the assets were counted during the asset count however the assets currently do not have acquisition cost, deemed fair marked value will be applied going forward.	Chief Financial Officer Financial Accounting Manager	30 June 2023	Management through the asset verification processes will ensure that assets that deemed market value will be correctly applied to recognise this PPE items.	95%	Confirmed preliminary Asset Working count paper (Awaiting to pass Journal on vehicles disposed to eliminated acquisition costs)
---------	---	---	---	--------------	---	-----	---

CoAF 71	CoAF 71: Follow-up of prior year issue (PPE) - Prior year CAF 84	<p>1. Management agrees with audit finding, assets that were acquired in the prior year did not function as initially intended.</p> <p>2. Management partially agrees with finding, the asset mentioned below currently has a barcode in the current fixed asset register</p> <p>3. Management agrees with audit finding, the asset was vandalised and some of the units were stolen, the payment voucher is available indicating that all goods were received, and the water supply unit was installed and in good condition before the verification, management will update the fixed asset register to indicate parts that are in poor condition and those that were stolen.</p>	Chief Financial Officer Financial Accounting Manager	30 June 2023	Management through the asset verification processes will ensure that assets that could not function for intended purpose are disposed as well as those that are in bad condition.	95%	Confirmed preliminary Asset Working count paper
---------	--	---	---	--------------	---	-----	---

CoAF 72	CoAF 72: Follow-up of prior year issue (PPE) - Prior year CAF 145	<p>1. Management partially agrees with audit finding, management included the assets below on the disposal list, during the asset count assets could still not be verified by management, only 03303 barcode still need to be disposed</p> <p>2. Management agrees with audit finding, the conditions of the below mentioned asset will be corrected, conditions will be updated in order to correct the valuation balance'.</p>	Chief Financial Officer Financial Accounting Manager	30 June 2023	Management will ensure that during the asset verification that all missing assets are investigated, and conditions of the assets will be accordingly updated to reflect the correct estimate.	95%	Confirmed preliminary Asset count Working paper
---------	---	--	---	--------------	---	-----	---

<p>equipment (Impairment Issue)</p>	<p>finding testing methodology for all asset was considered during the asset count.</p> <p>The AMS360 software reviews tests for impairment of movable assets, based on the methodology below. Impairment is a loss in future economic benefits or service potential of an asset, over and above the normal wear and tear of everyday use and the recognition thereof in depreciation.</p> <p>Firstly, it is determined if an asset is a cash generating asset or a non-cash generating assets.</p> <p>Cash generating assets (GRAP26): Is an asset held primarily for the purpose of generating a direct commercial return from the asset.</p> <p>Non-Cash generating assets (GRAP21): Is an asset that is not a cash generating asset.</p> <p>Secondly assets are tested for impairment by considering the following indicators.</p> <p>External Sources</p> <p>Is the demand or need for the service of the asset nearing its end (Ceasing)?</p> <p>Have Significant technological or legal changes have taken place or will take place in the near future that adversely</p>	<p>Officer Financial Accounting Manager</p>	<p>The asset count will ensure that assets that poor and very poor are identified for possible disposals if they are not in working conditions.</p>	<p>preliminary Asset count Working paper</p>
-------------------------------------	--	---	---	--



**Operating expenditure**

<p>CoAF 08: Business Process: Purchases, payables, and payments (EV)</p>	<p>Management disagrees with audit finding, Section 62(1)(b) of the MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>The Municipal Manager has controls in place that adequately cover the receipt of goods and services by the Municipality. The duties are segregated throughout the payables process, end user department writes a requisition memo to the Municipal Manager, the request goes to the Chief Financial Officer who then verifies availability of funds against the approved budget.</p> <p>The procurement request is then approved by the Municipal Manager. Subsequent receipt of goods and services supply chain through SCM checklist and the end user department acknowledge receipt of goods and that service rendered was satisfactory and request that Municipal Manager approve that payment be made by Finance</p>	<p>Chief Financial Officer Financial Accounting Manager</p>	<p>30 April 2023</p>	<p>The Municipal Manager has controls in place that adequately cover the receipt of goods and services by the Municipality. The duties are segregated throughout the payables process, end user department writes a requisition memo to the Municipal Manager, the request goes to the Chief Financial Officer who then verifies availability of funds against the approved budget.</p>	<p>100%</p>	<p>Confirmed with Operating expenditure standard operating procedure document</p>
--	---	---	----------------------	---	-------------	---

Coaf 114	CoAF 114: Operational expenses: Motor vehicle expenses	Management agrees with the audit finding, ABSA fleet Motor vehicles expenses invoices from ABSA whole population will be visited and repairs and maintenance will be adjusted with the amounts spent on repairs and maintenance of the municipality fleet.	Chief Financial Officer Financial Accounting Manager	30 June 2023	ABSA fleet Motor vehicles expenses invoices have been inspected and splitting of repairs and maintenance expenditure has been performed for the population and repairs and maintenance will be adjusted with the amounts spent on repairs and maintenance of the municipality fleet.	100%	Confirmed with Fleet account working paper
Coaf 115	CoAF 115: Operational expenses - Telephone and cut-off (Classification and cut-off)	Management agrees with audit finding, GL extract of the telephone extract is attached indicating under reference column that the two above raised incidents were the only ones that needed to be corrected.	Chief Financial Officer Financial Accounting Manager	30 June 2023	Management agrees with audit finding, GL extract of the telephone extract is attached under reference column that the two above raised incidents were the only ones that needed to be corrected.	100%	Confirmed with audited AFS for corrections

Coaf 117	CoAF 117: Operational expenses - Travel and subsistence - Occurrence and cut-off	Management disagrees with the finding,  1.Occurrence: a memo is submitted for request to travel with the attachments as proof that an employee/councillor asking to attend (e.g. meeting/conference/training, etc.) to the head of department for approval; then it is submitted to the CFO for budget verification and to the Municipal Manager for final approval. Proof of all sampled approval were submitted.  2. Cut-off: M Tshabalala checked in 27/06/2022 and checked out 29/06/2022; this relates to the 2021/2022 financial year.  Agrees with the finding: D Maduna checked in 07/07/2022 and checked out on 08/07/2022	Chief Financial Officer Financial Accounting Manager	30 June 2023	Management have corrected the cut-off issue raised. This change has been adjusted on the AFS mid-year set.	100%	Confirmed mid-year emanated from audited AFS with AFS from
----------	--	---	---	--------------	--	------	--

Coaf 125	CoAF 125: Operational expenses - Journals - Classification	<p>1. Telephone and fax Management agrees with audit finding, the telephone expense transactions was incorrectly taken to the advertising GL Account, this will be corrected on the final adjusted AFS set.</p> <p>Management partially agrees, management will inspect the repairs and maintenance schedule listing on ADJ 33, and items that meet GRAP 17 Asset definition will be reversed from this correcting on the adjusted AFS set.</p>	Chief Financial Officer Financial Accounting Manager	31 March 2023	Management have corrected the classification issues raised. This change has been adjusted on the AFS mid-year set.	85%	Confirmed with mid-year AFS emanated from audited AFS
----------	--	---	---	---------------	--	-----	---

Coaf 126	CoAF 126: Operational expenses - Installation of energy efficient lights - Classification	Management agrees with audit finding, the contracted services working paper was visited auditors requested for the whole population, management revisited the operating expenses recognized from the energy grant expenditures and have proposed the following correcting journal.	Chief Financial Officer Financial Accounting Manager	31 March 2023	Contracted services working paper was visited auditors requested for the whole population, management revisited the operating expenses recognized from the energy efficiency grant expenditures and have prepared correcting journal.	85%	Confirmed mid-year emanated from audited AFS
Coaf 24	CoAF 24: Limitation of scope: Contracted services (RFI 37)	Management agrees with audit finding, kindly note that supporting documentation has been submitted for the below payment vouchers and the remain.	Chief Financial Officer Financial Accounting Manager	30 November 2023	Management submitted the requested information subsequent the issued findings.	100%	Confirmed with audited AFS and payments vouchers that were outstanding

Coaf 63	CoAF 63: Operational expenses: Auditors remuneration - Accuracy and cut-off	Management agrees with audit finding, management notified auditor general that a duplicate payment was made on the January 2022 billing. The amount has since been adjusted by Auditor General on their 31st August 2022 billing. Please refer to statement where these was corrected by Auditor General, furthermore the amount of R56,232.06 will be raised as a receivable as at 30 June 2022	Chief Financial Officer Financial Accounting Manager	30 November 2023	The cut-off matter amount was corrected on the final AFS, and a prior period Disclosure note will be updated to correct the understated prior period Payables from exchange balance with an amount of R238 699.	85%	Confirmed with audited AFS however receivable account indicating overpayment made must be submitted
		<p>Management agrees with audit finding, these will be corrected on the Input Vat general ledger amount and the VAT201 submission will also be adjusted to claim the additional R82,06 based on the invoice vat amount.</p> <p>Management agrees with audit finding, this amount will be corrected on the final AFS, and a prior period Disclosure note will be updated to correct the understated prior period Payables from exchange balance with an amount of R238 699, 89.</p>					

Coaf 65	CoAF 65: Expenditure: Completeness	Management partially agrees with audit finding, kindly refer below for the payment vouchers picked by auditors. The whole population was visited there are no other vouchers found not captured on the Sage Evolution system.	Chief Financial Officer Financial Accounting Manager	31 March 2023	Finance performs MFMA sec.11 reports on a monthly and SCM unit perform UIFW reviews these processes assist with completeness of operating expenditure record keeping. The whole population was visited there are no other vouchers found not captured on the Sage Evolution system.	100%	Confirmed with Section 11 reports
Coaf 78	CoAF 78: Follow-up of prior year issue (Expenditure) - Prior ISS 140 CoAF 129	Management agrees with audit finding, the whole legal expense population has been revisited and the amounts raised above were the only amounts misallocated. The amounts will be correctly adjusted on the AFS	Chief Financial Officer Financial Accounting Manager	31 March 2023	The whole legal expense population was visited, and the amounts raised above were the only amounts misallocated. The amounts are correctly adjusted on the mid-year AFS set.	85%	Confirmed with Mid-year AFS emanated from audited AFS



Coaf 79	CoAF 79: Follow-up of prior year issue (Expenditure) - Prior ISS 143 CoAF 135	Management agrees with audit finding, the POVERTY ALLEVIATION - EVENT PROMOTERS was incorrectly debited with an amount of R171 400, this amount will be debited to POVERTY ALLEVIATION TRANSPORT. Management revisited the entire Poverty Alleviation population to investigate that no other instance of misallocation occurred. Refer to attached working paper	Chief Financial Officer Financial Accounting Manager	31 March 2023	Poverty population to investigate that no other instance of misallocation occurred, The amounts are correctly adjusted on the mid-year AFS set.	85%	Confirmed with Mid-year AFS for adjustment emanated from audited AFS
---------	---	---	---	---------------	---	-----	--

Coaf 80	CoAF 80: Follow-up of prior year issue (Expenditure) - Prior ISS 148 CoAF 142	<p>Management disagrees with audit finding, according to municipality GL accounts the maintenance has been split into three classifications namely maintenance building, maintenance vehicles and general maintenance and auditors have raised findings on our general maintenance.</p> <p>GRAP 1 states that comparative information must be presented in respect of the preceding period for all amounts reported in the financial statements unless another Standard of GRAP requires or permits otherwise. Comparative information should also be included for narrative and descriptive information when it is relevant to understand the current period's financial statements.</p> <p>GRAP 17 repairs and maintenance have been correctly disclosed in the annual financial statement under PPE disclosure note</p>	Chief Financial Officer Financial Accounting Manager	30 November 2023	<p>Management disagrees with audit finding, according to municipality GL accounts the maintenance has been split into three classifications namely maintenance building, maintenance vehicles and general maintenance and auditors have raised findings on our general maintenance.</p>	100%	Confirmed with Audited AFS
---------	---	--	---	------------------	---	------	----------------------------

Coaf 80	CoAF 83: Operational expenses: Advertising - Occurrence and limitation of scope	Management disagrees with audit finding, kindly refer to supporting advertisement documentation. All requested expenditure payment vouchers were submitted evidence. Refer to the below table were management responded to each finding.  Through inspection of the supporting documents attached with the creditor expenditure voucher it was noted that the invoice from the supplier was not attached.	Chief Financial Officer Financial Accounting Manager	30 November 2023	All expenditure vouchers requested were submitted evidence and management also added support to the newspaper adverts as proof of occurrence.	100%	Confirmed with audited AFS
Coaf 93	CoAF 93 of 2022 - Operational expenses- Remaining population and (Occurrence Classification)	Management disagrees with audit finding, the district development supporting documentation is available and has been submitted to audit team, through discussions management indicated to auditors the relevant official that could assist with the required occurrence information.  Management partially agrees with audit finding, kindly find the comments from management on the raised classification issues.	Chief Financial Officer Financial Accounting Manager	31 March 2023	Municipality district development model one plan supporting documentation was submitted to audit team finding has since been resolved.	100%	Confirmed with audited AFS

<p>expenses - Repairs and maintenance (Classification and Cut-off)</p>	<p>finding, according to municipality GL accounts the maintenance has been split into three classifications namely maintenance building, maintenance vehicles and general maintenance and auditors have raised findings on our general maintenance. GRAP 1 states that comparative information must be presented in respect of the preceding period for all amounts reported in the financial statements unless another Standard of GRAP requires or permits otherwise. Comparative information should also be included for narrative and descriptive information when it is relevant to understand the current period's financial statements. GRAP 17 repairs and maintenance have been correctly disclosed in the annual financial statement under PPE disclosure note. When reading the requirements of GRAP 1.102(c) and GRAP 17.88 and .89 together, an entity that incurs material expenditure to repair and maintain assets, and concludes it is inappropriate to present a separate line item in the statement of financial performance, will disclose the information in the notes. An entity that concludes it is appropriate to include a "repairs and maintenance" line item in the statement of financial performance,</p>	<p>Officer Financial Accounting Manager</p>	<p>Is appropriate to include a "repairs and maintenance" line item In the statement of financial performance, will present a "repairs and maintenance" line item according to nature or function for all repairs and maintenance incurred. The entity will present the information required by GRAP 17.88 and .89 in the notes, for property, plant and equipment only, and including the specific costs the entity determines to be appropriate.</p>	<p>Mid-year emanated from audited AFS</p>
--	---	---	---	---

## Payables

Coaf 46	CoAF 46: Accrued leave: Incorrectly calculated.	Management partially agrees with auditors, corporate services is going to do a detailed audit of days for each employee.	Director Corporate Services HR Manager/Finance Manager	30 April 2023	Leave calculations reformed, leave was correctly calculated and tally with the system.	100%	Confirmed with Audited AFS (Leave provisions working paper)
Coaf 47	CoAF 47: Leave Provision: Completeness Issues	Management partially agrees with auditors, corporate services is going to do a detailed audit of days for each employee.	Director Corporate Services HR Manager/Finance Manager	30 April 2023	Leave of the newly appointed AO will be monitored and updated monthly	75%	Confirmed with Leave provision working paper submitted.
Coaf 76	CoAF 76: Prior year follow up (Payables)	Management partially agrees with auditors, corporate services is going to do a detailed audit of days for each employee.	Director Corporate Services HR Manager/Finance Manager	30 April 2023	Leave provision was updated with the leave balance of the AO. However, the employment contract of the AO came to an end on 08 November 2022.	100%	Confirmed with Audited AFS for the AO leave balances (Provision for the AO leave balances)

Coaf 86	CoAF 86: Limitation of Scope: Payables (Long outstanding)	Management partially agrees with auditors, the municipality has written creditor confirmation letters to all long outstanding creditors.	Director Corporate Services HR Manager/Finance Manager	30 June 2023	Management confirmed the long outstanding creditors by sending out creditor's confirmations, to confirm existence of the credit balances and suppliers were requested to confirm or dispute raised credit balance.	100%	Confirmed with Audited AFS (Working papers of long outstanding creditors)
---------	---	--	--	--------------	--	------	---

**Predetermined objectives**

AOPO: Issues Identified on Measurability and Consistency	Management response: I agree with the Finding subsequent to that necessary corrections will be done on the APR. And a copy of APR encapsulating adjustments will be submitted to Auditor General within five days from the date of this communication	IDP/PMS Manager	30 June 2023	The Manager IDP and PMS will conduct a workshop with the management on the amendment of Technical Indicator descriptions for all departments and that will assist in the crafting of pertinent evidence that will be ensure consistency of evidence required and unit of measure for measurability purpose.	60%	Invitation for workshop ((Minutes of management meeting). The reviewed SDBIP that is corrected (consistency and measurability) must be submitted
--	---	--------------------	--------------	---	-----	--

Coaf 123	CoAF 123: Consistency, reliability and measurability issues identified	Management response: I agree with the Finding subsequent to that necessary corrections will be done on the APR. And a copy of APR encapsulating adjustments will be submitted to Auditor General within five days from the date of this communication.	IDP/PMS Manager	30 June 2023	The Manager IDP and PMS will conduct a workshop with the management on the amendment of Technical Indicator descriptions for all departments and that will assist in the crafting of pertinent evidence that will be ensure consistency of evidence required and unit of measure for measurability purpose.	60%	Invitation for workshop (Minutes of management meeting). The reviewed SDBIP that is corrected (consistency and measurability) must be submitted
<b>Procurement and Contract Management (to confirm for removal)</b>							

Coaf 119	CoAF 119: Procurement - Contract management (EV)	Management disagrees with audit finding; contract register is updated and where there are differences variation orders are attached.	Chief Financial Officer SCM Manager	30 June 2023	Management have ensured that an updated contract register is kept and monthly monitored by SCM unit.	100%	Confirmed with Contract register that is updated and variation orders. However, audit of SCM Management will be conducted by IA as per approved plan for assurance. UIF&W report 2021-2022 submitted to MPAC for investigations and Council resolution.
----------	--	--	--	--------------	--	------	---



Coaf 84	CoAF 84: Procurement: Issues on the minimum quotations (EV)	Management disagrees with audit finding, SCM Reg 19 processes were followed and a panel of two service providers were appointed, and other instances raised where the was one quotation SCM Reg 36 was followed auditors considered SCM Reg 17(c) and terms of references where panel is appointed where not considered.	Chief Financial Officer SCM Manager	30 June 2023	Minimum quotations are sourced when from service providers who are registered on CSD, however Municipality has appointed panel of service providers for certain services in terms of SCM Reg 19. When quotes are requested, management do not apply SCM Reg 18, however Municipality writes reasons in terms of SCM Reg.17(c).	100%	Confirmed will list of panellists but in some other services minimum number not adhered to. However, audit of SCM Management will be conducted by IA as per approved plan for assurance. UIF&W report submitted to MPAC for investigations and Council resolution.
---------	---	--	--	--------------	--	------	--

Coaf 87	CoAF 87: Procurement: Issues regarding CSD registration of suppliers (EV)	Management disagrees with audit finding, scm confirmed business process indicates that only winning bidder CSD is attached on the payment voucher.	Chief Financial Officer SCM Manager	30 June 2023	Management was able to provide supporting evidence that even thou no print outs were kept of service providers did not award the quotation that suppliers were selected from CSD.	100%	Confirmed with UIF&W report submitted to MPAC for investigations and Council resolution.
---------	---	--	--	--------------	---	------	--

Coaf 90	CoAF 90: Procurement: final decision on which quotation to accept not included	Management disagrees with audit finding, SCM Reg 19 processes were followed and a panel of two service providers where appointed, and other instances raised where the was one quotation SCM Reg 36 was followed auditors considered SCM Reg 17(c) and terms of references where panel is appointed where not considered.	Chief Financial Officer SCM Manager	30 June 2023	SCM Reg 19 processes were followed and a panel of two service providers where appointed, and other instances raised where the was one quotation SCM Reg 36 was followed auditors considered SCM Reg 17(c) and terms of references where panel is appointed where not considered.  Issues have been included in the MPAC report that will be investigated in the financial period.	100%	UIF&W report submitted to MPAC for investigations and Council resolution.
---------	--	---	--	--------------	---	------	---

Coaf 91	CoAF 91: Procurement: Tax matter issues (EV)	Management disagrees with audit finding instances where SCM Reg 19 competitive bidding was followed when a service is rendered municipality considers whether the tax matters were complaint at the time of the appointment.	Chief Financial Officer SCM Manager	30 June 2023	SCM Reg 19 competitive bidding was followed when a service is rendered municipality considers whether the tax matters were complaint at the time of the appointment,  Issues have been included in the MPAC report that will be investigated in the financial period.	100%	UIF&W report submitted to MPAC for investigations and Council resolution.
---------	--	--	--	--------------	---	------	---

Coaf 92	CoAF 92: Procurement: Issues with the Declaration of Interest	Management disagrees with audit finding, during planning SCM business process confirmed that declaration of interest are filed separate and usually municipality requests suppliers to send declarations as soon as the ones kept expire.	Chief Financial Officer SCM Manager	30 June 2023	SCM business process confirmed that declaration of interest are filed separate and usually municipality requests suppliers to send declarations as soon as the ones kept expire.  Issues have been included in the MPAC report that will be investigated in the financial period.	100%	UIF&W report submitted to MPAC for investigations and Council resolution.
	Procurement: Incorrect application of SCM regulation 32	Management partially agrees with audit finding, a transversal contract SCM Reg 32 was followed, municipality received a cost benefit.	Chief Financial Officer SCM Manager	30 June 2023	SCM Reg 32 was followed, municipality received a cost benefit  Issues have been included in the MPAC report that will be investigated in the financial period.	100%	UIF&W report submitted to MPAC for investigations and Council resolution.

	Procurement: Issues with Deviations processed (EV)	Management disagrees with audit finding, SCM Reg 36 was followed, and council deliberated over instances where a deviation approach was followed.	Chief Financial Officer SCM Manager	30 June 2023	SCM Reg 36 was followed, and council deliberated over instances where a deviation, Issues have been included in the MPAC report that will be investigated in the financial period.	100%	UJF&W report submitted to MPAC investigations and Council resolution.
<b>Provisions</b>							
Coaf 77	CoAF 77: Bonus Provision: Incorrect calculation	Management partially agrees with audit finding, management visited Employee 12 month report to agree annual bonus months, due to fact that engagement date and annual bonus 12 month cycle differ depending on when employee became eligible for annual bonus. The engagement date initially considered is important when dealing with long service awards. Moving forward management will ensure that the latest annual bonus amount for the period under review.	Chief Financial Officer Financial Accounting Manager	30 June 2023	Management adjusted bonus schedules on the mid-year AFS set.	90%	Confirmed with mid-year AFS emanated from audited AFS for corrections made

## Receivables

Coaf 20	CoAF 20: Follow-up of prior year issue (Receivables from exchange transactions) - Prior year issue 18 (EV)	<p>Management agrees with audit finding, at the time management submitted Annual Financial Statements the financial system general ledger and trial balance were not updated with CaseWare Journals.</p> <p>Management will include posting of CaseWare journals on their AFS process plan and the AFS business process will also be updated accordingly, kindly trial balance extract together with management comparison on the previously raised difference.</p>	Chief Financial Officer Financial Accounting Manager	30 April 2023	<p>Management will include posting of CaseWare journals on their AFS process plan and the AFS business process will also be updated accordingly, kindly trial balance extract together with management comparison on the previously raised difference.</p>	95%	Confirmed mid-year emanated from audited AFS for corrections made
Coaf 21	CoAF 21: Follow-up of prior year issue (Receivables from non-exchange transactions) - Prior year Issue 79 (CAF 58) (EV)	<p>Management through discussion with auditors it was subsequently agreed that when contracts end of the above-mentioned officials and councillors that the total would not be settled therefore impairment will be adjusted to disclose as initially raised by auditors, management will adjust the initial balance.</p>	Chief Financial Officer Financial Accounting Manager	30 April 2023	<p>Impairment is adjusted to disclose as initially raised by auditors; management adjusted schedules on the mid-year AFS receivables balance.</p>	95%	Confirmed mid-year emanated from audited AFS for corrections made

Coaf 28	CoAF 28: Limitation of scope: Receivables from exchange transactions (RFI 22)	Management partially agrees with audit finding, executive report for write-off served before council debt is on final stage of being written-off.	Chief Financial Officer Financial Accounting Manager	30 April 2023	Management partially agrees with audit finding, executive report for write-off served before council debt is on final stage of being written-off.	70%	Confirmed mid-year emanated from audited AFS for corrections made
Coaf 32	CoAF 32: Follow-up of prior year issue (Receivables from exchange transactions) - Prior year issue 131	Management agrees with audit finding, the disclosed Receivable from non-exchange amount R70,371.65 of Cllr P.Sibeko, will be correctly adjusted in the final AFS set. The amount was incorrectly recognized as receivable from exchange transaction.	Chief Financial Officer Financial Accounting Manager	30 April 2023	Mid-year AFS have correctly been adjusted the amount is now correctly recognized as receivable from non-exchange transaction.	100%	Confirmed with audited AFS for corrections made



Coaf 33	CoAF 33: Follow up on prior year issue (Receivables from non-exchange transactions) - Issue 52 Coaf 48 (EV)	<p>Management disagrees with audit finding, management first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant (see GRAP 104 paragraph .58).</p> <p>Objective evidence that a financial asset or group of assets is impaired can be as a result of the occurrence of one or more of the following events:</p> <ul style="list-style-type: none"> <li>• Significant financial difficulty experienced by the borrower/debtor.</li> <li>• Delays in payments (including interest payments) or failure to pay/defaults;</li> <li>• For economic or legal reasons, allowing disadvantaged customers who are experiencing financial difficulties to pay as and when they can.</li> </ul> <p>The below mentioned are overpaid officials of the municipality and employees are still working for the municipality the debts will be recovered after due processes.</p>	Chief Financial Officer Financial Accounting Manager	30 April 2023	<p>Management assesses whether objective evidence of impairment exists individually for financial assets that are individually or collectively for financial assets that are not individually significant.</p>	70%	Confirmed with mid-year emanated from audited AFS for corrections made
---------	---	--	---	---------------	--	-----	--

Coaf 34	CoAF 34: Follow-up of prior year issue (Receivables from non-exchange transactions) - Prior year issue 75 CoAF 55	Management agrees with audit finding, the councillor should have been included on the impairment provision balance for the period under review. The balance will be updated on the adjusted AFS	Chief Financial Officer Financial Accounting Manager	30 April 2023	Councillor included on the impairment provision balance for the period under review. The balance has updated on the mid-year AFS set.	85%	Confirmed with mid-year emanated from audited AFS for corrections made
Coaf 62	CoAF 62: Receivable from exchange transactions: Completeness Impairment provision	Management agrees with audit finding, the above raised receivables from exchange transactions will be included in the impairment provision.	Chief Financial Officer Financial Accounting Manager	30 April 2023	The raised receivables from exchange transactions have included in the impairment provision on the mid-year AFS set.	85%	Confirmed with mid-year emanated from audited AFS for corrections made

Coaf 85	<p>CoAF 85: Misstatement: Receivables from exchange transactions</p>	<p>Management disagrees with audit finding, the ( ) e-mentioned receivables served in all Committees from management meetings, Section 80 Finance Portfolio committee and Mayoral Committee meeting where all this committees recommended that based on the previous audit findings and fact that some of these debts come from over 10 years ago. There was no way that support can be recovered.</p>	<p>Chief Financial Officer Financial Accounting Manager</p>	<p>30 April 2023</p>	<p>The above-mentioned ( ) eivables served in all Committees from management meetings, Section 80 Finance Portfolio committee and Mayoral Committee meeting where all this committees recommended that based on the previous audit findings and fact that some of these debts come from over 10 years ago. There was no way that support can be recovered.</p>	<p>70%</p>	<p>Confirmed with mid-year emanated from audited AFS for corrections made</p>
	<p>Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant (see GRAP 104 paragraph .58).</p> <p>Objective evidence that a financial asset or group of assets is impaired can be as a result of the occurrence of one or more of the following events:</p> <ul style="list-style-type: none"> <li>• Significant financial difficulty experienced by the borrower/debtor.</li> <li>• Delays in payments (including interest payments) or failure to pay/defaults;</li> <li>• For economic or legal reasons, allowing disadvantaged customers who are experiencing financial difficulties to pay or</li> </ul>						

<b>Related parties</b>						
Coaf 04	CoAF 04: Limitation of scope: Financial disclosure forms (limitation of scope) - RFI 14	Management agrees with audit finding, kindly find the attached response to RF14, and scanned supporting financial declaration forms.	Chief Financial Officer Financial Accounting Manager	31 March 2023	Scanned financial forms. Have been submitted.	Confirmed Financial disclosure forms
<b>Reserves</b>						
Coaf 67	AFS: CoAF 67: Statement of changes in Net Assets: Incorrect Disclosure	Management partially with audit finding, the difference raised by auditors was a result of the PPE prior year incorrect disclosure of Change in Accounting Estimates. COAF 30 was raised, and management have agreed with finding raised on the PPE prior period error that was incorrectly disclosed on the AFS, this will be adjusted on the final AFS set.  Management have reperformed the Statement of changes in Net Assets, kindly refer below where management demonstrated that the difference noted is the PPE movement processed.	Chief Financial Officer Financial Accounting Manager	31 March 2023	Management have reperformed the Statement of changes in Net Assets, kindly refer below where management demonstrated that the difference noted is the PPE movement processed.	Confirmed with audited AFS for corrections made
<b>Revenue</b>						

Coaf 43	AFS: CoAF 43: Commission income recognised incorrectly	Management agrees with audit finding, the entire population was visited, and the invoices stated above are the only instances where management were only able to release stipends in early July 2022, therefore management will prepare an adjusting journal, and this will be updated on the final AFS set.	Chief Financial Officer Financial Accounting Manager	31 March 2023	Entire population was visited, and the invoices stated above are the only instances where management were only able to release stipends in early July 2022, therefore management will prepare an adjusting journal, and this will be updated on the final AFS set.	95%	Confirmed with mid-year emanated audited AFS for corrections made
Coaf 61	CoAF 61: Government grants and subsidies	Management partially agrees with audit finding, disclosure Note 12 will be corrected to disclose the unconditional transfer from COGTA on the final adjusted AFS	Chief Financial Officer Financial Accounting Manager	30 November 2023	Disclosure Note 12 has been corrected to disclose the unconditional transfer from COGTA on AFS set.	100%	Confirmed with audited AFS for corrections made

Coaf 81	CoAF 81: Journal commission income	<p>Management disagrees with audit finding, GRAP 109 Accounting by Principal or an agent states the following.</p> <p>Paragraph 45</p> <p>An entity determines, in accordance with this Standard, whether it is a principal or agent and, in doing so, determines the revenue and expenses that qualify for recognition in its financial statements in accordance with the applicable Standards of GRAP. When an entity determines that it is a principal in accordance with this Standard, it accounts for revenue and expenses arising from the transactions with third parties in its statement of financial performance. This is because the transactions with third parties are concluded for the benefit of the principal. Conversely, when an entity is an agent, it would not recognise revenue and expenses resulting from those transactions with third parties. It only recognises the revenue and expenses associated with undertaking the transactions on behalf of the principal.</p>	Chief Financial Officer Financial Accounting Manager	30 November 2023	Mid-year AFS prepared indicates the following changes.	100%	Confirmed with mid-year emanated from audited AFS for corrections made
		<p>The invoice was accidentally paid twice by Ceta correspondence regarding the over payment was made and it was concluded between parties that money be used to pay the learners, for a separate month that should have been billed credit note was raised to agree money for the month of October 2021.</p> <p>Invoices that were not paid during year under review were adjusted the AFS</p>					

### 6.3 Audit Report 2022/2023

Report of the auditor-general to the Free State Provincial Legislature and the Council on the Thabo Mofutsanyana District Municipality

Report on the audit of the financial statements

#### **Opinion**

1. I have audited the financial statements of the Thabo Mofutsanyana District Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Thabo Mofutsanyana District Municipality as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

#### **Basis for opinion**

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

#### **Emphasis of matters**

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

#### **Irregular expenditure**

7. As disclosed in note 29 to the financial statements, irregular expenditure of R16 090 700 (2022: R9 791 475) was incurred, due to non-compliance with supply chain management (SCM) requirements. In addition, the full extent of irregular expenditure is still in the process of being determined.

#### **Unauthorised expenditure**

8. As disclosed in note 28 to the financial statements unauthorised expenditure of R1 497 133 was incurred, due to overspending of the budget.

#### **Restatement of corresponding figures**

9. As disclosed in note 38 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of errors in the financial statements of the municipality, and for the year ended, 30 June 2023.



### **Material uncertainty relating to claims against the municipality**

10. With reference to note 23 to the financial statements, the municipality is the defendant in various claims against the municipality. The municipality is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liabilities that may result were made in the financial statements.

### **Material impairment**

11. As disclosed in note 4 and 5 to the financial statements, receivables from exchange transactions and receivables from non-exchange transactions were impaired by R3 169 146 (2022: R3 526 919).

### **Other matter**

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

### **Unaudited disclosure notes**

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

### **Responsibilities of the accounting officer for the financial statements**

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

15. 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**

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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.
17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

### **Report on the annual performance report**

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
19. I selected the following material performance indicators related to basic service delivery presented in the annual performance report for the year ended 30 June 2023. I selected

those indicators that measure the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

- 100% Development of rural road asset management system - the extend & conditions of the road network & RRAMS system implementation on the 30 June 2023
  - 100% Retrofitting of high mast & streetlights with LED tubes on the 30 June 2023
  - Number of monthly reports indicating food selling outlets inspected in the district on the 30th June 2023
  - Number of monthly reports indicating food samples taken in the district on the 30th of June 2023
  - Number of monthly reports indicating water samples taken in the district on the 30th June 2023
  - Number of environmental reports on waste management activities performed in the district on the 30 June 2023
  - Procurement of tools of trade for eight youth SMMEs on the 30th June 2023
  - Number of community outreach programs conducted on the 30th June 2023
20. I evaluated reported performance information for the selected material performance indicators 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.
21. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
  - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements

- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

22. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

23. I did not identify any material findings on the reported performance information for the selected indicators below:

- 100% Retrofitting of high mast & street lights with LED tubes on the 30 June 2023
- Number of monthly reports indicating food selling outlets inspected in the district on the 30th June 2023
- Number of monthly reports indicating food samples taken in the district on the 30th June 2023
- Number of monthly reports indicating water samples taken in the district on the 30th June 2023
- Number of environmental reports on waste management activities performed in the district on the 30 June 2023
- Procurement of tools of trade for eight youth SMMEs on the 30th June 2023
- Number of community outreach programs conducted on the 30th June 2023

24. The material findings on the reported performance information for the selected material indicator are as follows:

100% Development of rural road asset management system - the extend & conditions of the road network & RRAMS system implementation on the 30 June 2023

25. An achievement of 100% visual assessments of pavement management & conditions was reported against a target of 100% visual assessments of pavement management & conditions. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.
26. In addition, an achievement of 100% visual assessments of pavement management & conditions was reported in the annual performance report. However, the indicator and target in the approved service delivery and budget implementation plan and integrated development plan was 100% development of rural road asset management system - the extend & conditions of the road network & RRAMS system implementation on the 30th June 2023.
27. Furthermore, there was no link between the indicator of 100% development of rural road asset management system - the extend & conditions of the road network & RRAMS system implementation on the 30th June 2023 and the planned target of 100% visual assessments of pavement management & conditions.

### **Other matter**

3. I draw attention to the matter below.

#### **Achievement of planned targets**

29. 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.

## **Report on compliance with legislation**

30. 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.
31. 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.
32. 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.
33. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

## **Annual financial statements**

34. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of expenditure, receivables and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.
35. The council failed to adopt an oversight report containing the council's comments on the 2021-22 annual report, as required by section 129(1) of the MFMA.

## Procurement and Contract Management

36. Sufficient appropriate audit evidence could not be obtained that all contracts were awarded in accordance with the legislative requirements as the municipality did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support expenditure incurred in relation to awarded contracts.
37. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM Regulation 17(1) (a) and (c). Similar non-compliance was also reported in the prior year.
38. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c). Similar noncompliance was also reported in the prior year.
39. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for legislative requirement that were stipulated in the original invitation for bidding, as required by SCM regulations 21 (b) and 28(1)(a(i) and preferential procurement regulations.
40. Sufficient appropriate audit evidence could not be obtained that contracts were awarded through a competitive bidding process that were adjudicated by the bid adjudication committee as required by SCM Regulations 29(1 and (b) and preferential procurement regulations.
41. Sufficient appropriate audit evidence could not be obtained that the accounting officer ratified the decision of bid adjudication committee of awarding contracts to bidders other than those recommended by the bid evaluation committee as required by SCM Regulation 29(5)(b).

42. Sufficient appropriate audit evidence could not be obtained that councillors of the municipality did not participate in committees evaluating or approving tenders as required by section 117 of the MFMA.
43. Contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM Regulation 43.
44. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services as required by section 2(1)(a) of the preferential procurement policy framework act 5 of 2020 (PPPFA). Similar non-compliance was also reported in the prior year.
45. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of section 2(1)(a) of the PPPFA and its regulations.
46. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders that scored the highest points in the evaluation process as required by section 2(1)(f) of the PPPFA and 2017 preferential procurement regulations 1 1 and/or 2022 preferential procurement regulation 4(4) and 5(4).
47. Tenders which failed to achieve the minimum qualifying score for functionality legislative requirement were not disqualified as unacceptable tender in accordance with 2017 preferential procurement regulation 5(6).
48. Sufficient appropriate audit evidence could not be obtained that contracts were extended or modified with the approval of a properly delegated official as required by SCM Regulation 5.
49. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2)(b) of the MFMA. Similar limitation was also reported in the prior year.



50. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA. Similar limitation was also reported in the prior year.

### **Expenditure management**

51. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
52. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1) (d) of the MFMA. The value of R 16 090 700 as disclosed in note 29, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM regulations.

### **Utilisation of conditional grants**

53. Performance in respect of programmes funded by the expanded public works programme integrated grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Dora.

### **Consequence management**

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

## **Strategic planning and performance management**

56. The service delivery and budget implementation plan for the year under review did not include monthly revenue projections by source of collection and the monthly operational and capital expenditure by vote as required by section 1 of the MFMA.

## **Asset management**

57. Capital assets were transferred/disposed of without the municipal council having a meeting open to the public as required by section 14(2)(a) of the MFMA.

## **Human resource management**

58. The employment contract of the municipal manager exceeded a fixed period of five years and one year after the next municipal election term commences, as required by section 57(6)(a) of the Municipal Systems Act 32 of 2000 (MSA) and municipal performance regulations for municipal managers and managers directly accountable to municipal managers 2(3)(a).
59. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA.

## **Other information in the annual report**

60. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators presented in the annual performance report that have been specifically reported on in this auditor's report.
61. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other

information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

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

### **Internal control deficiencies**

64. 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.
65. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
66. Leadership did not implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored, as a result repetitive material findings were identified without sufficient consequences.
67. Leadership did not adequately monitor the implementation of action plans to address matters raised in the prior year, resulting recurring compliance issues being raised in the current financial year.

68. Management did not adequately implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance reporting, resulting in material findings on one of the selected material indicators.
69. Management did not implement adequate controls over daily and monthly processing and reconciling of transactions, resulting material findings being identified on the annual financial statements as well as the annual performance report. Furthermore, a thorough review of the financial statements was not performed before they were submitted, resulting in a number of material misstatements that had to be corrected.
70. Management did not review and monitor compliance with applicable legislation, resulting in material compliance matters being reported on various compliance subject matters.

*Auditor-General*

Bloemfontein

30 November 2023



---

**SOUTH AFRICA**

Auditing to build public confidence

### 6.3.1 Annexure to the auditor's report

1. The annexure includes the following:

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

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

### **Professional judgement and professional scepticism**

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

### **Financial statements**

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may

cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

4. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
5. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

### **Compliance with legislation — selected legislative requirements**

6. 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 - 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b) mentation plan Sections 11(1) 13(2), 14(1), Sections Sections 32(7), 53(1) Sections 62(1) Sections Sections Sections 127(2), Sections 133(1)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulation 71(1), 71 (2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 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) 12(3), 13(b), 13(c), 16(a), 17(1) 17(1) Regulations 17(1) 19(a), 21 (b), 22(1) 22(2), 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) 38(1) 38(1)(d)(ii), 38(1)(e), 38(1) Regulations 38(1) 38(1) 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 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)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)

Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(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)
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)(b)(ii), 29(2)(a), 29(1)(b), 41(1)(c)(ii), 41(a), 66(1)(b). Sections 34(a), 34(b), 38(a), 41(1), 41(1) Sections 43(2), 56(a), 57(4B), 66(1) Sections 67(1), 74(1), 93J(1), 96(b)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 3(3), 7(1), 8, 10(a), Regulations 12(1), 15(1), 15(1)(a)(ii)

Legislation	Sections or regulations
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)





#### 6.4 ACTION PLAN

**ACTION PLAN FOR THE YEAR 01 JULY 2022 AS AT 30 JUNE 2023**



01 Mampoi street, old parliament building, private bag x810, witsieshoek 9870, south africa ☎: +27 (58)-718 1036 📧: +27 (58)718 1034 [mmadmin@tmdm.gov.za](mailto:mmadmin@tmdm.gov.za)

### OFFICE OF THE MUNICIPAL MANAGER

## REPORT ON ACTION PLAN TO ADDRESS AUDIT QUERIES / MATTERS ARISING FROM THE AUDIT REPORT AND MANAGEMENT REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 30 JUNE 2023

Comm. of Audit Findings	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSE BY OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
1.	<b>MATTERS/S RAISED BY AUDITOR GENERAL ON MANAGEMENT REPORT FOR THE YEAR 30 JUNE 2023</b>			
	<b>Contingent liabilities</b>			
(CoAF 71)	Contingencies: Contingent Liabilities not appropriately disclosed	Management partially agrees with audit finding, management will update the disclosure note to indicate the uncertainties relating to the amount of timing of any outflow on the following disclosed contingent liabilities.  Management agrees with audit finding, the mentioned balance of R95 000 is housing guarantees a contingent liability exists for the municipality to pay the guarantee amount in the event of the employee not being able to	Director Services Chief Financial Officer	28 February 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>settle their bond / default on payment.</p> <p>The Municipality has provided housing guarantees to the employees listed below. The maximum amount each qualifying employee may receive is R17 000.</p>		
<b>Employee costs</b>				
(CoAF 12)	<p>Non-compliance- No performance management system in place for all personnel other than section 56 and 57 managers</p>	<p>Management partially agrees with audit finding, COAF 116 raised in the prior period was like the finding raised in the previous period, this issue was included on the audit action plan, management have started process to ensure that municipality implements performance management system that caters for all employees and not just senior managers.</p> <p>Draft employee contract for managers has been developed. And Workshop was organized on PMS with Provincial department on cascading performance. (Based on workshop held with SALGA on 13 and 14 June 2023 related to cascading of PMS it was resolved that this process will be finalised in 2024/2025 after complying with certain processes.)</p>	<p>Director Services</p> <p>Corporate</p>	<p>30 June 2024</p>
(CoAF 23)	<p>Non-compliance - HR management - Performance Evaluations</p>	<p>Management responded to similar finding CoAF 12 - Management partially agrees with audit finding, COAF 116 raised in the prior period was like the finding raised in the current period, this issue was included on the audit action plan, management have started process to ensure that municipality implements performance</p>	<p>Director Services</p> <p>Corporate</p>	<p>30 June 2024</p>

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
(COAF 46)	Employee Related Costs: Issues on allowances	<p>management system that caters for all employees and not just senior managers.</p> <p>Draft employee contract for managers has been developed. And Workshop was organized on PMS with Provincial department on cascading performance. (Based on workshop held with SALGA on 13 and 14 June 2023 related to cascading of PMS it was resolved that this process will be finalized in 2024/2025 after complying with certain processes.)</p>	Director Corporate Service	28 February 2024
(CoAF 47)	Remuneration of councillors : Differences identified in the payment of councillors	<p>Management agrees with audit finding, during Council appointed Municipal Manager through a special council meeting that was held on 08 February 2023 and Acting Municipal Manager February 2023 days should have been apportioned. The two mentioned acting allowances issues will be raised as receivables from non-exchange transactions on the adjusted AFS set.</p> <p>Management agrees with audit finding, during preparation of back-pay calculations management noted the discrepancies that occurred during the financial period when payroll was adding benefits such as medical and pension fund.</p> <p>The whole population of councillor's remuneration was recalculated after the new issued Gazette on determination of upper limits of public office bearers.</p> <p>Management will pay councillor's back-pay for those that were underpaid and the three (3)</p>	<p>Director Services Chief Financial Officers</p> <p>Corporate</p>	28 February 2024

Comm. of Audit Findings	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
(CoAF 67)	Employee Cost: Prior year follow up issues	<p>overpaid councilors will be disclosed on the receivables from non-exchange transaction as debtors municipality will start to recover the overpayment in accordance with the agreed terms with councilors.</p> <p><b>CoAF 109 –</b>  Management disagrees with audit findings; auditors were submitted with 12month report and appointment letter they however multiplied the monthly salary by 12 months instead of inspecting previous employees' appointments.</p> <p><b>CoAF 27 –</b>  Management disagrees with audit finding, please see each comment below from management.</p> <ol style="list-style-type: none"> <li>1. Management comment on Cell phone allowance  Basis of disagreement by management, the auditors used the incorrect policies to calculate cellphone allowance of the above-mentioned employee.</li> <li>2. Management comment on acting allowance  Basis of disagreement by management, the auditors used the only one acting allowance letter and the other instance when the above</li> </ol>	Director Services Chief Financial Officer	28 February 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
(CoAF 97)	HR Management non-compliance	<p>employee acted as Covid19 Coordinator was no considered.</p> <p>3. Management comment on car allowance</p> <p>CoAF 44 -</p> <p>Management disagrees with audit finding, kindly refer to the attached workings for senior managers and councilors below.</p> <p>Management agrees the council term ends in October 2026 and therefore by November 2027 it will be a one-year mark.</p>	<p>Director Services</p> <p>Corporate Chief Financial Officer</p>	28 February 2024
<b>General IT controls</b>				
(CoAF 39)	Weaknesses in the IT environment	<p>1. The prior year identified issues in respect of the IT environment were not adequately addressed by management.</p> <p>1 Management Agrees, however a significant progress was in addressing the finding. Windows Server Update Services role has been installed on the server to manage the updates as they become available.</p> <p>2 Monthly user reviews are performed to monitor user access on Financial Systems and the Active Directory.</p>	Manager ICT	30 June 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>3 The processes of upgrading backup system have commenced. The limitations identified on the current Disaster Recovery System will be rectified.</p> <p>4 The finding does is not specific on the on which controls pertaining the Active Directory that are inadequate.</p> <p>1. Agree with finding. The Internal Audit only reviews ICT general controls.</p> <p>The Internal Audit does not audit or review the application controls because the Unit has no capacity, and the municipality has not set aside budget for relevant service provider (Outsourced) to perform these functions. (Budget constraint).</p> <p>Agree with the finding.</p> <p>Cybersecurity is an ongoing process; management always show commitment in implementing continuous monitoring mechanisms to track and assess effectiveness of cybersecurity controls. The ICT Security policy has been reviewed in the current financial year to update cybersecurity measures to adapt to evolving threats.</p> <p>Agree with the finding,</p> <p>However, a significant progress was in addressing</p>		



Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>the finding. Windows Server Update Services role has been installed on the server to manage the updates as they become available.</p> <p>Agree with the finding.</p> <p>The ICT Steering committee is in place, the management will ensure that the meetings are held as per ICT Steering Committee Policy.</p>		
<b>Internal Control deficiencies</b>				
(CoAF 1)	Internal audit - external assessment	Agree with the finding. The municipality did not budget for the internal audit - external assessment for the financial year under review however for financial year 2023/2024 the municipality has put some budget to ensure this process will take place before end of financial year 2023/2024 (30 June 2024)	Internal Audit	30 June 2024
(CoAF 2)	Internal control deficiency – Planning	<p>Management partially agrees with audit finding,</p> <p>Regarding The key position of Director Technical service post.</p> <p>The position was advertised during the year under review in 2022/2023, Municipality has appointed Director Technical Services after year end. Agree with finding.</p> <p>Regarding The risk management committee meeting only two times instead of the</p>	Risk Manager Manager ICT	30 June 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>required four times.</p> <p>The Risk Management Committee met on the following dates: Disagree with finding.</p> <ol style="list-style-type: none"> <li>1. 22 July 2022</li> <li>2. 12 August 2022</li> <li>3. 18 October 2022</li> <li>4. 11 April 2023</li> <li>5. 16 May 2023</li> </ol> <ol style="list-style-type: none"> <li>1. Regarding The ICT committee members never had the meeting in the current financial year.</li> </ol> <p>Management has appointed senior managers that will serve as members of the committee therefore in 2023/2024, municipality shall have ICT committee meetings and minutes etc. Agree with Finding.</p>		
(CoAF 3)	Internal control deficiency - Occurrence of expenditure (Part B - inventory and capital assets)	Management partially agrees with audit finding, inventory and capital assets are usually physically verified for existence, management however agree that internal controls can be strengthened to include the delivery notes by the suppliers and the goods received note to indicate that the municipality received a specific capital asset as ordered & in a working condition.	Chief Financial Officer SCM Manager Financial Manager Accounting	28 February 2024
(CoAF 4)	AFS High level review: Casting and cross-casting; Comparability and Cosmetic	Management agrees with audit finding, the amount noted by auditors is correcting of previous years audit findings that were not	Chief Financial Officer Financial Accounting	30 November 2023

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
	<p>issues</p>	<p>evaluated by auditors due to the reporting deadlines, time was prioritised to findings that had impact on previous Audit Reports.</p> <p>Management agrees with audit finding, these was cosmetic error on the amount before change in estimate balance while preparing the narrative disclosure and indicating impact in the change in management estimates. Annual financial statement will be adjusted with the correct amounts of the change in estimates.</p> <p>Management agrees with audit finding, the disclosure note 34 excluded Recoveries (Gains on debt impairment provision adjustment) amounting to R357 252,00 this amount will be correct included on the adjusted AFS and amount disclosed of Gain on disposal of assets amounting to R63 453 relates to the restated figure of 2021 this amount will be correctly excluded from the adjusted AFS</p> <p>Management agrees with audit finding, the amount will be corrected on the adjusted AFS set to agree with property plant and equipment note, that discloses the difference as corrections made on the Fixed Asset register during the year under review.</p> <p>The line item "Provision" included under liabilities was previously correctly disclosed as "Employee benefit obligation". However, in the current financial year, it was noted that this line item has now been disclosed as "Provision", instead of Employee benefits</p>	<p>Manager</p>	

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
(CoAF 6)	Audit committee: internal control deficiency on roles and responsibilities	<p>obligation as disclosed in the prior year financial statements, which may result in comparability and consistency issues as provisions are recorded in line with GRAP 19 requirements, whereas employee benefit obligations are recorded in line with the requirements of GRAP 25.</p> <p>Management agrees with audit finding, the financial statement line item will be updated to be consistent with the comparative period.</p> <p>Current year irregular expenditure under note 29 of the AFS has been disclosed under a line "prior period irregular expenditure", which is incorrect as this irregular expenditure pertains to the current financial year and was identified in the current financial year.</p>	Internal Audit Manager	30 June 2024
	Partially agree with the finding because performance management system or performance information of the municipality is the standing item in every ordinary Audit Committee meeting. The discussion of SDBIP			

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>includes amongst others, KPA, KPI, Target dates, evidence required for achieved target, etc thereafter review quarterly reports based on approved SDBIP.</p> <p>Agree with the finding the Audit Committee had two Audit Committee members for month of June 2023. The municipality was finalising the process of appointing additional two Audit Committee whom were appointed by Council during July 2023.</p>		
(CoAF 7)	Limitation of scope - Consequence Management business process (RFI 04)	Management agrees with the audit finding, management were able to retrieve appointment letters that were sent to Disciplinary board members. Disciplinary board did not have meetings during year under review, through minutes of the council submitted it was resolved that the new board members be appointed, the newly appointed board met after year end.	Municipal Manager Disciplinary Board Risk Manager	30 June 2024
(CoAF 8)	Internal control deficiency - Annual procurement plan	Management agrees with audit finding, during the walkthrough processes management submitted the approved Annual procurement plan for 2023/2024 financial period, in order to ensure that goods and services procured by the municipality are in line with the municipality's IDP, Service Delivery and Budget Implementation Plan (SDBIP) and annual budget.	Chief Financial Officer SCM Manager	31 May 2024

Comm. of Audit Findings	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION															
(CoAF 17)	Deficiencies identified on the internal controls	Management agrees with audit finding, management shall implement and monitor the implementation of the internal controls, in order to ensure that the control environment provides an appropriate foundation for the other components of the municipality's system of internal control.	Corporate Services Director HR Manager	30 June 2024															
(CoAF 21)	External audit recommendations not implemented	<p>Management partially agrees with audit finding, management extracted all findings from the Final Management report of 2021/2022 most findings were addressed however not all findings were addressed below is the final summary of status of the audit action plan.</p> <table border="1" data-bbox="906 954 1150 1431"> <thead> <tr> <th>Number of Findings</th> <th>Ranges %</th> <th>Percentages per Category</th> </tr> </thead> <tbody> <tr> <td>64</td> <td>100%</td> <td>88%</td> </tr> <tr> <td>1</td> <td>80 - 95%</td> <td>1%</td> </tr> <tr> <td>8</td> <td>60 - 75%</td> <td>11%</td> </tr> <tr> <td>73</td> <td></td> <td></td> </tr> </tbody> </table>	Number of Findings	Ranges %	Percentages per Category	64	100%	88%	1	80 - 95%	1%	8	60 - 75%	11%	73			All Managers	30 June 2024
Number of Findings	Ranges %	Percentages per Category																	
64	100%	88%																	
1	80 - 95%	1%																	
8	60 - 75%	11%																	
73																			
(CoAF 28)	Internal control deficiency - SCM Policy not updated	Management partially agrees with audit finding, the SCM did not amend changes to the PPR 2017. However, Municipality in accordance with the PPR 2022 tabled the new PPR 2022 policy that would	Chief Financial officer SCM Manager	31 May 2024															

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
(CoAF 64)	Value add: Co-ordinating ministries - No alignment of SBDIP & DDM.	<p>be used to in procurement of goods and services.</p> <p>Management do not agree with the finding, on the basis of the following;</p> <p>DDM One Plan is not a district municipality plan but an IGR plan of all government departments having projects in the district, private sector stakeholders and other social partners.</p> <p>SDBIP align the Municipal approved service delivery performance Targets with the municipal budget, whereas the One Plan have budgets that are declared but not municipality's budget, so there is no need for One Plan to be aligned with Thabo Mofutsanyana district Municipality SDBIP as there is not Capital budget allocation of the district municipality included in the One Plan.</p> <p>District Municipality does not have control over implementation of other stakeholder's budget, so there is no way their budgets and targets can be included in the district SDBIP.</p> <p>Thabo Mofutsanyana district Municipality do not have legislative or any authority to play oversight over locals, role of the district municipality is to support locals within the provided parameters of the legislation and Constitution, so the district cannot put any measures in place to play oversight over locals.</p>	Director Services and LED Community	31 May 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
(CoAF 79)	Internal control deficiency - Not all staff members in the staff establishment are permanent	<p>COGTA has issued draft Sec 74 regulations to strengthen IGR interaction between DDM stakeholders, to avoid the confusion raised above, until these regulations are finalized there is nothing in law that compels or empowers district to play DDM oversight over locals or any other departments, or social partners.</p> <p>District municipality cannot incorporate One Plan projects in the SDBIP, because they are not in the district budget.</p> <p>District will wait for COGTA to finalize the Sec 74 Regulations and establish the District Hub to manage implementation of One plans and ensure alignment with National and Provincial APP's for projects funded by these departments, Municipal SDBIP for projects funded by municipalities, other plans for projects funded by social partners, and until the One Plan is Gazetted as legally binding plan.</p> <p>The implementation delay is not caused by the district but by incomplete processed coordinated by COGTA.</p>	<p>Director Services Human Resource Manager</p>	31 March 2024
		Management partially agrees with the audit finding, kindly refer to the below on each of the raised instances. Management where they agree that employees should be permanent the system will be accordingly updated. Evidence available for auditors will permanent employee appointment		



Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
(CoAF 65)	Consequence management - Issues with investigations of UJFW	<p>letters.</p> <p>Management partially agrees with the audit finding, regarding the unauthorized expenditure the transactions were investigated and MPAC concluded on the investigations. Please refer to the investigation carried out.</p>	Chief Financial Officer Municipal Manager Manager Compliance	30 June 2024
<b>Budget Management</b>				
(CoAF 82)	Partially resolved MFMA Budget management: Non-compliance with budget management	<p>Management partially agrees with audit finding,</p> <p>a) Management partially agrees with audit finding. The monthly section 71 serves in Mayoral committee meetings, Accounting Officer of a municipality submits Sec.71 no later than 10 working days after the end of each month submit to relevant provincial treasury.</p> <p>b) Management disagrees with audit finding, when necessary, an explanation of (i) any material variances from the municipality's projected revenue by source and from the municipality's expenditure projections per vote grant register revenue was received in accordance to the Dora schedule.</p> <p>c) Management disagrees with audit finding, monthly budget statement included a projection of revenue and expenditure for the rest of the financial year, and any revisions from initial projections as required by section</p>	Chief Financial Officer Financial Manager Accounting	30 June 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND MANAGEMENT	RESPONSE BY	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		71(2)(a) of the MFMA.			
	<b>Irregular expenditure</b>				
(CoAF 74)	Irregular expenditure – Panels	<p>Management partially agrees with audit finding. At the time the service provider was appointed to be on the Panel his matters were not in order. However, before municipality traded with him on transaction amounting to R285,357.55 and R444,000 respectively CSD indicated supplier had sorted his tax complaint status. Refer to the support attached.</p> <p>Management disagrees with audit finding. The bid documents mentioned that threshold of 70% on technical functionality.</p> <p>Capacity Experience References</p> <p>Service Provider scored average of 81% scores evaluated by Bid Evaluation members</p> <p>Management agrees with audit finding. The evaluation committee had not recommended the supplier to be further evaluated.</p> <p>Management disagrees with audit finding. The bid documents mentioned that threshold of 70% on technical functionality.</p> <p>Capacity Experience References</p>	Chief Financial Officer  SCM Manager	30 June 2024	

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>Service Provider scored average of 78% scores evaluated by Bid Evaluation members.</p> <p>Management disagrees with audit finding, The bid documents mentioned that threshold of 70% on technical functionality.</p> <p>Capacity Experience References</p> <p>Service Provider scored average of 78% scores evaluated by Bid Evaluation members.</p> <p>Management disagrees with audit finding, The bid documents mentioned that threshold of 70% on technical functionality.</p> <p>Capacity Experience References</p> <p>Service Provider scored average of 96% scores evaluated by Bid Evaluation members.</p> <p>Proof of rates and taxes supporting documents.</p> <p>Management partially agrees with audit finding. At the time the service provider was appointed to be on the Panel his matters were not in order. However before municipality traded with him on transaction amounting to R1,219,900.30 CSD</p>		

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>indicated supplier had sorted his tax complaint status. Refer to the support attached.</p> <p>Management partially agrees with audit finding, the municipal accounts are not provided, supplier submitted proof of address instead indicating that she is not staying where rates and taxes are paid</p> <p>Management disagrees with audit finding, The bid documents mentioned that threshold of 70% on technical functionality.</p> <p>Capacity Experience References</p> <p>Service Provider scored average of 80% scores evaluated by Bid Evaluation members.</p> <p>Furthermore, the new panel was appointed in 19 August 2022, Sibeko was then re-appointed. Management disagrees with audit finding, The bid documents mentioned that threshold of 70% on technical functionality.</p> <p>Capacity Experience References</p> <p>Service Provider scored average of 80% scores evaluated by Bid Evaluation members.</p> <p>Management disagrees with audit finding, The bid documents mentioned that threshold of 70% on</p>		

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>technical functionality.</p> <p>Capacity Experience References</p> <p>Service Provider scored average of 100% scores evaluated by Bid Evaluation members.</p> <p>Furthermore the new panel was appointed in 19 August 2022, Molefi Thobala inch was then re-appointed.</p> <p>Management agrees with audit finding. The evaluation committee had not recommended the supplier to be further evaluated.</p>		
		<b>Immovable assets</b>		
(CoAF 34)	Follow-up of prior year issue (PPE) - CoAF 40: Land not Disclosed	<p>Management partially agrees with audit finding If the land in question satisfies the clarification provided under paragraph 4(a)&amp;(b), then the following is recommended (in line with the auditors' recommendations):</p> <p>(.1) The assumption is that the land was donated to the municipality, however the is a deed of sale that is signed by both accounting offices that has a purchase price section that states, "the purchase price will be sum of R1 VAT included which total purchase price is payable by the purchase to the seller in cash or as agreed on intend to purchase site agreement. The transfer of property will only happen once any outstanding amount is paid in full"</p>	Chief Financia Officer SCM Manager	28 February 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>The land should be recognised as an asset, and classified as PPE – land (since a Laboratory was built upon this land it is neither investment property nor inventory).</p> <p>(.2) If the municipality is not yet the legal owner of the land, it is required to disclose the key judgements made and assumptions applied to conclude that it controls land (IGRAP 18.35(b)).</p> <p>(.3) In order to achieve fair presentation, an entity must account for transactions or events in accordance to their substance and economic reality, not just their legal form. (This flows from the principle of substance over form). (IGRAP 18.11). In this particular case the fact that the conveyancers are still busy with the registration process does not prevent the municipality from accounting for land in its asset register and AFS.</p> <p>b. If the land in question satisfies the clarification provided under paragraph 1.3(c) then the following is recommended:</p> <p>(.4) The reporting entity (municipality) should not account for the land in its financial statements as no substantive rights have been transferred to the municipality.</p> <p>(.5). By extension of IGRAP 18.40(b), it should provide better clarity to both AG and other users of AFS for the municipality to disclose the key judgements made and assumptions applied to conclude that it does not control the land in question.</p> <p>IGRAP 18.28, To demonstrate that the entity has the right to direct access to land, and to</p>		

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>restrict or deny the access of others to land, it considers whether it can:</p> <p>(a) direct the use of the land's future economic benefits or service potential to provide services to beneficiaries;</p> <p>(b) exchange, dispose of, or transfer the land; and/or</p> <p>(c) use the land in any other way to generate future economic benefits or service potential.</p> <p><b>CONCLUSION.</b></p> <p>Therefore, management searched for Land with around the same square meter on property 24 website and amount of Land in Kestell its fair market value is around R260 000</p> <p>Management is prepared to adjust the AFS with this amount thus recognizing land on fixed asset register and AFS.</p>		
(CoAF 32)	<p>Depreciation: Difference between the trail balance and the amount disclosed in the annual financial statements</p>	<p><b>Movable assets</b></p> <p>Management partially agrees with audit finding, the review of remaining useful life methodology considers impairment testing of the assets with a poor and very poor rating.</p> <p>The asset with barcode 03211 was taken to IT Department where they assess whether the Laptop can be fixed and normally when the IT fix Laptop its returned to the user and when IT cannot repair the laptop they submit a technical</p>	<p>Chief Financial Officer SCM Manager</p>	<p>30 June 2024</p>

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>report indicating whether diagnosing what happened to the laptop as at 30 June 2022 the report had not been finalized.</p> <p>Testing for impairment methodology</p> <p>The AMS360 software reviews tests for impairment of movable assets, based on the methodology below.</p> <p>Impairment is a loss in future economic benefits or service potential of an asset, over and above the normal wear and tear of everyday use and the recognition thereof in depreciation. Firstly, it is determined if an asset is a cash generating asset or a non-cash generating assets.</p> <p>Cash generating assets (GRAP26): Is an asset held primarily for the purpose of generating a direct commercial return from the asset.</p> <p>Non-Cash generating assets (GRAP21): Is an asset that is not a cash generating asset.</p> <p>Secondly assets are tested for impairment by considering the following indicators;</p> <p>External Sources</p> <ul style="list-style-type: none"> <li>Is the demand or need for the service of the asset nearing its end (Ceasing)?</li> </ul>		



Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<ul style="list-style-type: none"> <li>• Have Significant technological or legal changes have taken place or will take place in the near future that adversely affects the entity and its use of the asset?</li> </ul> <p>Internal Sources</p> <ul style="list-style-type: none"> <li>• Is there evidence available that indicates physical damage of the asset?</li> <li>• Have Significant changes and taken place in the entity or is going to take place in the near future that will adversely affect the use of the asset by the entity;</li> <li>• Plans to discontinue the department to which the asset belongs</li> <li>• Plans to dispose of the asset earlier than expected</li> <li>• Plans that will render the asset idle</li> <li>• A decision is taken to halt construction of the asset before it is completed</li> <li>• Reports that indicates service performance of the asset, that is significantly worse than expected</li> </ul>		

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
(CoAF 33)	(CoAF 33) PPE : Asset not in working conditions	<p>Management disagrees with audit finding, GRAP 21 Par.26A - states that, physical damage would trigger an impairment test when it results in a permanent or significant decline in the service potential of the asset. Judgement is needed to determine whether the decline is permanent or significant. Such judgements may be based on the relative costs of providing the service before and after the decline, the percentage decline in service potential or other considerations.</p> <p>The decline in service potential is expected to be permanent when management has no reasonable expectation that the lost service potential will be replaced or restored. In certain circumstances evidence may be available to demonstrate that the impairment will be temporary. In such circumstances, management considers whether the decline in service potential will be significant.</p> <p>During the asset count in June 2023, the Laptop with barcode 02945 was in working condition and was taken to after for repairs after year end only. Therefore as at 30 June 2023 the financial period under audit review asset was working still</p> <p>The laptop with barcode 02243 was counted in the IT department Laptop was taken for repairs and there was no evidence that suggested the decline in service potential will be significant.</p>	Chief Financial Officer SCM Manager	30 June 2024
(CoAF 35)	Follow-up of prior year issue - CoAF 29: Property, plant and equipment - Opening	Management partially agrees with audit finding, the review of remaining useful life	Chief Financial Officer	30 June 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
	<p>balance</p>	<p>methodology considers impairment testing of the assets with a poor and very poor rating.</p> <p>The asset with barcode 03211 was taken to IT Department where they assess whether the Laptop can be fixed and normally when the IT fix Laptop its returned to the user and when IT cannot repair the laptop they submit a technical report indicating whether diagnosing what happened to the laptop as at 30 June 2022 the report had not been finalized.</p> <p>Testing for impairment methodology</p> <p>The AMS360 software reviews tests for impairment of movable assets, based on the methodology below.</p> <p>Impairment is a loss in future economic benefits or service potential of an asset, over and above the normal wear and tear of everyday use and the recognition thereof in depreciation. Firstly, it is determined if an asset is a cash generating asset or a non-cash generating assets.</p> <p>Cash generating assets (GRAP26): Is an asset held primarily for the purpose of generating a direct commercial return from the asset.</p> <p>Non-Cash generating assets (GRAP21): Is an asset that is not a cash generating asset.</p> <p>Secondly assets are tested for impairment by considering the following indicators;</p> <p>External Sources</p>	<p>SCM Manager</p>	

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
(CoAF 36)	Follow up on prior-issues: CoAF 37: PPE Additions : Existence issues	<p>1. Is the demand or need for the service of the asset nearing its end (Ceasing)?</p> <p>1. Have Significant technological or legal changes have taken place or will take place in the near future that adversely affects the entity and its use of the asset?</p> <p>Management partially agrees with audit finding, the asset in question has been reported stolen and at the time of the asset count management requested for case number so that due processes can be followed, the asset count started around 7 July 2022 therefore management needed to determine whether laptop was still in working condition as 30 June 2022.</p> <p>Asset was reported stolen on 18 June 2022, therefore this laptop will be adjusted and disposed off the fixed asset register. The case number submitted by the councilor was submitted to auditors.</p>	Chief Financial Officer SCM Manager	30 June 2024
(CoAF 37)	Follow-up of prior year issue (PPE) CoAF 94 Impairment Issue	<p>Management partially agrees with audit finding, GRAP 21 Par.26A states that, physical damage would trigger an impairment test when it results in a permanent or significant decline in the service potential of the asset. Judgement is needed to determine whether the decline is permanent or</p>	Chief Financial Officer SCM Manager Financial Manager Accounting	30 June 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>significant. Such judgements may be based on the relative costs of providing the service before and after the decline, the percentage decline in service potential or other considerations.</p> <p>The decline in service potential is expected to be permanent when management has no reasonable expectation that the lost service potential will be replaced or restored. In certain circumstances evidence may be available to demonstrate that the impairment will be temporary. In such circumstances, management considers whether the decline in service potential will be significant.</p> <p>Internal Sources</p> <ul style="list-style-type: none"> <li>• Is there evidence available that indicates physical damage of the asset?</li> <li>• Have Significant changes and taken place in the entity or is going to take place in the near future that will adversely affect the use of the asset by the entity;</li> <li>• Plans to discontinue the department to which the asset belongs</li> <li>• Plans to dispose of the asset earlier than expected</li> <li>• Plans that will render the asset idle</li> </ul>		

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
(CoAF 45)	Follow up on prior year Iss.36-CoAF 36: Depreciation issues : Kestell Lab	<ul style="list-style-type: none"> <li>A decision is taken to halt construction of the asset before it is completed</li> <li>Reports that indicate service performance of the asset, that is significantly worse than expected</li> </ul>	Chief Financial Officer SCM Manager	28 February 2024
(CoAF 100)	Donated: Assets not recognized in the asset register and the donation not approved by council	<p>Management agrees with the audit finding, the final Fixed asset register and the Audited financial statement differed with an amount of R33 875.42, management agree to correct the Annual financial statement to agree the Fixed asset register of 2022 period.</p> <p>The correcting adjustment will be as follows, the table below indicates the categories where difference was noted.</p> <p>Management disagrees with audit finding.</p> <p>Municipality did not receive donations to the value of R1,244,393.23, there difference mentioned by auditors is operational expenses incurred by SANTUM between 5 and 9 September 2022, Consultants were paid by SANTUM for these sessions.</p> <p>GRAP 23 revenue from non-exchange transferred donations amounted to R1 178 893 was recognized by Municipality money for the workshop that took place a year before was excluded. All tax invoices for the PPE were submitted to the municipality.</p> <p>Management disagrees with audit finding.</p>	Chief Financial Officer SCM Manager	30 June 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>Conditions on transferred assets.</p> <p>To recognise an asset (inflow of resources), the key recognition criteria that have to be met are:</p> <ol style="list-style-type: none"> <li>2. Municipality needs to gain control of the asset as result of past events.</li> <li>3. If it is probable that future economic benefits or service potential associated with the asset will flow to the entity</li> <li>4. The fair value of the asset can be measured reliably.</li> </ol> <p>The assets that met recognition criteria were capitalized, the other donated assets a disclosure was presented on the AFS however because assets did not meet recognition criteria, management did not need council approval however there is no increase in municipality assets.</p> <p>As an TMDM satisfies the present obligation recognised as a liability. I.e. conditions are attached to the related asset transferred, the carrying amount of the liability is reduced and revenue is recognised to an amount equal to the reduction in the liability.</p>		
(CoAF 42)	Operating expenditure: Occurrence of	<b>Operating expenditure</b>		
	Management partially agrees with audit finding, management have had the confirmed	Chief Financial Officer	30 November 2023	

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
	<p>expenditure not confirmed</p>	<p>business process that was confirmed during the planning phase for several years. Management however agrees that going forward standard operating procedures will be revised and internal control documents will be introduced to strengthen occurrence.</p> <p>In terms of the ISAs occurrence means that transactions that have been recorded have occurred and pertain to the entity.</p> <p>Below are further definitions and guidance:</p> <p>Occurrence deals with whether recorded transactions have occurred during a given period. For example, management asserts that sales in the income statement represent the exchange of goods or services with customers for cash or other consideration.</p> <p>Occurrence is concerned with whether recorded transactions represent economic events that actually occurred during a certain period For example:</p> <ol style="list-style-type: none"> <li>1. Recorded purchase transactions represent goods and services actually received during the period covered by the financial statements.</li> <li>1. Recorded payroll transactions represent wages for services actually performed during the period covered by the financial statements.</li> </ol> <p>Occurrence is an assertion that a recorded transaction or event actually took place during the period. Controls exist to ensure periodic</p>	<p>Financial Manager</p> <p>Accounting</p>	



Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>accountability is assured and to ensure that fictitious or duplicate transactions are not included in the records.</p> <p>Management have now included alternative supporting documents that can give comfort that the expenditure transaction selected on the sample occurred during the year under review. Management have started to include the attached support when making payments.</p>		
(CoAF 48)	Operational expenditure: Completeness	<p>Management disagrees with audit finding, the selected payment vouchers were traced to the system please refer below where GL Accounts were traced or alternatively accounts payable transactions submitted for CAATs can assist trace the selected voucher to the Sage evolution recorded transaction.</p>	Chief Financial Officer Accounting Financial Manager	30 November 2023
(CoAF 52)	Operating expenditure: Accuracy issues	<p>Management partially agrees with the audit finding, please find the below responses where management made comments.</p>	Chief Financial Officer Accounting Financial Manager	30 June 2024
(CoAF 56)	Follow up of prior year issue - Contracted services (CoAF 24)	<p>Management disagrees with audit finding, the amount on JNL requested was audited under contracted services, it is a journal that was performed in order for management to split tax invoices in terms of GRAP 01 recording of transactions by nature.</p>	Chief Financial Officer Accounting Financial Manager	28 February 2024
(CoAF 87)	Operating expenditure: Prior year issues	<b>Response to CoAF 63</b>	Chief Financial Officer	30 June 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p><b>Occurrence</b></p> <p>Management agrees with audit finding, management notified auditor general that a duplicate payment was made on the January 2022 billing. The amount has since been adjusted by Auditor General on their 31<sup>st</sup> August 2022 billing. Please refer to statement where these were corrected by Auditor General, furthermore the amount of R56,232.06 will be raised as a receivable as at 30 June 2022</p> <p><b>Accuracy</b></p> <p>Management agrees with audit finding, these will be corrected on the Input Vat general ledger amount and the VAT201 submission will also be adjusted to claim the additional R82,06 based on the invoice vat amount.</p> <p><b>Cut-off</b></p> <p>Management agrees with audit finding, this amount will be corrected on the final AFS and a prior period Disclosure note will be updated to correct the understated prior period Payables from exchange balance with an amount of R238 699, 89.</p>	<p>Financial Manager</p> <p>Accounting</p>	
(CoAF 94)	Expenditure management: Non-compliance	Management agrees with audit finding, Section 62(1)(d) of the MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to	<p>Chief Financial Officer</p> <p>Financial Manager</p> <p>Accounting</p>	30 June 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>ensure that unauthorized, irregular or fruitless and wasteful expenditure and other losses are prevented.</p> <p>Management disagrees with audit finding,</p> <ul style="list-style-type: none"> <li>- Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.</li> <li>- the expenditure payment vouchers has evidence of acknowledgement of receipt of invoices by the municipality through stamps which indicate the date on which the invoice was received by the municipality, only time that the vouchers are not stamped is when the stamp is not available municipality then relies on internal registers between departments acknowledging when tax invoice was received by municipality.</li> </ul>	SCM Manager	
(CoAF 95)	Partially resolved Presentation: notes not disclosed accurately	<p>Part 1</p> <p>Management agrees with audit finding, the receivables from exchange aging will include debtors aging between 3-6 months.</p> <p>Part 2</p> <p>Management agrees with audit finding, note 12 will be accordingly adjusted with regards to covid 19 disclosure part.</p> <p>Part 3</p> <p>Management agrees with audit finding, note 18 will be accordingly adjusted with regards to Personal Protective Equipment, sanitizers</p>	Chief Financial Officer  Financial Manager  Accounting	28 February 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND MANAGEMENT	RESPONSE BY	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		disclosure part.			
		<b>Payable</b>			
(CoAF 16)	Payables from exchange transactions - Trade payables incorrectly calculated	Management agrees with audit finding, the municipality was disputing amount on the supplier statement, management has subsequently agreed with the university and the amount of R43 117,00 will be adjusted on the Payable from exchange transaction schedule and management will also adjust the AFS accordingly.		Chief financial Officer Financial Accounting Manager	30 June 2024
(CoAF 18)	Prior year follow up- CoAF 76: Payables - leave provision	Management agrees with audit finding, management on the Leave provision 2023 working paper ensured that all employees were included on the leave provision calculation including the Municipal Manager, management can make an adjustment to the annual financial statement and include a prior period note if Office of the Auditor General allows.		Chief Financial Officer Financial Accounting Manager	28 February 2024
(CoAF 19)	Prior year follow-up (2021- 22 - CoAF 46): Accrued leave: Incorrectly calculated.	Management partially agrees with audit finding, there were difference between the manual leave forms kept and the captured leave days on the Sage 300 people system, however management disagrees with differences noted by the Auditor.		Director Services Corporate Human Resource Manager	31 March 2024
(CoAF 20)	Prior year follow up - CoAF 47: Leave	Management agrees with audit finding, management on the Leave provision 2023		Director Corporate	31 March 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
	Provision : Completeness Issues	working paper ensured that all employees were included on the leave provision calculation including the Municipal Manager, management can make an adjustment to the annual financial statement and include a prior period note if Office of the Auditor General allows.	Services Human Resource Manager	
(CoAF 22)	Payables from exchange transactions - Accrued leave pay incorrectly calculated	Management agrees with the audit finding, management agrees that leave balance population needs to be re-visited by relevant end user department. The Internal Audit unit has also included the leave administration audit on their plan.	Director Corporate Services Human Resource Manager	31 March 2024
(CoAF 26)	Payables from exchange transactions - Trade payables not complete	Management agrees with the audit finding, Management to re-visit the entire population of payments done after year end for month of July and August 2023, to identify whether there are no similar completeness issues and provide evidence that the entire population was corrected and the proposed corrections.	Chief Financial Officer Financial Accounting Manager	28 February 2024
(CoAF 62)	Payables from exchange transactions - Interest foregone	Management disagrees with audit finding, section (65)(2e) of the MFMA states that the accounting officer must take all responsible steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement. Municipality uses a received date stamp to indicate when relevant invoices were received, payments are then made within 30	Chief Financial Officer Financial Accounting Manager	30 November 2023

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>days from the date of when the tax invoice was received.</p> <p>Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation. For example, it is common practice for municipalities to allow consumers a period of time, after issuing an invoice, to settle their water and electricity accounts. Specific legislation may also prescribe credit terms for specific types of transactions or entities, which provide an indication of what appropriate credit terms are for certain transactions and events. Where the initial credit period granted is not in line with practices or legislation in the public sector, the effect of discounting is considered if it is material.</p> <p>As stated under initial measurement, short-term receivables and payables with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial.</p> <p>If there is a valuation technique commonly used by market participants to price the instrument and it has been demonstrated that the method provides reliable estimates of prices obtained in actual market transactions, this technique should be used.</p> <p>Municipality creditors are officials, councillors, organs of state and SMME's, management is of the view that there is no effective technique that can be used that will provide reliable estimates of</p>		

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		prices obtained in actual market transactions.		
(CoAF 66)	Payables from exchange transactions - Internal control deficiency identified	<p>Management partially agrees with audit finding, the reasons are stated below indicating amount to be corrected on the creditor's age listing.</p> <p>Management disagrees amount correctly disclosed under 180+days</p> <p>Management agrees with audit finding amount will be disclosed under 30 days column of the Creditors Listing</p>	Chief Financial Officer Accounting Financial Manager	28 February 2024
<b>Predetermined objectives</b>				
(CoAF 44)	AOPO - Consistency issues identified	I agree with the finding reflecting that the indicator name is not consistent with planned target and reported achievement.	IDP & PMS Manager	30 June 2024
(CoAF 99)	AOPO - 100% Development of Rural Road Asset Management System - issues with the APR listing	<p>Management will have a detailed breakdown of the planned visual data to be captured (denominator)</p> <p>Management will also distinguish in the actual visual data the initial planned data and the new road networks identified during the capturing if visual assessment.</p>	IDP & PMS Manager	30 June 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND MANAGEMENT	RESPONSE BY	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
(COAF 101)	AFS, APR and Annual Report compliance: Oversight report not adopted	Management will ensure that council meeting minutes are explicit in their resolutions regarding the adoption of the oversight report and any other applicable reports.		IDP & PMS Manager	31 March 2024.
(COAF 102)	Compliance - SDBIP not included the monthly projections	Management will implement controls such as compliance checklists over the SDBIP before submitting it for approval to the council.		IDP & PMS Manager	31 May 2024
<b>Procurement and Contract Management</b>					
(CoAF 27)	Procurement Quotations -Non-compliance with SCM regulation 5 - Limitation of scope	Management partially agrees with audit finding, Regulation (5) of the municipal supply chain management states that: An accounting officer may in terms of section 79 or 1 06 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of regulation 4(1), but any such sub delegation must be consistent with sub regulation (2) and regulation 4.  The final decision on which quotation to accept was made by an appropriately delegated official or committee.  The total payments made under the quotation did not exceed the original quoted amount.		SCM Manager Chief Financial Officer	30 June 2024
(CoAF 30)	Limitation of scope - PPR 2017 & 2022	Management disagrees with audit finding that no		Chief Financial Officer	30 June 2024



Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>purchase was attached.</p> <p>PPR 2017 was applicable when service was appointed on a Panel. Terms of reference mention request of orders municipality selects lowest quotation CSD Report attached.</p> <p>Management disagrees with audit finding, SCM Reg.17 was followed by Municipality. However, reason wasn't properly documented, amount is already raised as irregular expenditure on the AFS</p> <p>CSD Report is attached.</p> <p>Management agrees with audit finding.</p> <p>OLE Marketing Pty Ltd R29,780 Lebitso Consulting Services Pty Ltd R32,775 AMAVA Consulting R35,500</p> <p>CSD Report attached.</p> <p>Management disagrees with audit finding.</p> <p>Harrismith Panel beaters R35 105.05 Bethlehem Panel Kloppers R36,276.29 Qwaqwa Panel and Paint R28,894.90</p> <p>Awarded supplier was sent purchase approved by CFO at 10/03/2023</p>	SCM Manager	

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
(CoAF 53)	3 Quotations not received - Procurement	<p>CSD Report is attached.</p> <p>Management disagrees with audit finding.</p> <p>Ezimbali Project Pty R37,965.71</p> <p>Naledi Ya thabo trading R35,852.50</p> <p>Feke Faith Pty R29,584.31</p> <p>Awarded supplier was sent purchase approved by CFO at 18/04/2023</p> <p>CSD Report is attached.</p>		
(CoAF 61)	SCM: Limitation of scope on RFI 53 and 63 of 2023 - Contract Management	<p>Management partially agrees, regarding identification of less than 3 quotations being obtained</p> <p>Management response</p> <p>1. Signed contracts for the following selected suppliers:</p> <ul style="list-style-type: none"> <li>• Lateral Unison Insurance Brokers</li> </ul> <p>Management partially agrees with audit finding, the SLA between TMDM and Lateral Unison Insurance Brokers has been submitted to auditors now.</p> <p>2. Evidence of monthly and/or regular monitoring for the following contracts for the following</p>	<p>Chief Financial Officer SCM Manager</p> <p>Chief Financial Officer SCM Manager</p>	<p>30 June 2024</p> <p>30 June 2024</p>

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>selected suppliers:</p> <p>Management disagrees with audit finding.</p> <ul style="list-style-type: none"> <li>Lateral Unison Insurance Brokers</li> </ul> <p>Management disagrees with the finding that the performance of Lateral Unison Insurance Brokers for the year under review were not monitored. Their performance could not be evaluated on any payment voucher but on the turnaround time they took to respond to losses suffered by the Municipality. The Municipality, during the year under review and in terms of the service level agreement, had no problem with the performance of Lateral Unison Insurance Brokers.</p> <ul style="list-style-type: none"> <li>Tharollo Management Services</li> </ul> <p>Management disagrees with the finding that performance of Tharollo Management Services was not evaluated. Available evidence points to the fact that only two payments were made to Tharollo in February 2023 and June 2023 and proof of performance monitoring is attached on the two vouchers.</p> <ul style="list-style-type: none"> <li>Mpumelele Services</li> </ul> <p>Management disagrees with the finding that a payment made to Mpumelele Services so far was an initial annual insurance premium paid in</p>		

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>advance in December 2022. As a result, it was not practical to evaluate the performance of Mpumelelo Services based on an invoice presented as such was paid even before services were rendered. Mpumelelo Services has not been paid any other monies other than the premium and their performance could not be evaluated on that basis.</p> <ul style="list-style-type: none"> <li>• Menray Communications</li> </ul> <p>Management partially agrees with the finding that performance of Menray Communications was not monitored. Available evidence points to the fact that five payments were made to the service provider during the year under review as follows:</p> <ol style="list-style-type: none"> <li>1. Vodacom</li> </ol> <p>Management agrees with the finding that performance of Vodacom during the year under review was not monitored.</p> <ol style="list-style-type: none"> <li>1. LQ Technologies</li> </ol> <p>Management disagrees with the finding that the performance of LQ Technologies during the year under review was not evaluated. Available evidence points to the fact that eleven payments were made to the service provider during the year under review as follows:</p>		

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>1. Unlimited Travel</p> <p>Management agrees with the finding that performance of Vodacom during the year under review was not monitored.</p> <p>3. Evidence of contract extension/modification:</p> <p>1. TJM Greentech: based on the record of work done, the contract value was R14 500 000 and total expenditure to date amounts to R 22 500 000. However, no evidence has been provided for the extension/modification of this contract.</p> <p>1. Tharollo Management Services: As per inspection of the contract, it could be confirmed that the contract termination date is 30 June 2022 and through inspection of the accounts payable transaction listing, it was noted that services were still procured from this service provider in the current year, and these services were invoiced by the service provider and paid for by the municipality. However, no evidence of contract extension/modification was provided by management. Furthermore, it was noted that the contract price (R443 634) exceeded total payments made to date (R1 326 259).</p> <p>Management agrees with audit finding, that</p>		

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>the initial appointment letter referred to one financial period.</p> <ol style="list-style-type: none"> <li>OS Holdings: Inspected the report to the Executive Mayor for submission to council sitting for the extension of RT25-2016 transversal contract for MSCOA Financial System. However, no evidence was provided that the reason for the proposed amendment was tables in the council meeting and that it was approved by a delegated official. Furthermore, it was noted that the contract price (R5 793 373) exceeded total payments made to date (R11 839 509, 01).</li> </ol> <p>Management disagrees with audit finding; CFO submitted the correct contract register and all the three SLA agreements between OS Holdings and TMDM. Contract value per the SLA's amounts to R 21,676, 122.</p> <ol style="list-style-type: none"> <li>Vodacom: As per inspection of the contract, it could be confirmed that the contract termination date is 30 April 2021 and through inspection of the accounts payable transaction listing, it was noted that services were still procured from this service provider in the current year, and these services were invoiced by the service provider and paid for by the municipality. However, no evidence of contract extension/modification was provided by</li> </ol>		

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
(CoAF 63)	SCM: Limitation of scope: on RFI 49 of	<p>management.</p> <p>Management partially agrees with audit finding, TMDM and Vodacom have new SLA agreement that will end 31 March 2026.</p> <p>4. Management disagrees with finding,</p> <p>1. Signed contracts (Service level agreements)</p> <p>1. Evidence of regular monitoring of the contracts.</p> <p>1. Approvals where payments have exceeded the contract value.</p> <p>1. Approval for extensions / Variation orders</p> <p>Management disagrees with audit finding - TJM Greentech – Appointment letter states - The cost project shall not exceed R4 500 000.00 including VAT and this will be funded from municipality budget 2020/2021 and the amounts for the second and third year will depend on the allocation by the Department of Energy. This amount includes all professional fees, VAT, contingencies, construction, and all other costs item needed to complete the project.</p>	Chief Financial Officer	30 June 2024
		Management agrees with audit finding, the bid documents for the Supplier: MPU003 -		

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
	2023 - Competitive bidding	<p>MPUMELELO SERVICES and Supplier: BON001 - BONNY EVENTS MANAGEMENT have been submitted to auditors. Furthermore, management provided relevant supporting evidence relating to the competitive bidding process that was undertaken in establishing the panels. The panels for which the information listed above is requested are as follows (listed on the first point above):</p> <ul style="list-style-type: none"> <li>• Panel of advertising media house/agency</li> <li>• Panel of stationery suppliers</li> <li>• Panel of events management</li> <li>• Panel of legal services provider</li> <li>• Panel of repairs and maintenance of office building and equipment</li> </ul>	SCM Manager	
(CoAF 78)	SCM : Contract Management Issues	Management will design and implement appropriate contract management systems to ensure that the performance of the contractors is appropriately monitored and that the expected service is received on time.	Chief Financial Officer SCM Manager	30 June 2024
(CoAF 84)	Limitation of scope - CAATs information	<p>Management disagrees with audit finding,</p> <ol style="list-style-type: none"> <li>1. Apprenticeship agreement between the municipality and Trioflex (Training provider). Municipality is just and agent in terms of GRAP 109, there is no agreement between municipality and Trioflex. Municipality has an agreement with CETA, in accordance with GRAP 109 A principal-</li> </ol>	Chief Financial Officer SCM Manager	30 June 2024



Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).</p> <p>2. Evidence of whether/not the person with an interest was indeed in service of the state institution at the time of the award,</p> <p>Hanong HANONG TRADING, Director Kenneth Hanong traded with municipality on 30 November 2022 this is before he was appointed by the state.</p> <p>3. Evidence of whether the person had an interest in the supplier while in service of the state institution and declarations submitted as part of the procurement process for the following suppliers.</p>		
(CoAF 89)	Completeness of irregular expenditure	Management partially agrees with audit finding, monthly UIFW registers will be part of the investigation reports submitted to MPAC.	Chief Financial Officer SCM Manager	30 June 2024
(CoAF 96)	Procurement Quotations and PPR 2017 & 2022 (Part 2)	Management partially agrees with finding, Auditors did not always consider the cut-off date of PPR 2017. Therefore, management agree with the fact that PPR 2022 was not properly implemented by management.	Chief Financial Officer SCM Manager	31 January 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
	<b>Provisions</b>			
(CoAF 83)	<p>Provision: Follow up of prior year issues</p>	<p>Response to CoAF 48</p> <p>Management agrees with audit finding, the actuarial gain/loss will be correctly adjusted to disclose an amount of R692 000,00 as per the GRAP 25 valuation reports instead of R788 000 this will correct the factual overstatement of R96 000 as raised by auditors.</p> <p>Response to CoAF 52</p> <p>Management agrees with audit finding, the actuary assumed pay-outs will be adjusted with actual figures paid during the year under review.</p> <p>Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.</p> <p>Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.</p> <p>Actuarial gain/loss comprises:</p> <ul style="list-style-type: none"> <li>• Experience adjustments (the effect of difference between the previous actuarial assumptions and</li> </ul>	<p>Chief Financial Officer SCM Manager</p>	<p>30 June 2024</p>

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>what has actually occurred); and</p> <ul style="list-style-type: none"> <li>The effects of changes in actuarial assumptions.</li> </ul> <p>Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long term employee benefit.</p> <p>Curtailment is the act or process of reducing an entity's operations; this is often linked to restructuring. The effects of curtailments are the reduction in the obligation due to restructuring.</p> <p>Settlement occurs when an entity enters into a transaction that eliminates future legal or constructive obligations for part or all the benefits provided under a defined benefit plan.</p> <p>Expected return on plan assets is based on expectations, at the beginning of the reporting period, of returns over the entire life of the related obligation. The expected return reflects changes in fair value of plan assets held during the period as a result of actual contributions paid into the fund and actual benefits paid out of the fund.</p> <p>Contributions by the employer or employees are the actual payments made into the fund</p>		

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION																
(CoAF 92)	Provision employee benefit - Difference on annual salaries of employees	<p>The propose correcting journals are as follows:</p> <p>Management partially agrees with audit finding, the Data for long service was updated correctly and sent out to actuaries again, kindly find the submitted data and the updated report from Actuaries. Management deems the changes immaterial however management is prepared to update the disclosure with Auditors need the changes to be updated.</p>	Chief financial Officer Financial Accounting Manager	30 June 2024																
<b>Receivable</b>																				
(CoAF 31)	Follow-up of prior year issue: Provision for impairment	<p>Management agrees with audit finding, the above raised receivables from exchange transactions will be included in the impairment provision, management will adjust the current year impairment provision on the adjusted AFS set.</p> <table border="1" data-bbox="949 952 1396 1473"> <thead> <tr> <th>Debtor</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Service SETA Grant</td> <td>190 500,00</td> </tr> <tr> <td>Hlakane MM</td> <td>1 924,00</td> </tr> <tr> <td>KHOSIHADI TRADING</td> <td>4 130,00</td> </tr> <tr> <td>REHAUHETSWE ENTERPRISE</td> <td>14 296,10</td> </tr> <tr> <td>UNIVERSITY OF THE FREE STATE</td> <td>21 919,57</td> </tr> <tr> <td>Bold Moves 198</td> <td>136 000,00</td> </tr> <tr> <td>Creditors with debit balance</td> <td>191 297,00</td> </tr> </tbody> </table>	Debtor	Amount	Service SETA Grant	190 500,00	Hlakane MM	1 924,00	KHOSIHADI TRADING	4 130,00	REHAUHETSWE ENTERPRISE	14 296,10	UNIVERSITY OF THE FREE STATE	21 919,57	Bold Moves 198	136 000,00	Creditors with debit balance	191 297,00	Chief Financial Officer Financial Accounting Manager	31 March 2024
Debtor	Amount																			
Service SETA Grant	190 500,00																			
Hlakane MM	1 924,00																			
KHOSIHADI TRADING	4 130,00																			
REHAUHETSWE ENTERPRISE	14 296,10																			
UNIVERSITY OF THE FREE STATE	21 919,57																			
Bold Moves 198	136 000,00																			
Creditors with debit balance	191 297,00																			

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
(CoAF 38)	Partially resolved Prior year findings: Receivables (existence)	<p>Management disagrees with audit finding, the above-mentioned receivables served in all Committees from management meetings, Section 80 Finance Portfolio committee and Mayoral Committee meeting where all this committees recommended that based on the previous audit findings and fact that some of these debts come from over 10 years ago. There was no way that support can be recovered.</p> <p>Impairment in terms of GRAP 104 has been provide on the AFS.</p>	Chief Financial Officer Financial Accounting Manager	28 February 2024
(CoAF 40)	Receivables: Existence of debtors could not be confirmed	<p>Management partially agrees with audit finding, the above-mentioned receivables served in all Committees from management meetings, Section 80 Finance Portfolio committee and Mayoral Committee meeting where all this committees recommended that based on the previous audit findings and fact that some of these debts come from over 10 years ago. There was no way that support can be recovered.</p> <p>Management has taken the item of long outstanding debtors to the management meeting, section 80 finance portfolio committee and mayoral committee where it was resolved that long outstanding debtors be written- off. The item was taken to the council on 28 October 2021 council where a council did not form quorum.</p> <p>When new council was elected on 9</p>	Chief Financial Officer Financial Accounting Manager Compliance Manager	31 March 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		<p>November 2021, the item needed the new council to get comfort that all efforts were done by management to recover, most of the raised debts are more than a decade old and previously limitation of scope has been raised on the above debts. The Municipal Public Accounts Committee needed management to submit supporting documents to conclude on write-off, which is not possible since AG also struggled for several years.</p> <p>Municipal Public Accounts Committee were furnished with all AG management letters indicating that write-off is recommended on the impaired debts. All committees at this stage have agreed to write-off, Municipal Public Accounts Committee is the only committee that must still agree on write-off as resolved by new council to be comfortable with the write-off because the council is still new as well as MPAC.</p>		
(CoAF 57)	Receivables: Provision for impairment not complete.	<p>Management agrees with audit finding, the updated impairment provision will be as follows.</p> <p>Management will prepare an audit adjusting journal to correct the impairment provision on both receivables from exchange and receivables from non-exchange transactions.</p>	Chief Financial Officer Financial Accounting Manager	28 February 2024
(CoAF 72)	Receivables from exchange: Statutory receivables not presented as per GRAP	Management agrees to adjust the AFS to disclose VAT separately.	Chief Financial Officer Financial Accounting	28 February 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND MANAGEMENT	RESPONSE BY	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
	108	<p>Classification of VAT at initial recognition and subsequently</p> <p>VAT vendors are required to charge VAT on taxable supplies of goods or services, and in turn are able to claim VAT on taxable goods and supplies purchased. The net amount is either paid to or received from SARS.</p> <p>The transaction between the VAT vendor and SARS is the VAT payable to SARS on transaction date (invoice basis) or when cash is received (payments basis) arises from legislation (i.e., VAT Act) and is a classified as statutory arrangement and will be accounted for in accordance with GRAP 19</p> <p>Treatment of VAT on purchase of goods or services</p> <p>When an entity that is a VAT vendor purchases goods or services, it is able to claim the VAT on those purchases. The same thinking applied above will be applicable, where the arrangement between the VAT vendor and the other party supplying the goods or services is contractual in nature, and the transaction between the VAT vendor and SARS is statutory in nature. In this case, the VAT receivable from SARS is accounted for in accordance with GRAP 108 as a statutory receivable.</p>		Manager	

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
(CoAF 76)	Receivables from exchange: Interest not charged to debtors	Therefore, VAT payable to or receivable from SARS is a statutory payable or receivable. Management from time to time take an agent item to council to determine interest to be charged on receivables long outstanding balances in accordance with the Credit Policy.	Chief Financial Officer Financial Accounting Manager	30 June 2024
<b>Related parties</b>				
(CoAF 11)	AFS High-level review: Completeness of the related party note	<p>Management partially agrees with audit finding, GRAP 1.38 prescribes that when an entity applies the concept of materiality, it means that the specific disclosure requirements of a Standard of GRAP need not be satisfied if the information is not material.</p> <p>Materiality as defined in GRAP 1 depends on the nature (quality) or size (quantity) of the line item, or a combination of both.</p> <p>Consequently, when a municipality presents and discloses the councillors' remuneration in its financial statements it shall apply the specific disclosure requirements of GRAP 20 (i.e. disclose the remuneration of councillors, as a category of management, per person and in aggregate) after considering materiality (i.e. qualitative and quantitative factors), particularly at an individual line-item level.</p>	Chief Financial Officer Financial Accounting Manager	30 November 2023
<b>Reserves</b>				



Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
(CoAF 25)	Statement of changes in Net Assets misstated	<p>Management responded to a similar finding CoAF 04 of 2023, management agrees with the audit finding the difference noted will be corrected on the adjusted Final AFS set that will be submitted to auditors before 30 November 2023.</p> <p>The amount noted by auditors is correcting of previous years audit findings that were not evaluated by auditors due to the reporting deadlines, time was prioritised to findings that had impact on previous Audit Reports.</p> <p>Management will send an extract towards end of the month when all audit adjustments are addressed.</p> <p>Statement of Changes in Net Assets</p>	Chief Financial Officer Accounting Financial Manager	30 June 2024
<b>Revenue</b>				
(CoAF 58)	Internal control deficiencies - Grant register not complete	<p>Management disagrees with audit finding, the MSIG allocation according to the Division of Revenue bill was initially included in the Approved MTRF Budget for 2022/2023 that was tabled in council 30 days before that start of the financial period under review.</p> <p>National treasury payment schedule indicated when the allocated funds should have been transferred and all the money should have been received before 31 December 2022. Management considered expenditure that was approved based</p>	Chief Financial Officer Accounting Financial Manager	30 June 2024

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
(CoAF 68)	Government grants : Conditions of the grant as per DoRA were not met	<p>on municipality receiving the grant, the Grant Register at that stage had no funds transferred. Decision was taken to adjust the budget and not include the mentioned R4 216 000 on the adjusted budget.</p>	Chief Financial Officer Financial Manager Accounting	30 June 2024
	<p>Regarding Financial Management Grant Management disagrees with the audit finding, firstly we have to assess whether the grant received is received without providing approximately equal value in return. Where this is the case, the funding would meet the requirements to be accounted for in terms of GRAP 23. Where approximately equal value is provided in return, the grant would not meet the requirements to be accounted for in terms of GRAP 23.</p> <p>Secondly, the grant may contain a stipulation in terms of how the grant may be used, and this stipulation may be either a condition or a restriction. While both conditions and restrictions will require the entity to use the grant funding for a particular purpose, only conditions will require that the grant funding must be returned in the event that the stipulations are breached. I.e. only conditions impose a return obligation. (GRAP 23.14)</p> <p>As indicated in the legal response above, if there is no express or positive obligation in terms of the</p>			

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
(CoAF 98)	Annual performance report of the EPWP grant was not submitted to the transferring department within two months	agreement to return the grant funding if the funds are not used for its intended purpose, then there is no condition, but rather a restriction. Management to ensure that the annual performance evaluation report is submitted to the transferring department within two months after year-end as required by DORA.	Director Technical services Manager Infrastructure	30 June 2024

**SUBMITTED BY**



**Ms TPM LEBENYA**

**MUNICIPAL MANAGER**

**DATE:** \_\_\_\_\_

## **APPENDICES**

### **Appendix A**

#### **Councillors; Committee Allocation and Council Attendance**

1 Mampoi Street. Private Bag x810. Witsieshoek. 9870. Tel: (058) 718 1040  
 Fax: 0865367561. [speakertdm@gmail.com](mailto:speakertdm@gmail.com)



## OFFICE OF THE SPEAKER

### COUNCILLORS ATTENDANCE TO COUNCIL MEETINGS FROM 01 JULY 2022 TO 30 JUNE 2023

Name of Councillor	28/07/22	27/10/22	13/12/22	31/01/23	Special Council 08/02/23	30/03/23	28/04/23	Tabling of Budget 31/05/23	Total No.
1. T.J MOKOENA (M) SPEAKER	✓	✓	✓	✓	✓	✓	A	✓	7
2. A.C. MSIBI (F) EXECUTIVE MAYOR	✓	✓	✓	✓	✓	✓	✓	✓	8
3. U.L. MAKHALEMA (F) CHIEFWHIP	X	A	A	✓	✓	✓	✓	✓	5
4. M.J VISAGIE (F) MMC LED	✓	✓	A	✓	X	✓	X	✓	5
5. TP. MASITENG (F) MMC CORPORATE SERVICES	✓	✓	✓	✓	✓	✓	✓	✓	8
6. M.J VILAKAZI (F) MMC COMMUNITY SERVICES	✓	A	✓	✓	✓	✓	✓	✓	7

7. M.S MOSIA (M) MMC FINANCE	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	8
8. A. FUME (F) MMC IDP & PMS	✓	A	✓	✓	✓	✓	✓	✓	✓	✓	7
<b>Name of Councillor</b>	<b>28/07/22</b>	<b>27/10/22</b>	<b>13/12/22</b>	<b>31/01/23</b>	<b>08/02/23</b> Special Council	<b>30/03/23</b>	<b>28/04/23</b>	<b>31/05/23</b> Tabling of Budget	<b>Total No.</b>		
9. T.J. MOHLAMBI (M) MMC INFRASTRUCTURE AND TRANSPORT	✓	✓	A	X	✓	✓	✓	X	5		
10. ES. CHABELI (F) MPAC CHAIRPERSON	✓	✓	✓	X	✓	✓	✓	✓	6		
11. BAS. CHABELLCLOETE (F)	✓	✓	✓	✓	✓	✓	A	✓	7		
12. MD. MARAIS (M)	✓	A	✓	✓	✓	✓	A	✓	6		
13. A. OATES (F)	✓	✓	✓	✓	✓	✓	✓	✓	8		
14. VB. MAKHANYA (F)	✓	X	✓	✓	✓	✓	A	✓	6		
15. J. TWALA (F)	✓	X	✓	✓	✓	✓	X	✓	6		
16. ML. NCHOCHO (F)	✓	✓	✓	✓	✓	✓	✓	✓	8		
17. MB. BOHLALE (F)	✓	✓	✓	✓	✓	✓	✓	✓	8		
18. HD. DLAMINI (M)	✓	A	✓	✓	✓	✓	✓	X	6		
19. L MIYA (M)	✓	A	X	X	X	X	X	X	1		
20. TP. MOTSOANE (F)	✓	A	✓	✓	✓	X	X	X	4		
21. LG. MOKOAKOE (M)	✓	X	✓	✓	✓	A	A	✓	5		
22. MV. MOLWELWE (M)	×	X	A	X	✓	X	X	X	1		
23. SM. MKHWANAZI (F)	×	X	A	✓	X	X	X	X	1		

24. C. KALAMER (M)	✓	A	A	✓	✓		X	✓	5
-----------------------	---	---	---	---	---	--	---	---	---

Name of Councillor	28/07/22	27/10/22	13/12/22	31/01/23	Special Council 08/02/23	30/03/23	28/04/23	Tabling of Budget 31/05/23	Total No.	
25. EL. MOHANOE (F)	✓	X	✓	✓	✓	X	A	✓	5	
26. PA. MOTHIOA (M)	✓	✓	✓	✓	✓	✓	✓	✓	8	
27. MJ. MPHAFI (M)	✓	✓	✓	✓	✓	✓	✓	✓	8	
28. SL. RAKOLOTI (F)	✓	✓	✓	✓	✓	✓	✓	✓	8	
29. A. NHLAPO (M)	✓	✓	✓	X	X	✓	✓	X	5	
30. TJ. MOTAUNG (M)	✓	✓	✓	✓	✓	✓	✓	✓	8	
31. MJ. LEBESA (M)	✓	A	✓	✓	✓	✓	✓	✓	6	
32. MJ MOKOENA (M)	✓	✓	<b>Resigned</b>							2

32. TE. MOTLOUNG (M)	Seconded to District. from the 1 <sup>st</sup> of March 2023										3	
Dates	28/07/22	27/10/22	13/12/22	31/01/23	08/02/23	30/03/23	28/04/23	31/05/23	00	06	06	00
Total No. Apology	00	09	6	00	00	01	06	00				
Total No. of no apology submitted	03	06	02	06	05	05	07	06				
Total No. Councillors Attendance	28	17	24	26	27	26	19	26				
Total Number of Councillors	32											

BELOW ARE THE SYMBOLS USED IN THE REPORT AND THE MEANING THEREOF:

1. ✓= SIGNIFY MEETING ATTENDED
2. A= SIGNIFY APPLICATION FOR LEAVE OF ABSENCE
3. X= SIGNIFY MEETING NOT ATTENDED
4. D= SIGNIFY DECEASED
5. R= SIGNIFY REPLACE/RSIGNED

**Cllr Thabo Justice Mokoena**

**The Speaker**



## Appendix B

### Committee and Committee Purpose

<b>Municipal committees</b>	<b>Purpose of committee</b>
Municipal Public Accounts Committee	Oversight over executive role
Audit committee	Oversight of financial reporting and disclosure, review of the work of internal audit, the risk management system and Performance management system
District Aids Council	Programmes and policies that pertain to combating the scourge of HIV and AIDS
Local labor forum	Consultation between the employer and employee bodies on all labor relations and HR issues
Budget steering committee	Assists the Executive Mayor to perform her responsibility in terms of section 53 of MFMA regarding budget processes and related matters

## Appendix C

### Third Tier Administrative structure

Third Tier Administrative structure	Third Tier Administrative structure	
Directorate	Unit or Department	Manager
Office of the Municipal Manager	IDP and PMS	T. Vanqa
Office of the Municipal Manager	Infrastructure	B. Mphahlele
Office of the Municipal Manager	Laboratory	M Mofubetsoana
Corporate Services	Director	S.K.Khote
Corporate Services	Corporate Support	B. Ngwenya
Corporate Services	Human Resources	M. Ngobese
Community Services	Director	S. Lengoabala
Community Services	Agriculture and Rural Development	L.Moshoaliba
Community Services	Municipal Health Services	S.Nkosi
Community Services	LED	T. Mlotha
Community Services	Emergency Services	J.Mokoena
Office of the Municipal Manager	Internal Audit	W. Nhlapo
Office of the Municipal Manager	Risk Management	M.Phoofolo
Office of the Municipal Manager	ICT	B. Mdakane
Office of the Municipal Manager	Communications	M.Moshugi
Office of the Municipal Manager	Security	T. Kubheka
Finance	Chief Financial Officer	N. Gcoli
Finance	Chief Accountant	D. Mhlahlo
Finance	Supply Chain	S. Thamaha

## Appendix D

## Functions of Municipality/Entity

Functions of Municipality/Entity		
Municipal Functions	Function applicable to the Municipality (Yes /No)	Function applicable to the entity (Yes /No)
Municipal Health service	Yes	N/A
Air quality	Yes	N/A
Disaster Management	Yes	N/A
Municipal Planning	Yes	N/A
Local tourism	Yes	N/A

Appendix E

### Ward Reporting

Not applicable

Appendix F

### Ward Information

Not applicable

### Appendix G

### Recommendations of the Municipal Audit Committee



# **THABO MOFUTSANYANA DISTRICT MUNICIPALITY**

## **AUDIT AND PERFORMANCE COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

---

**AUDIT AND PERFORMANCE COMMITTEE MEMBERS**

<b>Name</b>	<b>Responsibility</b>
Mr G A Ntsala:	Chairperson of the Committee
Ms. M V Ntipe:	Ordinary member of the Committee
Mr T S Morare:	Ordinary member of the Committee (Contract ended 31 March 2023)
Ms. M R Khetha:	Ordinary member of the Committee (Contract ended 31 May 2023)

<b>SUPPORT STAFF</b>	
<b>Name</b>	<b>Role</b>
Mr J W Nhlapo: Manager Internal Audit (Thabo Mofutsanyana District Municipality)	Secretariat of the Committee
<b>STANDING INVITEES: MANAGEMENT</b>	
<b>Name</b>	<b>Role</b>
Ms. T P M Lebenya	Accounting Officer (Contract ended 30 November 2022)
Mr. S M Lengoabala	Accounting Officer (Acting from 01 December 2022 to January 2023)
Ms. T P M Lebenya	Accounting Officer (Reappointed from 01 February 2023)
Ms. N L Gqoli	Chief Financial Officer (Contract ended 31 January 2023)
Mr. D M Mhlahlo	Chief Financial Officer (Acting from 01 February 2023 to 30 June 2023)
Ms. M P Phoofolo	Manager Risk Management
Ms. T Vanqa	Manager IDP and PMS
Mr. L B Mokhantso	Chairperson Risk Management Committee
Mr. L Mkorotlo	Auditor – General: Senior Manager Audit

<b>NO</b>	<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
	<b>FOREWORD BY THE CHAIRPERSON</b>	<b>5</b>
<b>1</b>	<b>BACKGROOUND</b>	<b>6</b>
<b>2</b>	<b>AUDIT AND PERFORMANCE COMMITTEE RESPONSIBILITIES</b>	<b>6-7</b>
<b>3</b>	<b>THE ADEQUACY AND EFFECTIVENESS OF INTERNAL CONTROL, RISK MANAGEMENT AND GOVERNANCE</b>	<b>7-9</b>
<b>4</b>	<b>CONCLUSION</b>	<b>10</b>

## **FOREWORD BY THE CHAIRPERSON**

We are pleased to submit our 2022/2023 Annual Report to the Council of Thabo Mofutsanyana District Municipality covering the period 01 July 2022 to 30 June 2023. This report gives an account of work performed by the Committee during the period under review.

During this period, the Committee held its meetings as follows to discuss matters relating to the Municipality's Risk Management, Internal controls, governance, financial reports, internal audit and Performance Information in compliance with MFMA Section 166(2) and regulation 14(4) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

<b>Meeting Number</b>	<b>Type of Meeting</b>	<b>Date meeting held</b>
01/2022-2023	Ordinary Meeting	14 July 2022
02/2022-2023	Special Meeting	30 August 2022
03/2022-2023	Special Meeting	20 September 2022
04/2022-2023	Ordinary Meeting	14 November 2022
05/2022-2023	Special Meeting	28 November 2022
06/2022-2023	Ordinary Meeting	10 February 2023
07/2022-2023	Special Meeting	27 January 2023
08/2022-2023	Special Meeting	23 May 2023
09/2022-2023	Ordinary Meeting	29 May 2023

The Committee also reports that it has adopted the Audit Committee Charter as its formal Terms of Reference, and internal audit standards and has regulated its affairs per this Charter and relevant standards.

The Committee wants to assure Council of its commitment to carry out its responsibilities diligently without fear, favor or any biasness to advance the objectives of the municipality of bringing municipal services to the communities of the District.

**MR. G A NTSALA**  
**CHAIRPERSON: AUDIT AND PERFORMANCE COMMITTEE**



## 1. BACKGROUND

The Council of Thabo Mofutsanyana district municipality appointed members of Audit and Performance Committee for a term of three years and members have signed performance contracts with the municipality.

The objectives of the Committee, amongst others, is to provide:

- (a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters relating to:
  - (i) internal financial control and internal audits;
  - (ii) risk management;
  - (iii) accounting policies;
  - (iv) the adequacy, reliability and accuracy of financial reporting and information;
  - (v) performance management;
  - (vi) effective governance;
  - (vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;
  - (viii) performance evaluation; and
  - (ix) any other issues referred to it by the municipality or municipal entity;
- (b) review the annual financial statements to provide the council of the municipality or, in the case of a municipal entity, the council of the parent municipality and the board of directors of the entity, with an authoritative and credible view of the financial position of the municipality or municipal entity, its efficiency and effectiveness and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation, and respond to the council on any issues raised by the Auditor-General in the audit report;
- (c) carry out such investigations into the financial affairs of the municipality or municipal entity as the council of the municipality, or in the case of a municipal entity, the council of the parent municipality or the board of directors of the entity, may request; and
- (d) perform such other functions as may be prescribed.

## MEETINGS HELD AND ATTENDANCE BY MEMBERS DURING THE FINANCIAL YEAR 2022/2023

Name	Capacity	Number of meetings attended	Apologies
Mr G A Ntsala	Chairperson	09	0
Ms M R Khetha	Member	09	0
Mr T S Morare	Member	07	1
Ms M V Ntipe	Member	08	1

## 2. AUDIT AND PERFORMANCE COMMITTEE RESPONSIBILITIES

The Committee was appointed to assist in improving management reporting by overseeing internal and external audit functions, internal controls, and the financial reporting processes, performance information, compliance with accounting policies, legal requirements, internal controls and other policies within the Municipality.

The Committee reports that it has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act ("the Act"). The Committee consists of non-executive members including the chairperson and it has also adopted formal terms of reference as its audit committee charter. The Committee has regulated its affairs in compliance with the Charter and has discharged its responsibilities as contained therein.

The Committee also reports that during the financial year under review it has reviewed and adopted appropriately the following documents for effective functioning of both the Committee and the Internal Audit Unit:

- Schedule of Audit and Performance Committee meetings for 2022/2023
- The Audit and Performance Committee Charter 2022/2023, (recommended for approval by Council)
- The Internal Audit Charter 2022/2023,
- Internal Audit Methodology 2022/2023
- Internal Audit annual strategic plan which includes, three- year coverage plan for 2022-2025 and annual coverage internal audit plan for 2022/2023
- Quality Assurance and Implementation plan 2022/2023

The Committee further reports that, it has provided inputs to the following risk management documents which were recommended for approval and adoption by the Council;

- Overall strategic and operational risk-register for 2022/2023
- Quarterly Risk Management reports for 2022/2023
- Risk Management Policies and plans for 2022/2023

### **3. THE ADEQUACY AND EFFECTIVENESS OF INTERNAL CONTROL, RISK MANAGEMENT AND GOVERNANCE**

The Internal Audit Unit reported several instances of non-compliance with prescribed policies and procedures for the period under review, which resulted in a breakdown in the functioning of internal controls. Hence, the systems of internal controls were not entirely effective for the year under review.

The Internal Audit Unit presented its reports during the above-mentioned sittings of the Committee, the reports of which included recommendations and management comments, which highlighted the shortcomings as outlined in the above paragraph.

#### **3.1 Governance**

Significant Governance structures and processes are in place and functioning as intended. The structures referred to include the Council, the Audit and Performance Committee, the Executive Management, MAYCO, MPAC, Risk Management Committee, Internal Audit and risk management functions.

#### **3.2 Risk Management**

One of the significant Governance structures, Risk Management Function is in place and was not fully functioning as intended for the fact that Risk Management Committee meetings were not convened as scheduled to discuss risk management issues before submitted to the Audit Committee.

#### **3.3 Internal Controls**

The Internal Audit function conducted the listed audits and the outcome thereof indicated internal control deficiencies for the financial year 2022/2023.

- Evaluation/Review of Risk Management (Project no. 1 of 2022/2023)
- Review of information and Communication Technology (Project no. 2 of 2022/2023)
- Review of PMS and IDP (Project no. 3 of 2022/2023)
- Municipal Assets (Project no. 4 of 2022/2023)
- Supply chain management (Project no. 5 of 2022/2023)
- Budget and Municipal grants (Project no. 6 of 2022/2023)
- Expenditure management (Project no. 7 of 2022/2023)
- Leave administration (Project no. 8 of 2022/2023)
- Payroll management (Project no. 9 of 2022/2023)
- Fleet Management (Project no. 11 of 2022/2023)
- Personnel Management (Project no. 10 of 2022/2023)
- Review of draft annual financial statement and annual performance report (Project no. 12 of 2022/2023)
- Ad-hoc Assignment-Employee verification: Direct Assistance AG (Project no. 16 of 2022/2023)
- Auditing of performance outcomes-Q1-Q4 (Project no. 14 of 2022/2023)

The Internal Audit function managed to conduct audits on all activities as approved by the Audit Committee as per Internal Audit plan.

### **3.4 REVIEW OF DRAFT ANNUAL FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT FOR 2022/2023**

The Audit and Performance Committee reviewed the draft annual financial statements and annual performance reports for 2022/2023 in terms of section 166(2)(b) of the MFMA during its meeting held on 28 August 2023 and provided its inputs to management for incorporation before these reports were submitted to Auditor General for audit purposes.

### **3.6 EXTERNAL AUDIT**

The Audit Committee has performed its role in terms of oversight to External Audit in terms of Audit and Performance Committee Charter by discussing and making inputs on the following Auditor General documents;

- Engagement Letter
- Audit Strategy (Fees and Audit team particularly)
- Management report
- Audit Report

The Committee reports that it has discussed all the above documents with Auditor-General during the period under review.

### **3.7 REPORTS OF AUDIT AND PERFORMANCE COMMITTEE TO COUNCIL**

The Committee also prepared its reports outlining work performed by the Committee and its recommendations made to Council.

The report of the Audit Committee to Council was presented to Council by the Chairperson at its meeting held on the 28 January 2023. The Audit Committee further submitted the Annual Audit Committee Report 2021/2022 financial that was adopted by Council together with the draft Annual Report 2021/2022 financial year at its Council meeting held on 31 March 2023.

## **4. CONCLUSION**

The Audit Committee would like to further encourage management to build strong relationship and cooperate with Auditor General and Internal Audit during the audit process to ensure that the municipality improves from unqualified audit opinion with matters to unqualified audit opinion without matters by submitting requested information within indicated timeframes, to respond to shortcomings identified on time and implement recommendations from both Internal Audit and Auditor General.

The committee further states that, it is satisfied that it has adopted appropriate formal terms of reference as its Audit Committee Charter; and will always regulate its affairs in compliance with this Charter and discharge its responsibilities as contained therein.

Lastly, the Committee assures Council of Thabo Mofutsanyana District Municipality that it remains committed to discharge its responsibilities and duties as outlined under section 166(2) of the Municipal Finance Management Act and regulation 14(4) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

This report is duly submitted for inclusion in the 2022/2023 Annual Report.

**MR. G A NTSALA**  
**CHAIRPERSON: AUDIT AND PERFORMANCE COMMITTEE**

## Appendix H

### Long term Contracts and Public Private Partnership

Long term contracts (Largest contract entered into during 2022/ 2023)					
Name of the service provider	Description of service rendered	Start date of contract	Expiry date of the contract	Project Manager	Contract value
N/A					
N/A					
N?A					

## Appendix I

### Municipal Entity/Service Provider Performance Schedule

Thabo Mofutsanyana district municipality does not have an entity.

## Appendix J

### Disclosure of Financial Interest

See annual financial statements

## Appendix K

### Revenue Collection Performance

N/A

Appendix K (i)

**Revenue Collection Performance by Vote**

See annual financial statements

Appendix K (ii)

**Revenue Collection Performance by Source**

See annual financial statements

Appendix L

**Conditional Grants Received: Excluding MIG**

See annual financial statements

Appendix M

**Capital Expenditure – New & Upgrade/ Renewal Programmes: Including MIG**

Not Applicable.

Appendix M (i)

Capital Expenditure – New Assets Programme

Not applicable. The district municipality's capital expenditure is only linked to assets used for operations.

Appendix M (ii)

**Capital Expenditure – Upgrade/Renewal Programme**

Appendix N

Capital Programme by Project current year

Appendix O

**Capital Programme by project by Ward current year**

Not applicable

Appendix P

**Service Connection Backlogs at Schools and Clinics**

Not Applicable

Appendix Q

**Service Backlogs Experienced by the Community where another Sphere of Government is Responsible for Service Provision**

Information not available

Appendix R

**Declaration of Loans and Grants Made by the Municipality**

The District has not provided any loans or grants to outside organizations.



Appendix S

**Declaration of Returns not Made in due Time under MFMA section 71.**

Appendix T

**National and Provincial Outcome for local government**

Not relevant to the Thabo Mofutsanyana district municipality This type of information is pertinent to local municipalities, especially regarding basic services and ward committees.

## CHAPTER SEVEN

### 7.1 REPORT OF THE CHIEF FINANCIAL OFFICER

#### **Introduction**

The office of the Chief Financial Officer is amongst others, responsible for preparing the financial statements that fairly present the financial position of the municipality in line with Municipal Finance Management Act No. 56 of 2003, section 122 and any other guidelines issued by National Treasury and Accounting Standards Board.

Chief Financial Officers are now expected to do far more than their municipalities financial transactions are well managed and accurate, they also need to be leaders in financial transformation, business partnering, data analytics, problem solving and more, they must lead and develop the skills of the finance teams that will provide strategic and operational support to the municipality to deliver against its service delivery budget implementation plans.

Thabo Mofutsanyana District Municipality is in this regard, aspiring to lead in local government and thereby ensures that it continues with sustainable service delivery while remaining financially viable. The 2022/2023 financial year results are partly the outcome of learning how to exploit technologies to automate and optimise processes. These paths required value-adding skills- such as the ability to manage technology arrangements.

#### **Key performance areas:**

1. Administers implementation of Council's financial management policies and procedures.
2. Ensures effective Supply Chain Management System.
3. Provide timely and relevant financial management reports to all stakeholders.
4. Ensures full compliance with Generally Recognised Accounting Practices.
5. Ensures compliance with the Municipal Finance Management Act and other legislative provisions.
6. Renders support to local municipalities with reference to clean audit as well as revenue enhancement mechanisms.

7. Administers implementation of effective processes, support and co-ordination for the compilation of the Integrated Development Plan, Budget and Service Delivery and Budget Implementation Plan.
8. Compilation and timely submission of accurate information in accordance with prescribed standards and formats.

### **Current year**

The office of the Chief Financial Officer strives towards a sustainable relationship with local municipalities, suppliers, and other organs of state by maintaining a high-level service between the municipality and its stakeholders. In doing so, it is required of its staff component to act diligently, professionally, honesty and with integrity when discharging their duties.

The management maintains an active role in projects and administration, facilitating swift decisions and a higher commitment to service delivery.

The office conducts itself in a manner does not compromise compliance with the requirement of the Municipal Finance Act, other laws, regulations and policies by ensuring that provisions of the guidelines are well communicated.

The MFMA prescribes that the competencies of municipal officials assigned to the budget and treasury office must meet the minimum prescribed financial competency levels.

### **Impact on Financial Management**

Most SDBIP approved projects were not executed because of the Preferential Procurement Regulations of 2022 stipulations. The National Treasury advised the organs of state that tenders which were:

1. Advertised before 16 January 2023 should be finalized in terms of the Preferential Procurement Regulation of 2017.
2. Advertised on or after 16 January 2023 be finalized in terms of new tender Preferential Procurement Regulation of 2022.

The year under review of 2023 financial period saw expiry of senior manager fixed five (5) year contracts. This resulted in skills gaps in the Municipality, a major part of the financial period municipality had key vacant positions.

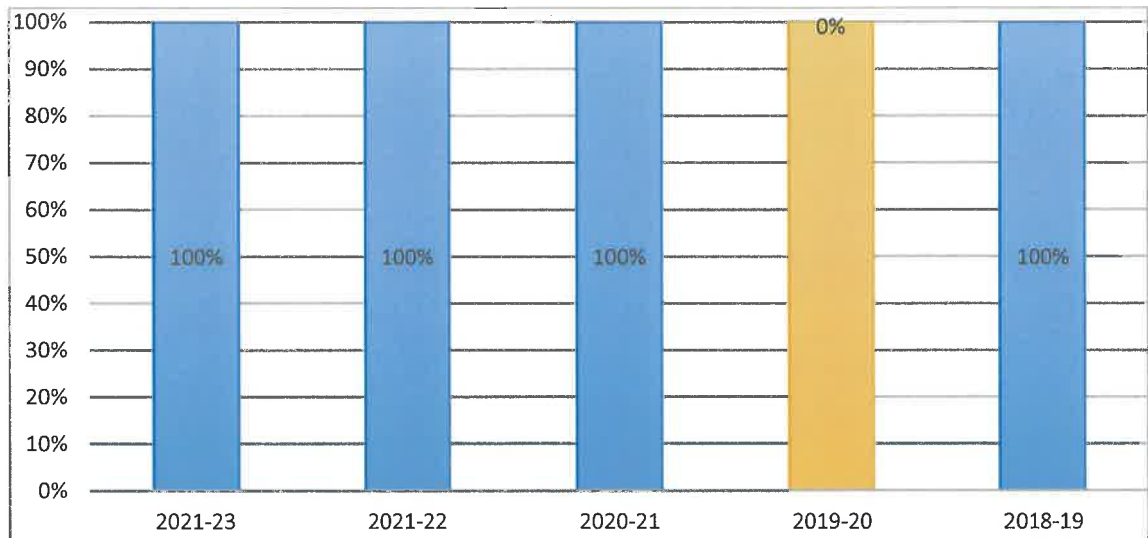
Through this, the municipality still had to continue with its Constitutional service delivery mandate. Priorities were re-adjusted, and budget was shifted. Projects had to be delayed.

### **Summary of current year achievements**

The achievements realised during the financial year 2022/2023 are summarised as follows, but not limited to:

1. The department prepared the financial statements in-house in accordance with the Standard of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.
2. In its effort to streamline the financial reporting, management of the department provided the Council of the municipality, MAYCO, and Finance Portfolio Committee with more timely, accurate and credible financial information.
3. Management continued to strengthen the internal controls and compliance by developing workflow and process checklist which guide the activities of all operational units within the department. Proper management of the system improves the administration of municipal funds and safeguarding of assets, thus preventing elements of non-compliance that would otherwise lead to expenditure being irregular; unauthorised, fruitless and wasteful.
4. The municipality achieved unqualified audit reports with matters of emphasis in 2018/19. However, in 2019/20 the municipality regressed and received a qualified audit report. In 2020/21 the municipality improved and received an

unqualified audit report. In the prior and current year 2021/22 and 2021/23 the municipality received an unqualified audit report with matters of emphasis



### The year ahead

In the coming financial year, it is anticipated that the financial operations, financial status and financial position will be improved. Action plan to improve on Audit-General findings include, but not limited to:

1. Implementation of audit action plan based on Auditor-General's findings and recommendations.
2. Implementation of the FMCMM
3. Implementation of the Financial Ratios
4. Consistent training of staff on Generally Accounting Practice and the Accounting Board updates.
5. Preparation of half-yearly annual financial statements.
6. Consistent training of staff on SCM rules and regulations as well as on contract management.
7. Performing assets reconciliation and updating the assets register in the Assets Management System.
8. Ensure compliance with laws, regulations, and guidelines.

9. There is an urgent need to beef up the budget and treasury unit.
10. Staffing of the budget and treasury office with capacitated officials.

### **Internal controls**

It is management's responsibility to maintain a proper system of internal controls, ensuring that the integrity of financial and accounting information reported on, meets the operational requirements, and ensures that the assets of the municipality are safeguarded. In order to strengthen internal controls, management will continuously ensure that development procedure manuals are properly used to guide operations around segregation of duties.

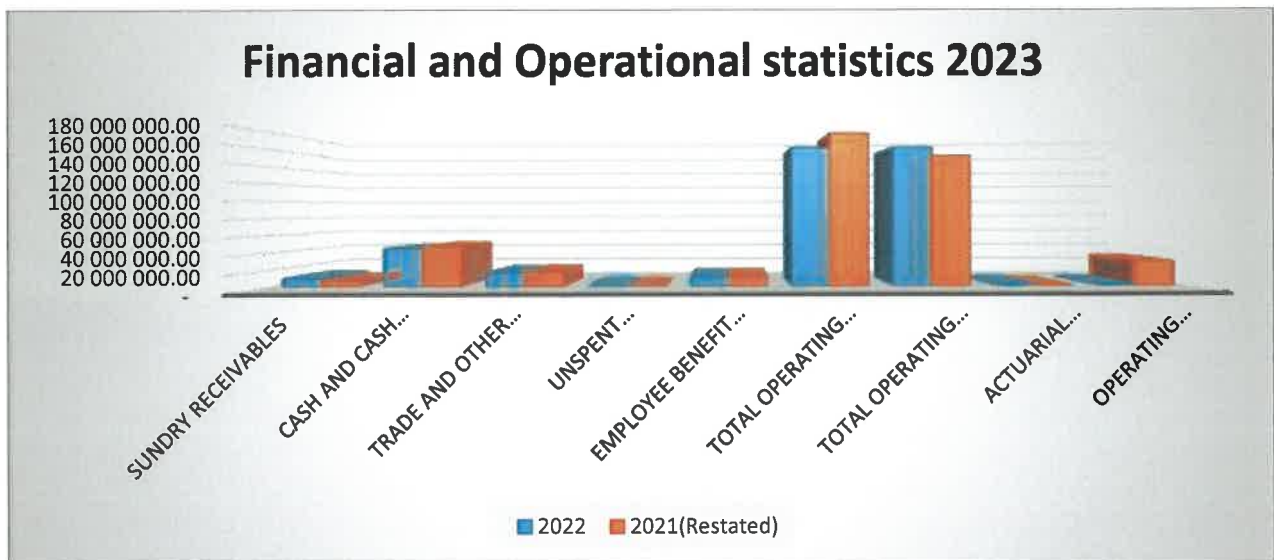
### **Ethical issues**

The municipality has a code of conduct for its councillors in terms of the Municipal Structures Act and a code of conduct for its employees in terms of the Municipal Systems Act. The codes are encouraging and discouraging certain behaviours and ensures that councillors and officials conduct themselves that do not compromise the integrity municipality in the face of the communities they are serving.

## **FINANCIAL PERFORMANCE**

### **1. Audited Statement and Related Financial Information**

#### **Table 6**



## 1. Financial performance analysis

As disclosed in the Annual Financial Statement under the accounting policies subsection 1.16 and note 38 comparative figures have been restated or reclassified due to prior period errors to conform to changes in presentation in the current year. The restatement was necessitated by the fact that management the fact that management had to correct accounting mistakes done in the past, hence, a need for retrospective implementation.

### 1.2 Cash and cash equivalents

Council has during the past twelve (12) months maintained a consistent and viable financial position. As a result, the operating bank balances as at financial year 2022/23 was R44 264 697 (showing a decrease of R2 638 665 compared to a closing balance of R46 903 362 at end of the financial previous financial year).

### 1.3 Sundry receivables / debtors

Increase in receivables is due to matter between TMDM officials and Free State Provident fund, an amount was raised after municipality received a court order to settle pension fund bill of officials that left the Free State Provident Fund to join other pensions funds, Municipal Employees Pension Fund has been raised as a debtor and municipality is confident that a refund will be made in this regard.

Increase in receivables is due to the non-delivery of motor vehicles of Speaker from Free State Government Garage because of the war between Russia-Ukraine debacle as it affected the German production since they are gas dependent on Russian supply.

Management continuously assessed individual debtors to establish if there was any likelihood of recovering outstanding debtors so that should there be no success in recovering same, provide for the debt impairment in line with the impairment policy of the municipality. During the current year, impairment provision was still necessary to be catered for.

#### **1.4 Operating expenditure and revenue**

The total operating expenditure increased from previous year's figure by R9 589 158. and total operating revenue decreased from previous year's figure by R16 304 986

A disciplined spending pattern has been well maintained, preventing a situation where the municipality would not be able to pay creditors and defer payments from one financial year to the other, thus casting doubt on its ability to continue as a going-concern.

## **2. Financial status**

### **2.1 Revenue and expenditure overview**

In terms of its revenue base Thabo Mofutsanyana District Municipality is currently the second smallest category C municipality within the Free State. It received grant income of R161,376,021 in 2021/22 (R177,681,007 in 2020/21), a decrease of 9% from the previous year. Thabo Mofutsanyana District Municipality is funded like other district municipalities. Their budget is funded by subsidies from national and provincial government and slightly generate own income through interest-bearing investment portfolios.



## Revenue management – Revenue Growth%

	-9%
CPI	
Total Revenue (Previous)	177,681,007
Total Revenue (Current)	161,376,021

Personnel remuneration constitutes a larger proportion of the municipality's expenditure budget. The staff-to-expenditure ratio of Thabo Mofutsanyana District Municipality continues to increase at an alarming rate from one financial year to the other. Councillors' costs compromise a minor portion of total expenditure.

Assets maintenance is very important although it is often overlooked or ignored, and priority given to less worthy line items. The deferment of maintenance is common practice among municipalities and while it has short-term cash flow benefits, it also carries adverse long-term effects on operating costs which directly and indirectly affect the sustainability of quality service delivery.

Thabo Mofutsanyana District Municipality external maintenance costs comprised of a very low provision due to lack of funds. The ratios have increased from the previous year management remains concerned that allocation for maintenance is still not at the optimum level.

## Expenditure Management - Creditors payment period (Trade Creditors)

	110 days
Trade Creditors	15,889,635
Contracted Services	4,716,181
Repairs and Maintenance	1,866,714
General expenses	46,224,396
Bulk Purchases	

	-
Capital Credit Purchases	-

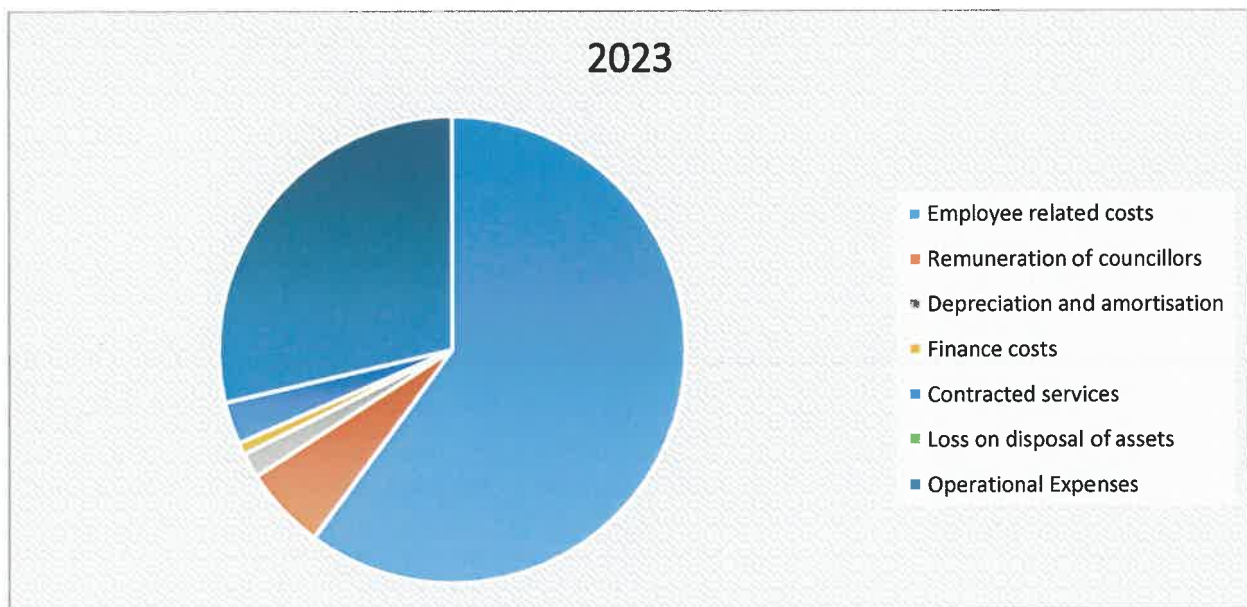
**Expenditure management - Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure**

	18%
Irregular, Fruitless and Wasteful and Unauthorised Expenditure	28,784,735
Total Operating Expenditure	161,524,151
Taxation Expense	-

## Expenditure management - Remuneration as % of Total Operating Expenditure

	66%
Employee/personnel related cost	97,114,139
Councillors Remuneration	9,354,345
Total Operating Expenditure	161,524,151
Taxation Expense	-

The operating expenditure of Thabo Mofutsanyana District Municipality for 2022/23 was largely inflexible and required sound budgeting and discipline to keep costs within budget. Strides were made to maintain discipline in the spending patterns so that expenditure by line item was kept within the budget.



The municipality has recorded an operating surplus of R 1 576 870 in 2022/2023 (R 26 534 014 in 2021/22). The operating budget indicated a moderate increase for the next three years.

## 2.2 Liquidity management

Although the municipality operates an effective financial management system in controlling crucial aspects of cash and cash equivalents, its total assets exceeded its total liabilities by R48 238 384 in 2022/23 (R47 055 042 in 2021/22) an improved position of 2,5% increase between the two years (2021/22 and 2022/23)

## 2.3 Capital analysis

The pressure on capital expenditure with specific reference to bulk services is expected to remain over the long-term, this is due to the withdrawal of Municipal Infrastructure Grant by the National Department of Cooperative Governance and Traditional Affairs.

Although the municipality is expected to render bulk services and coordinate functions in terms of Local Government Structure Act Section 84 (Powers and Functions of the district municipalities), it lacks capacity to execute some of the functions due to lack of funding. Council cannot even contribute from its operational income towards capital development in local municipalities within the area. As a result, no expenditure of a capital nature was incurred to assist local municipalities in the 2022/2023 financial year.

Implementation of projects in local municipalities during the year 2022/2023

<b>MUNICIPALITY</b>	<b>PROJECT</b>	<b>EXPENDITURE</b>
Maluti-A-Phofung	None	N/A
Nketoana	None	N/A
Mantsopa	None	N/A
Dihlabeng	None	N/A
Nketoana	None	N/A
Phumelela	None	N/A

### **3. Conclusion**

The municipality's overall financial management capacity has not improved yet in order to deal with current demand realities for improved service delivery, to assist local municipalities as well as to fully out legislative mandates imposed on it by the Constitution.

### **Expression of appreciation**

My sincere appreciation to the Executive Mayor, Members of the Mayoral Committee, Councillors, Municipal Manager, Heads of Departments, colleagues, and local representatives in the Office of the Auditor General for supporting us throughout.

I wish to convey a special word of appreciation to the staff in Finance Department for their hard work, dedication and support given.

Thank you,



**Mr MD Mhlahlo AGA(SA)  
Chief Financial Officer**

**7.2 Annual Financial Statements**

**Attach AFS here**



**THABO MOFUTSANYANA** *District Municipality*

**THABO MOFUTSANYANA DISTRICT MUNICIPALITY**  
Annual Financial Statements  
for the year ended 30 June 2023

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Index

---

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

	<b>Page</b>
Accounting Officer's Responsibilities and Approval	5
Audit Committee Report	6
Report of the Auditor General	7
Accounting Officer's Report	8
Statement of Financial Position	9
Statement of Financial Performance	10
Statement of Changes in Net Assets	11
Cash Flow Statement	12
Statement of Comparison of Budget and Actual Amounts	13 - 15
Accounting Policies	16 - 42
Notes to the Annual Financial Statements	45 - 80

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
CIGFARO	Chartered Institute of Government Finance, Audit and Risk Officers
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act



# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## General Information

---

### 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

Local Government: Municipal Finance Management Act (Act no.56 of 2003)  
Local Government: Municipal Systems Act (Act 32 of 2000)  
Local Government: Municipal Structures Act (Act 117 of 1998)  
Constitution of the Republic of south Africa (Act 108 of 1998)  
Division of Revenue Act (Act 1 of 2007)

### Mayoral committee

#### Executive Mayor

Cllr. AC Msibi  
Cllr. MJ Vilakazi (Former Exec Mayor)  
Cllr. TJ Mokoena (Speaker)  
Cllr. MS Maduna (Former Speaker)  
Cllr. LU Makhalema (Chief Whip)  
Cllr. SJ Mbiwe (Former Chief Whip)  
Cllr. ES Chabeli (MPAC Chairperson)  
Cllr. MM Twala (Former MPAC Chairperson)  
Cllr. SM Visagie (MMC - LED & Tourism)  
Cllr. TN Masiteng (MMC - Corporate Services)  
Cllr. TI Mkhwanazi (Former MMC - Corporate Services)  
Cllr. A Fume (MMC - IDP & PMS Services)  
Cllr. TJ Tshabalala (Former MMC - IDP & PMS Services)  
Cllr. TJ Mahlambi (MMC - Infrastructure Services)  
Cllr. KJ Tsoene (Former MMC - Infrastructural Services)  
Cllr. MJ Vilakazi (MMC - Community Services)  
Cllr. JM Radebe (Former MMC - Community Services)  
Cllr. SM Mosia (MMC - Financial Services)  
Cllr. MB Mamba (Former MMC - Financial Services)  
Cllr. ND Mofokeng (Former MMC - Municipal Health and Disaster Services)

#### Councillors

Cllr. MD Marais  
Cllr. S Mkhwanazi (Term ended 08 Nov 2021)  
Cllr. PP Khanye (Term ended 08 Nov 2021)  
Cllr. MA Maleka (Term ended 08 Nov 2021)  
Cllr. TB Jakobo (Term ended 08 Nov 2021)  
Cllr. MC Ndlebe (Term ended 08 Nov 2021)  
Cllr. MM Hlakane (Term ended 08 Nov 2021)  
Cllr. DL Taetsane (Term ended 08 Nov 2021)  
Cllr. VR Mohala (Term ended 08 Nov 2021)  
Cllr. ME Sempe (Term ended 08 Nov 2021)  
Cllr. BM Sani (Term ended 08 Nov 2021)  
Cllr. BE Meya (Term ended 08 Nov 2021)  
Cllr. PG Makae (Term ended 08 Nov 2021)  
Cllr. MJ Lebesa  
Cllr. AM Oates  
Cllr. LG Nhlapo (Term ended 08 Nov 2021)  
Cllr. MC Botha (Term ended 08 Nov 2021)  
Cllr. SE Tshabalala (Term ended 08 Nov 2021)  
Cllr. MM Mokhele (Term ended 08 Nov 2021)

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## General Information

---

Cllr. MB Hlatshwayo (Term ended 08 Nov 2021)  
Cllr. EN Gamede (Term ended 08 Nov 2021)  
Cllr. MW Dlamini (Term ended 08 Nov 2021)  
Cllr. M Motsoeneng (Term ended 08 Nov 2021)  
Cllr. MS Mkhwanazi  
Cllr. HD Dlamini  
Cllr. TP Motlokoa (Term ended 08 Nov 2021)  
Cllr. MA Mosia (Term ended 08 Nov 2021)  
Cllr. MJ Mokoena  
Cllr. TJ Motsoane (Elected to council 08 Nov 2021)  
Cllr. T Mosia (Elected to council 08 Nov 2021)  
Cllr. TJ Motaung (Elected to council 08 Nov 2021)  
Cllr. LG Mokoakoe (Elected to council 08 Nov 2021)  
Cllr. BAS Campbell-Cloete (Elected to council 08 Nov 2021)  
Cllr. PA Mothijoa (Elected to council 08 Nov 2021)  
Cllr. VB Makhanya (Elected to council 08 Nov 2021)  
Cllr. LF Miya (Elected to council 08 Nov 2021)  
Cllr. TP Motsoane (Elected to council 08 Nov 2021)  
Cllr. MJ Mphafi (Elected to council 08 Nov 2021)  
Cllr. LE Mohanoe (Elected to council 08 Nov 2021)  
Cllr. SL Rakoloti (Elected to council 08 Nov 2021)  
Cllr. MV Molwelwe (Elected to council 08 Nov 2021)  
Cllr. AM Nhlapo (Elected to council 08 Nov 2021)  
Cllr. MB Bohlale (Elected to council 08 Nov 2021)  
Cllr. J Twala (Elected to council 08 Nov 2021)  
Cllr. ML Nchocho (Elected to council 08 Nov 2021)  
Cllr. C Kalamer (Elected to council 08 Nov 2021)

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## General Information

---

<b>Grading of local authority</b>	11
<b>Accounting Officer</b>	Ms. TPM Lebenya (Appointed 08 February 2023)
<b>Chief Financial Officer</b>	Ms. NL Gqoli (Appointed 01 February 2018 Contract ended 31 January 2023) Mr. MD Mhlahlo (Appointed as Acting CFO 1 February 2023)
<b>Registered office</b>	1 Mampoi Street Old Parliament Building Witsieshoek South Africa 9870
<b>Postal address</b>	Private Bag X810 Witsieshoek South Africa 9870
<b>Bankers</b>	ABSA NEDBANK
<b>Auditors</b>	Auditor General of South Africa (AGSA)
<b>Attorneys</b>	Sibeko Attorneys Inc.
<b>Website</b>	<a href="http://www.tmdm.gov.za">www.tmdm.gov.za</a>

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Responsibilities and Approval

---

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 were given unrestricted access to all financial records and related data.

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

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

I, as the accounting officer acknowledge that I am ultimately responsible for the system of internal financial controls established by the municipality and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, I have set 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.

I am 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.

I have reviewed the municipality's cash flow forecast for the year to 30 June 2023 and, in the light of this review and the current financial position, I am 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 government grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the republic has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although I am primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 19 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 7.

The annual financial statements set out on pages 8 to 80, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023.

---

TPM Lebenya

**Municipal Manager**

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Audit Committee Report

---

We are pleased to present our report for the financial year ended 30 June 2023. We submit this report in line with the provision of section 166(2) of the Municipal Finance Management Act for Council's consideration.

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year eight meetings were held.

Name of member	Number of meetings attended
Mr GA Ntsala (Chairperson)	8
Ms MS Khetha (Member)	8
Mr TS Morare (Member)	6
Ms MV Ntipe (Member)	7

### Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

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

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

### Evaluation of annual financial statements

The audit committee has:

- reviewed the high level of unaudited annual financial statements to be included in the annual report, with management and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

### Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

### Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

---

**Chairperson of the Audit Committee**

**Date:** \_\_\_\_\_



## **Report of the Auditor General**

---

**To the Provincial Legislature of THABO MOFUTSANYANA DISTRICT MUNICIPALITY  
1. To the Council of THABO MOFUTSANYANA DISTRICT MUNICIPALITY**

**Auditor General of South Africa (AGSA)**

**30 November 2023**

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Report

---

The accounting officer submits her report for the year ended 30 June 2023.

### 1. Review of activities

#### Main business and operations

The municipality is engaged in rendering support to the local municipalities within the district and operates principally in South Africa.

### 2. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had a surplus of R 1 576 870 and that the municipality's total assets exceed its total liabilities by R 48 238 384. These conditions and events do not cast doubt on the municipality's ability to continue as a going concern.

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

### 3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

### 4. Accounting policies

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

### 5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is:

**Name**  
TPM Lebenya

**Appointed**  
08 February 2023

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Assets</b>			
Current Assets			
Receivables from exchange transactions	4	4 762 533	2 168 272
Receivables from non-exchange transactions	5	382 803	55 893
VAT receivable	41	4 902 739	4 418 153
Cash and cash equivalents	6	44 264 697	46 903 362
		<b>54 312 772</b>	<b>53 545 680</b>
Non-Current Assets			
Property, plant and equipment	7	20 845 140	21 489 946
Intangible assets	8	182 229	235 548
		<b>21 027 369</b>	<b>21 725 494</b>
<b>Total Assets</b>		<b>75 340 141</b>	<b>75 271 174</b>
<b>Liabilities</b>			
Current Liabilities			
Payables from exchange transactions	9	15 889 635	16 752 132
Unspent conditional grants and receipts	10	337 122	-
Employee benefit obligation	11	1 669 000	906 000
		<b>17 895 757</b>	<b>17 658 132</b>
Non-Current Liabilities			
Employee benefit obligation	11	9 206 000	10 558 000
<b>Total Liabilities</b>		<b>27 101 757</b>	<b>28 216 132</b>
<b>Net Assets</b>		<b>48 238 384</b>	<b>47 055 042</b>

\* See Note 42 & 38



# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Commission income (Agency services (CETA))	22	160 280	1 816 325
Recoveries (Gains on debt impairment provision adjustment)	4	357 252	-
Sundry income	15	590 017	475 414
Interest received - investments	13	4 501 199	2 373 665
<b>Total revenue from exchange transactions</b>		<b>5 608 748</b>	<b>4 665 404</b>
<b>Revenue from non-exchange transactions</b>			
<b>Other revenue</b>			
Service in kind revenue	14	6 237 502	5 750 872
<b>Transfer revenue</b>			
Government grants and subsidies	12	148 350 878	151 484 918
Donations received (Property, Plant and Equipment)	7	1 178 893	15 779 813
<b>Total revenue from non-exchange transactions</b>		<b>155 767 273</b>	<b>173 015 603</b>
<b>Total revenue</b>	<b>34</b>	<b>161 376 021</b>	<b>177 681 007</b>
<b>Expenditure</b>			
Employee related costs	19	(97 114 139)	(86 330 579)
Remuneration of councillors	19	(9 354 345)	(9 586 781)
Depreciation and amortisation	16	(2 767 090)	(3 882 720)
Finance costs	17	(1 348 000)	(1 205 000)
Contracted services	33	(4 716 181)	(4 205 177)
Loss on disposal of assets	7	-	(1 193 472)
Operational Expenses	18	(46 224 396)	(45 531 264)
<b>Total expenditure</b>		<b>(161 524 151)</b>	<b>(151 934 993)</b>
<b>(Deficit) surplus for the year from continuing operations</b>		<b>(148 130)</b>	<b>25 746 014</b>
Actuarial gains/(losses)		1 725 000	788 000
<b>Surplus for the year</b>		<b>1 576 870</b>	<b>26 534 014</b>

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 01 July 2021 as restated</b>	<b>20 305 031</b>	<b>20 305 031</b>
Changes in net assets		
Surplus / (Deficit) for the year	26 534 014	26 534 014
Prior period errors	127 499	127 499
Other changes	88 498	88 498
Total changes	26 750 011	26 750 011
<b>Restated* Balance at 01 July 2022</b>	<b>46 661 514</b>	<b>46 661 514</b>
Changes in net assets		
Surplus / (Deficit) for the year	1 576 870	1 576 870
Total changes	1 576 870	1 576 870
<b>Balance at 30 June 2023</b>	<b>48 238 384</b>	<b>48 238 384</b>

a

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Cash Flow Statement

Figures in Rand

	Note(s)	2023	2022 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		148 350 878	151 484 918
Interest income		4 501 199	2 170 065
Other receipts		160 280	475 414
Cash receipts from receivables		590 017	58 333
		<u>153 602 374</u>	<u>154 188 730</u>
<b>Payments</b>			
Employee costs		(104 638 764)	(94 830 023)
Suppliers		(49 310 820)	(44 243 574)
Benefits paid relating to long service awards		(896 000)	(690 389)
		<u>(154 845 584)</u>	<u>(139 763 986)</u>
<b>Net cash flows from operating activities</b>	20	<u>(1 243 210)</u>	<u>14 424 744</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	<u>(1 395 455)</u>	<u>(444 773)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2 638 665)</b>	<b>13 979 971</b>
Cash and cash equivalents at the beginning of the year		46 903 362	32 923 391
<b>Cash and cash equivalents at the end of the year</b>	6	<u><b>44 264 697</b></u>	<u><b>46 903 362</b></u>

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Agency services (CETA)	151 484	378 594	530 078	160 280	(369 798)	37.1
Recoveries (gains on debt impairment adjustment)	-	-	-	357 252	357 252	37.2
Sundry income	16 745 798	1 752 388	18 498 186	590 017	(17 908 169)	37.3
Interest received - investment	2 049 805	1 873 629	3 923 434	4 501 199	577 765	37.4
<b>Total revenue from exchange transactions</b>	<b>18 947 087</b>	<b>4 004 611</b>	<b>22 951 698</b>	<b>5 608 748</b>	<b>(17 342 950)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Other revenue</b>						
Non cash reserves (Depreciation)	4 121 792	-	4 121 792	-	(4 121 792)	37.4
Service in kind revenue	5 521 366	-	5 521 366	6 237 502	716 136	37.6
<b>Transfer revenue</b>						
Government grants & subsidies	149 905 000	(1 216 000)	148 689 000	148 350 878	(338 122)	37.7
Donations received (Property, Plant and Equipment)	-	-	-	1 178 893	1 178 893	37.24
<b>Total revenue from non-exchange transactions</b>	<b>159 548 158</b>	<b>(1 216 000)</b>	<b>158 332 158</b>	<b>155 767 273</b>	<b>(2 564 885)</b>	
<b>Total revenue</b>	<b>178 495 245</b>	<b>2 788 611</b>	<b>181 283 856</b>	<b>161 376 021</b>	<b>(19 907 835)</b>	
<b>Expenditure</b>						
Employee related costs	(102 484 838)	4 352 621	(98 132 217)	(97 114 139)	1 018 078	37.8
Remuneration of councillors	(9 110 477)	(234 065)	(9 344 542)	(9 354 345)	(9 803)	
Depreciation and amortisation	(4 121 792)	-	(4 121 792)	(2 767 090)	1 354 702	37.12
Finance costs	-	-	-	(1 348 000)	(1 348 000)	37.9
Contracted Services	(21 189 604)	-	(21 189 604)	(4 716 181)	16 473 423	37.10
Operational Expenses	(37 586 534)	(6 812 167)	(44 398 701)	(46 224 396)	(1 825 695)	37.11
<b>Total expenditure</b>	<b>(174 493 245)</b>	<b>(2 693 611)</b>	<b>(177 186 856)</b>	<b>(161 524 151)</b>	<b>15 662 705</b>	
<b>(Deficit) / Surplus</b>	<b>4 002 000</b>	<b>95 000</b>	<b>4 097 000</b>	<b>(148 130)</b>	<b>(4 245 130)</b>	
<b>Surplus for the year from continuing operations</b>	<b>4 002 000</b>	<b>95 000</b>	<b>4 097 000</b>	<b>(148 130)</b>	<b>(4 245 130)</b>	
Actuarial gains/(losses)	-	-	-	1 725 000	1 725 000	
	<b>4 002 000</b>	<b>95 000</b>	<b>4 097 000</b>	<b>1 576 870</b>	<b>(2 520 130)</b>	

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Receivables from exchange transactions	4 815 200	-	4 815 200	4 762 533	(52 667)	37.13
Receivables from non-exchange transactions	-	-	-	382 803	382 803	37.14
VAT receivable	-	-	-	4 902 739	4 902 739	
Cash and cash equivalents	11 504 000	17 652 000	29 156 000	44 264 697	15 108 697	37.15
	<b>16 319 200</b>	<b>17 652 000</b>	<b>33 971 200</b>	<b>54 312 772</b>	<b>20 341 572</b>	
<b>Non-Current Assets</b>						
Property, plant and equipment	20 354 056	2 898 208	23 252 264	20 845 140	(2 407 124)	37.16
Intangible assets	545 900	-	545 900	182 229	(363 671)	37.17
	<b>20 899 956</b>	<b>2 898 208</b>	<b>23 798 164</b>	<b>21 027 369</b>	<b>(2 770 795)</b>	
<b>Total Assets</b>	<b>37 219 156</b>	<b>20 550 208</b>	<b>57 769 364</b>	<b>75 340 141</b>	<b>17 570 777</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Payables from exchange transactions	19 104 000	(5 200 000)	13 904 000	15 889 635	1 985 635	37.18
Unspent conditional grants and receipts	-	-	-	337 122	337 122	37.19
Employee benefit obligation	2 864 156	-	2 864 156	1 669 000	(1 195 156)	37.20
	<b>21 968 156</b>	<b>(5 200 000)</b>	<b>16 768 156</b>	<b>17 895 757</b>	<b>1 127 601</b>	
<b>Non-Current Liabilities</b>						
Employee benefit obligation	15 251 000	(2 000 000)	13 251 000	9 206 000	(4 045 000)	37.20
<b>Total Liabilities</b>	<b>37 219 156</b>	<b>(7 200 000)</b>	<b>30 019 156</b>	<b>27 101 757</b>	<b>(2 917 399)</b>	
<b>Net Assets</b>	<b>-</b>	<b>27 750 208</b>	<b>27 750 208</b>	<b>48 238 384</b>	<b>20 488 176</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	-	27 750 208	27 750 208	48 238 384	20 488 176	

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Figures in Rand

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Grants	149 904 000	(1 216 000)	148 688 000	148 350 878	(337 122)	
Interest income	2 049 805	1 873 629	3 923 434	4 501 199	577 765	37.22
Other receipts	20 269 074	(19 509 574)	759 500	160 280	(599 220)	
Cash receipts from receivables	750 000	(750 000)	-	590 017	590 017	37.21
	<b>172 972 879</b>	<b>(19 601 945)</b>	<b>153 370 934</b>	<b>153 602 374</b>	<b>231 440</b>	

##### Payments

Employee costs	(111 549 591)	-	(111 549 591)	(104 638 764)	6 910 827	
Suppliers	(62 686 842)	(6 790 612)	(69 477 454)	(49 310 820)	20 166 634	
Finance costs	(255 812)	-	(255 812)	(896 000)	(640 188)	
	<b>(174 492 245)</b>	<b>(6 790 612)</b>	<b>(181 282 857)</b>	<b>(154 845 584)</b>	<b>26 437 273</b>	

<b>Net cash flows from operating activities</b>	<b>(1 519 366)</b>	<b>(26 392 557)</b>	<b>(27 911 923)</b>	<b>(1 243 210)</b>	<b>26 668 713</b>	
---	--------------------	---------------------	---------------------	--------------------	-------------------	--

#### Cash flows from investing activities

Purchase of property, plant and equipment	(4 002 000)	(95 000)	(4 097 000)	(1 395 455)	2 701 545	37.23
---	-------------	----------	-------------	-------------	-----------	-------

Net increase/(decrease) in cash and cash equivalents	(5 521 366)	(26 487 557)	(32 008 923)	(2 638 665)	29 370 258	
--	-------------	--------------	--------------	-------------	------------	--

Cash and cash equivalents at the beginning of the year	19 209 462	27 694 362	46 903 824	46 903 362	(462)	
--	------------	------------	------------	------------	-------	--

<b>Cash and cash equivalents at the end of the year</b>	<b>13 688 096</b>	<b>1 206 805</b>	<b>14 894 901</b>	<b>44 264 697</b>	<b>29 369 796</b>	
---	-------------------	------------------	-------------------	-------------------	-------------------	--

The accounting policies on page 16 to 43 and the notes on pages 44 to 74 form an integral part of the annual financial statements.

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1. Presentation of Annual Financial Statements

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

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand and the amounts have been rounded off to the nearest rand.

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

#### 1.1 Presentation currency

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

#### 1.2 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. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgements include:

##### Receivables

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

##### Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. 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.

##### Property, plant and equipment

As described in accounting policies 1.3 and 1.4, the municipality depreciates / amortises its property, plant and equipment and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management's estimation.

Management considered the impact of technology, availability of capital funding, service requirement and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgemental as to 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.

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

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

#### Provision for long service awards

The present value of the provision for long service awards depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumption used in determining the net cost/(income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of the provision for long service awards.

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 obligation. 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 liability.

Other key assumptions for the provision for long service awards are based on current market conditions.

#### Impairment of receivables

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

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:

- (a) significant financial difficulty of the issuer or obligor;
- (b) a breach of contract, such as a default or delinquency in interest or principal payments
- (c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- (d) it is probable that the borrower will enter sequestration or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - (i) adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments); or
  - (ii) national or local economic conditions that correlate with defaults on the assets in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, or adverse changes in market conditions that affect the borrowers in the group).

### 1.3 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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



# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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

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

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

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

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as 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.

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

---

Item	Depreciation method	Maximum useful life
Buildings	Straight line	30 years
Furniture and fixtures	Straight line	21 years
Motor vehicles	Straight line	5 - 11 years
IT equipment	Straight line	16 years
Machinery and equipment	Straight line	14 years

---

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

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

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

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.

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.

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

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

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.

### 1.4 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Computer software, other	3 - 6 years

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.4 Intangible assets (continued)

Intangible assets are derecognised:

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

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.5 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 collectability.

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

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

- 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.

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.

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.5 Financial instruments (continued)

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.

#### 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
VAT receivable	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Operating lease liability	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost

#### Initial recognition

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

The entity recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

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

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

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

- Financial instruments at amortised cost.

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

#### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

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

#### Impairment and collectability of financial assets

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

Financial assets measured at amortised cost:

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.5 Financial instruments (continued)

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

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

Financial assets measured at cost:

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

### Derecognition

#### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

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

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

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.5 Financial instruments (continued)

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

#### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

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

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

#### Presentation

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

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

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.5 Financial instruments (continued)

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

#### Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expense in surplus of deficit.

#### Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

### 1.6 Impairment of cash-generating assets

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

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.



# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.6 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 of 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.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follows:

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

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

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

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

#### Reversal of impairment loss

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

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

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

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

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

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

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

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

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

### 1.7 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

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

Useful life is either:

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

#### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

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

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Recognition and measurement (Individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

#### Reversal of an impairment loss

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

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

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

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

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

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.8 Employee benefits

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

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

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

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

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

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

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related services.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phone) for current employees.

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

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

#### Post-employment benefits

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

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

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

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.8 Employee benefits (continued)

#### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account 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. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.8 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

#### Post retirement obligations - medical aid

The municipality provides post-retirement health care benefits upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. An annual charge to income is made to cover the liabilities.

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.8 Employee benefits (continued)

#### Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.9 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 surplus.

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 23.



# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.9 Provisions and contingencies (continued)

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.

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

### 1.10 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.

#### 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.

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.10 Revenue from exchange transactions (continued)

#### 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 the proportion that costs incurred to date bear to the total estimated costs of the transaction.

#### Interest received

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

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

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

#### Accounting by principals and agents

### 1.11 Revenue from non-exchange transactions

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

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

Control of an asset 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.

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

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

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

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

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.

#### Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

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

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

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

#### Services in-kind

Except for financial guarantee contracts, the municipality recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognises 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 disclose the nature and type of services in-kind received during the reporting period.

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.

Services in-kind includes services provided by individuals but also includes right of to use of an asset, without charge, but may be subject to stipulations

For the recognition criteria of the services in-kind to be recognised, refer to the section on assets. These assets are, however, immediately consumed and a transaction of equal value is also recognised to reflect the consumption of the service. In many cases the entity will recognise an expense for the consumption of the service

To the extent that the service in-kind is significant to the operations and/or service delivery objectives of the recipient of such a service in-kind and it meets the criteria for recognition, although there maybe uncertainties surrounding services in-kind, including the ability to exercise control over the services, and measuring the fair value of the service.

Basis on which the fair value has been measured has considered fact that the service in kind is received from Department of Public Works and the department does not have to comply with GRAP they are on Cash payments basis and have only valued the buildings in 2013 financial period with the inclusion that yearly escalations are between 7,5% to 8,5%

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 disclose the nature and type of services in-kind received during the reporting period.

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

### 1.12 Investment income

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

### 1.13 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.14 Accounting by principals and agents

#### Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

#### Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit..

The municipality has an arrangement with CETA where the municipality is responsible for paying learner stipends, CETA has signed agreements with learners and municipality is entitled to administrations and rural allowance fees.t

The municipality does not determine the significant terms and conditions of the contract, as CETA identifies the beneficiaries of the programme, and identifies how much should be paid by each beneficiary

#### Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

(a) A description of any resources (including the carrying value and description of any assets recognised) that are held on behalf of a principal, but recognised in the agent's own financial statements. Such disclosure shall include

(i) the remittance of any resources during the period, as well as the expected timing of remittance of any remaining resources to the principal; and

(ii) risks that are transferred from the principal to the agent (if any), including risks flowing to the entity as a result of its custodianship over the resources held on behalf of a principal

(b)The aggregate amount of revenue that the entity recognises as compensation for the transactions carried out on behalf of the principal; and

(c) a description of any liabilities incurred on behalf of a principal that have been recognised by the entity, as well as any corresponding rights of reimbursement that have been recognised as assets.

#### Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.14 Accounting by principals and agents (continued)

#### Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

### 1.15 Comparative figures

When the presentation or classification of an item in the annual financial statements are amended, comparative amounts are reclassified.

### 1.16 Unauthorised expenditure

Unauthorised expenditure means:

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

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

### 1.17 Fruitless and wasteful expenditure

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

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

### 1.18 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA, in relation to a municipality or municipal entity, means-

(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;

(b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;

(c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or;

(d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law

but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

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

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.18 Irregular expenditure (continued)

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

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

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

### 1.19 Use of estimates

The preparation of financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

Estimates in the financial statements include but are not limited to the following:

- Depreciation
- Bad debts,
- Long service awards

### 1.20 Segment information

Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner

: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).

Segmental information on property, plant and equipment, as well as income and expenditure, based on the International Government Financial Statistics classifications and the budget formats

The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board. The jurisdiction of Thabo Mofutsanyana District Municipality comprises of the following local municipalities:

- Maluti-A-Phofung Local Municipality
- Dihlabeng Local Municipality
- Setsoto Local Municipality
- Mantsopa Local Municipality
- Nketoana Local Municipality
- Phumelela Local Municipality

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

### 1.21 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.22 Budget information

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives. Deviations between budget and actual amounts are regarded as material differences when more than 10% deviation exists. Refer to Note 39 for all material differences explained.

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30. The financial statements are prepared on the accrual basis of accounting, and the budget is prepared on the accrual basis. A comparison with the budgeted amounts for the reporting period has been included in the Statement of comparison of budget and actual amounts.

The annual budget figures have been prepared in accordance with the GRAP standard. The amounts are scheduled as a separate additional financial statement, called the Statement of comparison of budget and actual amounts.

Explanatory comment is provided in the notes to the annual financial statements giving reasons for significant individual variances between budgeted and actual amounts. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated development plan. The budget is approved on an accrual basis.

The Statement of comparison of budget and actual amounts has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

### 1.23 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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.

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.

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

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

### 1.24 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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



# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.25 Conditional grants and receipts

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

Revenue from conditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably and to the extent that there has been compliance with any restrictions associated with the grant.

#### 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.

### 1.26 Commitments

The term 'commitments' is not defined in any of the standards but may be referred to as the intention to commit to an outflow from the entity of resources embodying economic benefits. Generally, a commitment arises when a decision is made to incur a liability e.g. a purchase contract. Such a decision is evidenced by, but not limited to, actions taken to determine the amount of the eventual resource outflow or a reliable estimate e.g. a quote, and conditions to be satisfied to establish an obligation e.g. delivery schedules. These preconditions ensure that the information relating to commitments is relevant and capable of reliable measurement. An entity may enter into a contract on or before the reporting date for expenditure over subsequent accounting periods e.g. a contract for construction of infrastructure assets, the purchase of major items of plant and equipment or significant consultancy contracts. In these events, a commitment exists at the reporting date as the entity has contracted for expenditure but no work has started and no payments have been made. The notes to the financial statements must disclose the nature and amount of each material individual and each material class of capital expenditure commitment as well as non-cancellable operating leases contracted for at the reporting date. Commitments for the supply of inventories, where a liability under a contract has not yet been recognised, do not require disclosure as a commitment.

### 1.27 Statutory receivables

#### Identification

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

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

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.27 Statutory receivables (continued)

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

#### Recognition

The municipality recognises statutory receivables as follows:

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

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

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

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

#### Accrued interest

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.

#### 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.

### 1.28 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.

Municipality has an arrangement with CETA where the municipality is responsible for paying learner stipends, CETA has signed agreements with learners and municipality is entitled to administrations and rural allowance fees.

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

The municipality does not determine the significant terms and conditions of the contract, as CETA identifies the beneficiaries of the programme, and identifies how much should be paid by each beneficiary

Significant terms and conditions of the arrangements did not change during the reporting period

(a) A description of any resources (including the carrying value and description of any assets recognised) that are held on behalf of a principal, but recognised in the agent's own financial statements. Such disclosure shall include:

(i) the remittance of any resources during the period, as well as the expected timing of remittance of any remaining resources to the principal; and

(ii) risks that are transferred from the principal to the agent (if any), including risks flowing to the entity as a result of its custodianship over the resources held on behalf of a principal;

(b) The aggregate amount of revenue that the entity recognises as compensation for the transactions carried out on behalf of the principal; and

(c) a description of any liabilities incurred on behalf of a principal that have been recognised by the entity, as well as any corresponding rights of reimbursement that have been recognised as assets.

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

2023

2022

### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

##### GRAP 104 (amended): Financial Instruments

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

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

The most significant changes to the Standard affect:

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

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

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

##### GRAP 103 (as amended 2016): Heritage Assets

Amendments to the Standard of GRAP on Heritage Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from editorial changes to the original text.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets

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

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

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
--	------	-------------------

### 3. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

June 2023	Financial assets at amortised cost	Total
Receivables	8 314 482	8 314 482
Cash and cash equivalents	44 264 697	44 264 697
	<b>52 579 179</b>	<b>52 579 179</b>

June 2022	Financial assets at amortised cost	Total
Receivables	5 744 800	5 744 800
Cash and cash equivalents	46 903 362	46 903 362
	<b>52 648 162</b>	<b>52 648 162</b>

### 4. Receivables from exchange transactions

Sundry debtors	5 152 078	2 557 817
Suspense account - unidentified payment	304 143	304 143
Impairment provision	(693 688)	(693 688)
	<b>4 762 533</b>	<b>2 168 272</b>

#### Credit quality of trade and other receivables

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

#### Receivables from exchange and non-exchange transactions impaired

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:

- The impairment of receivables is based on the continuous reassessment debtor accounts to identify doubtful accounts on basis of persistent default on payment of the accounts and the probability of payment.

As of 30 June 2023, R 3, 169, 146 (30 June 2022: R 3, 526 ,919) receivables from exchange and non-exchange transactions were impaired and provided for.

The ageing of these receivables from exchange and non-exchange transactions is as follows:

Gross receivables		
3 to 6 months	345 687	1 545 176
Over 3 to 6 months	-	-
Over 6 months	7 968 795	4 199 623
	<b>8 314 482</b>	<b>5 749 142</b>

#### Reconciliation of impairment of receivables from exchange and non-exchange transactions

Opening balance	3 526 919	3 526 919
Provision for impairment reversed	(357 252)	-

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
<b>4. Receivables from exchange transactions (continued)</b>	<b>3 169 667</b>	<b>3 526 919</b>
<b>5. Receivables from non-exchange transactions</b>		
Unsolicited debit orders	3 000	3 000
Overpayment to Municipal Officials	29 814	29 814
Seconded councillors salaries over payment	1 784 288	1 784 288
Councillors over payment	691 170	696 033
Municipal Manager overpayment	349 989	375 989
Impairment	(2 475 458)	(2 833 231)
	<b>382 803</b>	<b>55 893</b>
<b>6. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	12 655 110	13 651 947
Short-term deposits	31 609 587	33 251 415
	<b>44 264 697</b>	<b>46 903 362</b>

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
ABSA BANK - Cheque Account - 770-150-841	12 655 110	13 651 947	1 767 473	12 665 110	13 651 947	1 767 473
ABSA BANK - Liquidity Plus - 932-530-0160	63	63	-	63	63	-
ABSA BANK - Fixed Deposit - 409-474-0923	3 313 049	3 185 318	3 068 236	3 313 049	3 185 318	3 068 236
ABSA BANK - Fixed Deposit - 935-501-3452	18 339 570	17 025 866	1 505 126	18 339 570	17 025 866	1 505 126
ABSA BANK - Fixed Deposit - 935-762-5891	3 292 446	6 789 401	5 755 068	3 292 446	6 789 401	5 755 068
NEDBANK - FIXED DEPOSIT - 3788-1151-676/000002	6 664 459	6 250 767	20 840 694	6 664 459	6 250 767	20 840 694
<b>Total</b>	<b>44 264 697</b>	<b>46 903 362</b>	<b>32 936 597</b>	<b>44 274 697</b>	<b>46 903 362</b>	<b>32 936 597</b>

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 7. Property, plant and equipment

	2023		2022	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation	Accumulated depreciation and accumulated impairment
Buildings	14 340 768	(956 051)	14 340 768	(478 026)
Machinery and Equipment	1 923 007	(567 276)	3 563 033	(2 246 187)
Furniture and fixtures	4 605 582	(3 311 621)	4 459 689	(3 001 088)
Motor vehicles	5 026 366	(3 031 194)	4 282 474	(2 471 119)
IT equipment	12 858 269	(10 042 710)	12 424 516	(9 384 114)
<b>Total</b>	<b>38 753 992</b>	<b>(17 908 852)</b>	<b>39 070 480</b>	<b>(17 580 534)</b>

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

	Opening balance	Additions	Disposals	Additions in kind	Transfers in	Depreciation	Total
Buildings	13 862 743	-	-	-	-	(478 026)	13 384 717
Machinery and Equipment	1 312 589	212 079	(1 055 091)	1 055 091	-	(168 937)	1 355 731
Furniture and fixtures	1 464 422	242 963	-	-	-	(413 424)	1 293 961
Motor vehicles	1 812 469	176 001	-	-	670 830	(664 128)	1 995 172
IT equipment	3 040 401	764 415	-	-	-	(989 257)	2 815 559
<b>Total</b>	<b>21 492 624</b>	<b>1 395 458</b>	<b>(1 055 091)</b>	<b>1 055 091</b>	<b>670 830</b>	<b>(2 713 772)</b>	<b>20 845 140</b>

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

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

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

	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Depreciation	Total
Buildings	-	-	14 340 768	-	(478 026)	13 862 742
Machinery and Equipment	1 369 118	-	345 483	(152 714)	(245 041)	1 316 846
Furniture and fixtures	1 681 191	45 403	425 102	(200 790)	(492 305)	1 458 601
Motor vehicles	2 108 862	-	668 461	(210 568)	(755 400)	1 811 355
IT equipment	4 924 256	399 370	-	(629 397)	(1 653 827)	3 040 402
	<b>10 083 427</b>	<b>444 773</b>	<b>15 779 814</b>	<b>(1 193 469)</b>	<b>(3 624 599)</b>	<b>21 489 946</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

Machinery and Equipment	-	170 432
Motor vehicles	25 126	100 034
	<b>25 126</b>	<b>270 466</b>

In the current financial year, Property, Plant and Equipment amounting to R1 178 893 was received in a form of a donation from Santiam. Assets amounting to R1 055 091 were donated by the district to its local municipalities and only assets worth R128 802 were kept by the district the subsequently capitalized on its asset register.

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.



# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 8. Intangible assets

	2023		2022	
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Cost / Valuation	Accumulated amortisation and accumulated impairment
Computer software	5 041 208	(4 858 979)	5 041 208	(4 805 660)
		182 229		235 548

#### Reconciliation of intangible assets - 2023

Computer software	Opening balance	Amortisation	Total
	235 548	(53 319)	182 229

#### Reconciliation of intangible assets - 2022

Computer software	Opening balance	Amortisation	Total
	493 673	(258 125)	235 548

#### Pledged as security

None of the assets were pledged as security:

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
<b>9. Payables from exchange transactions</b>		
Trade payables	5 887 740	7 945 170
Accrued leave pay	7 948 104	7 112 178
Accrued bonus	1 853 658	1 494 651
UIF over deducted from employees	193 496	193 496
Councillors salaries under payments	6 637	6 637
	<b>15 889 635</b>	<b>16 752 132</b>

### 10. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Rural Roads Assets Management System Grant	337 122	-
--	---------	---

#### Movement during the year

Balance at the beginning of the year	-	910 202
Additions during the year	18 229 000	23 306 000
Income recognition during the year	(17 891 878)	(23 306 000)
Deducted from equitable share grant	-	(910 202)
	<b>337 122</b>	<b>-</b>

The nature and extent of government grants and their conditions, restrictions and other contingencies attached to these government grants have to be fulfilled and hence recognised in the annual financial statements as conditional grants

See note 12 for reconciliation of grants from National/Provincial Government.

### 11. Employee benefit obligation

#### Reconciliation of employee benefit obligation - 2023

	Opening Balance	Additions	Reversed during the year	Total
Employee benefit obligation - current	906 000	763 000	-	1 669 000
Employee benefit obligation - non-current	10 558 000	-	(1 352 000)	9 206 000
	<b>11 464 000</b>	<b>763 000</b>	<b>(1 352 000)</b>	<b>10 875 000</b>

#### Reconciliation of employee benefit obligation - 2022

	Opening Balance	Additions	Total
Employee benefit obligation - current	864 389	41 611	906 000
Employee benefit obligation - non-current	10 251 000	307 000	10 558 000
	<b>11 115 389</b>	<b>348 611</b>	<b>11 464 000</b>

#### Long service awards

Valuation method

The Projected Unit Credit Method is used to determined the present value of the defined benefit obligation.

The defined benefit obligation

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

2023  
2022  
Restated\*

### 11. Employee benefit obligation (continued)

The defined benefit liability as disclosed below are represented by two different post-employment benefits. None of the benefits set out below are externally funded.

**Post-retirement medical aid plan** Active members receive a fixed subsidy of 70% of medical aid contributions during the current working year, up to a specified maximum employer contribution. The spouse or adult dependant of an active member is entitled to a 70% subsidy of their contributions. This proportion of the subsidy will continue to be paid in the event of the principal member's death.

Continuation members receive a fixed subsidy of 70% of medical aid contributions during the current working year, up to a specified maximum employer contribution. The spouse or adult dependant of a continuation member is entitled to a 70% subsidy of their contributions.

#### Long service award

Long service awards are payable to qualifying in-service employees. The leave benefits are in accordance with paragraph 11 of the South African Local Government Bargaining Council (SALGBC) collective agreement on conditions of service for the Free State division of SALGBC.

The amount recognised in the statement of financial position are as follows for 2023:

	Long-service leave benefits	Post-retirement health care benefits	Total
Balance as at 30 June 2023	(4 881 000)	(6 583 000)	(11 464 000)
Current service cost	(565 000)	(119 000)	(684 000)
Interest cost	(577 000)	(771 000)	(1 348 000)
Actuarial (loss) - experience variance	433 000	1 292 000	1 725 000
Benefits payments	637 000	259 000	896 000
	<b>(4 953 000)</b>	<b>(5 922 000)</b>	<b>(10 875 000)</b>

The amount recognised in the statement of financial position are as follows for 30 June 2022:

	Long-service leave benefits	Post-retirement health care benefits	Total
Balance as at 30 June 2022	(4 695 003)	(6 420 386)	(11 115 389)
Current service cost	(524 000)	(98 000)	(622 000)
Interest cost	(535 000)	(670 000)	(1 205 000)
Actuarial (loss) - experience variance	575 000	213 000	788 000
Benefits payments	373 000	319 000	692 000
	<b>(4 806 003)</b>	<b>(6 656 386)</b>	<b>(11 462 389)</b>

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

2023	2022 Restated*
------	-------------------

### 11. Employee benefit obligation (continued)

#### Discount rate

GRAP 25 defines the determination of the Discount rate assumption to be used as follows:

“The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.”

The nominal and real zero curves as at 30 June 2023 supplied by the JSE were used to determine our discount rates and CPI assumptions at each relevant time period. For example a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years.

The Net Effective Discount Rate is different for each relevant time period of the yield curves' various durations and therefore the Net Effective Discount Rate is based on the relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Salary Inflation for each relevant time period.

#### Membership Data

Key features of the membership data used in the valuation of post-retirement healthcare subsidy are summarised below:

	2023	2022
<b>Current employees</b>		
- Number of current employees		
Males	4	4
Females	1	1
- Average age of employees		
Males	63,6	61,8
Females	57,0	56,0
- Average years of past service		
Male	29,60	30,4
Female	24,70	23,7
- Average total monthly premium of Principal members (R)		
Male	R 5, 460	R 5, 080
Female	R 2, 310	R 2, 190
- Average total monthly premium of Adult dependants (R)		
Male	R -	R -
Female	R -	R -
 <b>Continuation members</b>		
- Number of continuation members		
Male	2	2
Female	1	1
- Average age of continuation members		
Male	74,1	67,7
Female	84,00	84,0
- Actual percentage married		
Male	100%	100%
Female	0%	0%
- Average total monthly premium of Principal members (R)		
Male	R 7, 200	R 6, 510
Female	R 0,00	R 4, 720
- Average total monthly premium of Adult dependants (R)		
Male	R -	R -
Female	R -	R -

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

2023  
2022  
Restated\*

### 11. Employee benefit obligation (continued)

#### Breakdown of Defined Benefit Obligation

The table below provides a breakdown of the defined benefit obligation between active and continuation members as at the current and previous valuation dates:

Breakdown of defined benefit obligation (R'000)	30 June 2023	30 June 2022	30 June 2021
Active members	3 762	4 225	4 693
Continuation members	2 160	2 358	1 654
	<b>5 922</b>	<b>6 583</b>	<b>6 347</b>

#### Post-retirement healthcare subsidy sensitivities

The value of the liabilities is particularly sensitive to the assumed rate of healthcare cost inflation. The table below sets out the sensitivity of the valuation result to a 1% increase and 1% decrease in the assumed healthcare cost of inflation assumption.

This is regarded as important management information. The GRAP 25 accounting standard also requires this sensitivity to be disclosed in the annual financial statement.

Healthcare cost inflation sensitivity (R'000)	1% decrease	Base	1% increase
Defined benefit obligation	(5 453)	(5 922)	(6 455)
Service cost (next financial year)	(683)	(744)	(813)
Interest cost (next financial year)	(37)	(42)	(47)
	<b>(6 173)</b>	<b>(6 708)</b>	<b>(7 315)</b>

#### Assumptions used

The economic assumptions for the 30 June 2023 valuation are shown in the table below, and compared to those used for the respective roll-back valuations.

Long service awards sensitivities (R'000)	1% decrease	Base	1% increase
Total accrued liability	(4 689)	(4 953)	(5 242)
Current service cost	(516)	(551)	(590)
Interest cost	(598)	(634)	(674)
	<b>(5 803)</b>	<b>(6 138)</b>	<b>(6 506)</b>

#### Discount rate

GRAP 25 defines the determination of the Discount rate assumption to be used as follows: "The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

\*Statement of Financial Position (herein referred to as the "balance sheet").

We use the nominal and real zero curves as at 30 June 2023 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time period. For example, a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years.

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

2023

2022  
Restated\*

### 11. Employee benefit obligation (continued)

The Net Effective Discount Rate is different for each relevant time period of the yield curves' various durations and therefore the Net Effective Discount Rate is based on the relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Salary Inflation for each relevant time period.

#### Normal Salary Inflation Rate

We have derived the underlying future rate of consumer price index inflation (CPI inflation) from the relationship between the (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) Inflation-linked Bond rate for each relevant time period. Our assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2023 of 5.4%. The next salary increase was assumed to take place on 01 July 2024.

In addition to the normal salary inflation rate, we assumed the following promotional salary increases:

#### Promotional Salary Increase Rates

Age Band	2023	2022
	Promotional Increase %	Promotional Increase %
20 - 24	5	5
25 - 29	4	4
30 - 34	3	3
35 - 39	2	2
40 - 44	1	1
	-	-

#### Healthcare cost inflation

The Medical Aid Contribution Inflation rate was set with reference to the past relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period.

South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year. We do not consider these increases to be sustainable and have assumed that medical aid contribution increases would outstrip general inflation by 1% per annum over the foreseeable future.

#### Demographic assumptions

This section contains the demographic assumptions used in the valuation. The mortality tables used have not been presented, as they are standard tables, which are widely used.

The demographic assumptions for the 30 June 2023 valuation and compared to those used for the previous valuations are shown in the tables below.

#### Summary of key demographic assumptions Pre-retirement mortality

30 June 2022 & 2023  
SA85-90 mortality tables  
used. No explicit assumption  
was made about additional  
mortality or health care costs  
due to AIDS.

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
<b>11. Employee benefit obligation (continued)</b>		
Post-retirement mortality		PA(90) mortality tables used. No explicit assumption was made about additional mortality or health care costs due to AIDS.
Withdrawal		See rationale for demographic assumption below
Expected retirement age		65 years for males and females
Percentage married for in-service members		See rationale for demographic assumption below
Spouse and principal member age difference		Males 5 years older than females
Employees' continuation percentage at retirement		90.00%
Percentage of widows continuing membership		10.00%

### Rationale for demographic assumptions

For many of the demographic assumptions, particularly mortality rates, the small size of the membership precludes the use of assumptions based on past experience of the particular scheme. Thus, assumptions are set which are consistent with market practice and with investigations performed where there is a significant amount of data.

### Pre-retirement mortality

The pre-retirement mortality table most commonly used in the retirement industry (for similar sub-populations in South Africa) is SA 85-90 (Light). However, given apparent improvements in mortality with active members living longer, we have rated the SA 85-90 (Light) table down by one year for both males and females. This means that the mortality rate assumed for an individual in the valuation is the rate provided in the table for an individual at age one year younger.

### Post-retirement mortality

PA (90) is commonly used in the retirement industry. However, given the fact that pensioners are living longer than at the time the table was compiled, we have rated the PA (90) table down by one year for both males and females. This means that the mortality rate assumed for an individual in the valuation is the rate provided in the table for an individual one year younger.

There is a strong argument for inclusion of mortality improvements in the assumption (1.00% to 1.50% p.a. at all ages would be reasonable), given the improvements that have occurred at the post-retirement ages in most developed countries over the past forty years, as well as the evidence of improvements observed by larger actuarial service providers in South Africa. We therefore included a 1% per annum mortality improvement factor from 2010 onwards.

### Withdrawal assumption

In the absence of credible past withdrawal data of this particular scheme, the withdrawal assumptions have been set in line with those generally observed in the South African market.

The table below shows the annual withdrawal rates for the valuation, differentiated by age.

Withdrawal assumption age	Males	Females
---------------------------	-------	---------

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
<b>11. Employee benefit obligation (continued)</b>		
20 - 24	16,00%	24,00%
25 - 29	12,00%	18,00%
30 - 34	10,00%	15,00%
35 - 39	8,00%	10,00%
40 - 44	6,00%	6,00%
45 - 49	4,00%	4,00%
50 - 54	2,00%	2,00%
55 - 59	1,00%	1,00%
60+	0,00%	0,00%

### **Assumed retirement age**

The assumed retirement age of 63 years for current employees is based on the normal retirement age of the employer of 65 years for all employees, including allowance for ill-health and early retirements. This assumption is in respect of both males and females.

### **Spouse and principal member age difference**

We have assumed that males are 5 years older than females for active and continuation members.

Typically, the actual age of continuation members' spouses would be used in valuations, although this detail could not be provided by the employer, and thus the above assumption was applied.

### **Child dependants**

No value has been placed on benefits payable to child dependants. The impact is likely to be immaterial and not allowing for child dependants is generally applied by other actuaries in the market place

### **Percentage married assumption**

We have assumed that 90% of all active members (both male and female), will be married at retirement, whereas actual marital status was used for continuation members.

## **12. Government grants and subsidies**

### **Operating grants**

Equitable share	130 459 000	126 106 000
Financial Management Grant	2 300 000	2 300 000
Expanded Public Works Programme Integrated Grant	5 356 000	5 548 000
Rural Roads Assets Management System Grant	2 235 878	2 458 000
Local Government Sector Education and Training Authority Grant	-	72 918
Waste Management Grant (Kestel Lab)	-	5 000 000
Energy Efficiency and Demand Side Management Grant	8 000 000	10 000 000
	<b>148 350 878</b>	<b>151 484 918</b>

### **Conditional and Unconditional**

Included in above are the following grants and subsidies received:

Conditional grants received	18 229 000	20 378 918
Unconditional grants received	130 459 000	131 106 000
	<b>148 688 000</b>	<b>151 484 918</b>

### **Equitable Share**

\* See Note 42 & 38



# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
<b>12. Government grants and subsidies (continued)</b>		
Current-year receipts	130 459 000	126 106 000
Conditions met - transferred to revenue	(130 459 000)	(125 196 000)
Other	-	(910 000)
	<u>-</u>	<u>-</u>

This grant is used by the municipality, mainly to fund its operational activities.

### Rural Roads Assets Management System Grant

Balance unspent at beginning of year	-	910 202
Current-year receipts	2 573 000	2 458 000
Conditions met - transferred to revenue	(2 235 878)	(2 458 000)
Other	-	(910 202)
	<u>337 122</u>	<u>-</u>

The purpose of the grant is for the provision of systems to collect rural road, traffic data and rural access of bridges.

### Expanded Public Works Programme Integrated Grant

Current-year receipts	5 356 000	5 548 000
Conditions met - transferred to revenue	(5 356 000)	(5 548 000)
	<u>-</u>	<u>-</u>

This grant is used to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximized.

### Energy Efficiency and Demand Side Management Grant

Current-year receipts	8 000 000	10 000 000
Conditions met - transferred to revenue	(8 000 000)	(10 000 000)
	<u>-</u>	<u>-</u>

This grant is used to implement EEDSM initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency

### Local Government Sector Education and Training Authority Grant

Current-year receipts	-	72 918
Conditions met - transferred to revenue	-	(72 918)
	<u>-</u>	<u>-</u>

The purpose of the grant is to improve the effectiveness and efficiency of the skills development through provision of bursaries and promotion and support of theoretical learning with workplace training.

### Financial Management Grant (FMG)

Current-year receipts	2 300 000	2 300 000
Conditions met - transferred to revenue	(2 300 000)	(2 300 000)
	<u>-</u>	<u>-</u>

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
<b>12. Government grants and subsidies (continued)</b>		
The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the MFMA		
<b>Kestel Lab Waste Management Grant</b>		
Current-year receipts	-	5 000 000
Conditions met - transferred to revenue	-	(5 000 000)
	<u>-</u>	<u>-</u>
<b>13. Interest received - investments</b>		
<b>Interest revenue</b>		
Bank	<u>4 501 199</u>	<u>2 373 665</u>
<b>14. Service in Kind revenue</b>		
The building that TMDM operates in is owned but the Department of Public Works and the department provided for the expenses below on behalf of the Municipality. The services in kind are as follows;		
Service in kind revenue	<u>6 237 502</u>	<u>5 750 872</u>
Basis on which the fair value has been measured has considered fact that the service in kind is received from Department of Public Works and the department does not have to comply with GRAP they are on Cash payments basis and have only valued the buildings in 2013 financial period with the inclusion that yearly escalations are between 7,5% to 8,5		
<b>15. Sundry income</b>		
Tender documents	13 000	41 400
Other income	577 017	434 014
	<u>590 017</u>	<u>475 414</u>
<b>16. Depreciation and amortisation</b>		
Property, plant and equipment	2 713 771	3 624 595
Intangible assets	53 319	258 125
	<u>2 767 090</u>	<u>3 882 720</u>
<b>17. Finance costs</b>		
Actuarial interest costs	<u>1 348 000</u>	<u>1 205 000</u>

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
<b>18. Operational expenses</b>		
Advertising	1 657 237	1 643 886
Auditors remuneration	3 511 374	3 845 035
Awareness campaign -Energy efficiency programme	128 522	92 173
Bank charges	122 419	159 493
Bursary fund	1 525 965	1 186 457
Cleaning and consumables	92 013	161 292
Catering	2 338 601	999 280
Disaster recovery services	990 000	1 165 000
District audit committee	335 012	361 898
District Development Model	-	854 895
Donations	1 055 091	-
Events management	1 415 147	697 691
ICT and programming	-	-
Internet services	636 922	481 791
Installation of energy efficient lights	5 775 826	7 560 000
Insurance	858 667	718 722
IT infrastructure support & maintenance	479 563	156 000
Legal Fees	1 118 929	6 000 938
District tourism	63 562	-
Magazines, books and periodicals	314 510	135 687
Motor vehicle expenses	1 987 889	1 348 937
Personal Protective Equipment, sanitizers and sanitizer stands	112 700	204 513
Printing and stationery	1 077 737	1 079 672
Repairs and maintenance	1 866 714	2 320 593
Rural community support	578 966	25 661
RRAMS Programme - Disbursement expenses	580 087	1 058 334
Sampling of food and water	230 702	235 461
Service in kind expenditure (Rental expense)	6 237 502	5 750 872
Software and licenses	2 666 110	916 025
Subscriptions and membership fees	2 374 941	1 000 706
SMME Development	-	467 053
Telephone and fax	1 358 513	1 370 082
Training	264 525	519 533
Transport	1 637 543	918 450
Travel and subsistence	1 950 679	1 760 944
Uniform and protective clothing	17 000	1 150
Rental: Vehicles	841 128	333 040
Youth development programme - Entrepreneur support	22 300	-
	<b>46 224 396</b>	<b>45 531 264</b>

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
<b>19. Remuneration related cost</b>		
Acting allowances	520 734	194 228
Basic	55 342 134	51 050 045
Bargaining council levies	629 681	16 421
Bonus	4 161 730	3 560 629
Car allowance	11 707 824	9 689 662
Cell phone allowance	937 350	840 878
Current service costs	684 000	622 000
EPWP Wages	5 789 769	5 689 726
Housing benefits and allowances	346 554	342 031
Leave redemption and provision	2 260 966	977 069
Medical aid - company contributions	4 602 041	4 608 837
Overtime payments	60 446	57 890
Pension fund contributions	8 177 552	7 261 339
SDL	775 516	661 781
UIF	285 457	239 576
Shift allowance	1 345 323	971 039
Long-service awards	379 062	239 428
Less: Post Retirement Healthcare Subsidy and Long service benefits	(892 000)	(692 000)
	<b>97 114 139</b>	<b>86 330 579</b>

### Remuneration of Accounting Officer - Ms. TPM Lebenya

Annual Remuneration	896 297	1 135 969
Car allowance	185 314	250 668
Contributions to UIF, Medical and Pension Funds	12 561	15 654
Travel, motor car, accommodation, subsistence and other allowance	41 503	17 026
Cell phone allowance	23 250	30 000
Leave paid out	292 730	-
	<b>1 451 655</b>	<b>1 449 317</b>

Ms. Lebenya's term ended 30 November 2022 and she was appointed from 9 February 2023 to 31 January 2028.

### Remuneration of Acting Accounting Officer - Mr. SK Khote

Annual remuneration	437 952	947 863
Car allowance	77 333	185 600
Acting allowance	7 691	-
Contributions to UIF, Medical and Pension Funds	6 061	1 785
Leave paid out	328 094	-
Cellphone allowance	10 000	24 000
Travel, motor car, accommodation, subsistence and other allowance	-	11 936
	<b>867 131</b>	<b>1 171 184</b>

Mr. Khote was appointed from 1 December 2017 and his term ended 30 November 2022.

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
<b>19. Remuneration related cost (continued)</b>		
<b>Remuneration of Acting Executive Manager Corporate Service - Ms Ngobese NE &amp; Mr Ngwenya MGB</b>		
<b>Ms. Ngobese NE</b>		
Annual Remuneration	366 688	294 300
Car allowance	110 007	87 390
Contributions to UIF, Medical and Pension Funds	90 427	71 638
Travel, motor car, accommodation, subsistence and other allowance	24 357	-
Cell phone allowance	9 000	7 500
Leave paid out	132 020	-
Acting allowance	98 538	-
	<b>831 037</b>	<b>460 828</b>

Ms. ME Ngobese was appointed as the acting Director Corporate Services from 01 December 2022 to 31 May 2023 and remuneration paid to her for acting amounts to R 98 537.64

<b>Mr Ngwenya MGB</b>		
Annual Remuneration	61 115	58 260
Car allowance	18 334	17 478
Contributions to UIF, Medical and Pension Funds	16 435	16 113
Cell phone allowance	1 500	1 500
Housing allowance	1 012	965
Acting allowance	16 423	-
	<b>114 819</b>	<b>94 316</b>

Mr. MGB Ngwenya was appointed as the acting Director Corporate Services for June 2023 and the remuneration paid to him for acting amounts to R16 422.94.

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
<b>19. Remuneration related cost (continued)</b>		
<b>Remuneration of Director Community Services - Mr. S Lengoabala</b>		
Annual Remuneration	1 096 700	786 683
Car allowance	210 000	210 000
Travel, motor car, accommodation, subsistence and other allowance	82 449	9 559
Contributions to UIF, Medical and Pension Funds	16 878	12 358
Housing allowance	60 000	60 000
Cell phone allowance	24 000	24 000
Acting allowance	85 226	-
	<b>1 575 253</b>	<b>1 102 600</b>

Mr. Lengoabala was appointed on the 01 March 2020 to 28 February 2025.

### Remuneration of Chief Financial Officer - Ms. NL Gqoli

Annual remuneration	478 390	746 368
Car allowance	121 215	207 797
Contributions to UIF, Medical and Pension Funds	104 614	194 923
	17 742	9 743
Cell phone allowance	14 000	24 000
Annual bonus	57 838	57 838
Leave paid out	189 982	-
	<b>983 781</b>	<b>1 240 669</b>

Ms. Gqoli was appointed as the Chief Financial Officer from 1 February 2018 to the 31 January 2023.

### Remuneration of Acting Chief Financial Officer - Mr. MD Mhlahlo

Annual Remuneration	352 434	335 972
Car allowance	105 730	100 791
Contributions to UIF, Medical and Pension Funds	79 883	77 384
Travel, motor car, accommodation, subsistence and other allowance	4 899	-
Cell phone allowance	7 500	7 500
Housing allowance	5 059	4 823
Annual bonus	70 486	67 194
Acting allowance	59 771	25 995
	<b>685 762</b>	<b>619 659</b>

Mr. MD Mhlahlo was appointed as the acting Chief Financial Officer from 01 February 2023 to 30 June 2023 and the remuneration paid to him for acting amounts to R 59 770.60.

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
<b>19. Remuneration related cost (continued)</b>		
<b>Remuneration of councillors</b>		
Former Executive Mayor - Cllr. M Vilakazi	-	340 464
Former Chief Whip - Cllr. SJ Mbiwe	-	276 166
Former Speaker - Cllr. MS Maduna	-	295 223
Executive Mayor - Cllr. AC Msibi	987 297	565 509
Chief Whip - Cllr. L Makhalema	816 596	421 573
Speaker - Cllr. TJ Mokoena	421 751	377 747
Former Chairperson MPAC - Cllr. M M Twala	-	132 136
Chairperson MPAC - Cllr. ES Chabeli	676 275	371 508
Mayoral Committee Members	3 161 427	3 734 936
Councillors	3 145 529	3 216 989
	<b>9 208 875</b>	<b>9 732 251</b>

<b>Exec. Mayor, Speaker, Chief Whip and MPAC Chairperson</b>	Basic salary	Travel, motor car and other allowance	Cell phone allowance	Pension and medical aid	Skills development levy	Total
Cllr. AC Msibi	688 817	248 399	41 100	-	8 982	987 298
Cllr. LU Makhalema	290 638	12 731	-	-	3 800	307 169
Cllr. TJ Mokoena	585 104	183 692	41 100	-	6 700	816 596
Cllr. ES Chabeli	434 722	195 271	41 100	-	5 182	676 275
Subtotal	1 999 281	640 093	123 300	-	24 664	2 787 338
	<b>1 999 281</b>	<b>640 093</b>	<b>123 300</b>	<b>-</b>	<b>24 664</b>	<b>2 787 338</b>

<b>Mayoral committee members</b>	Basic salary	Travel, motor car and other allowance	Cell phone allowance	Pension and medical aid	Skills development levy	Total
Cllr. SM Visagie	247 457	112 057	-	48 326	3 806	411 646
Cllr. TN Masiteng	306 888	125 316	-	-	3 951	436 155
Cllr. A Fume	516 830	193 924	41 100	-	6 097	757 951
Cllr. TJ Mahlambi	290 638	105 478	-	-	3 704	399 820
Cllr. MJ Vilakazi	482 874	178 735	41 100	33 955	6 363	743 027
Cllr. MS Mosia	298 843	110 369	-	-	3 616	412 828
Subtotal	2 143 530	825 879	82 200	82 281	27 537	3 161 427
	<b>2 143 530</b>	<b>825 879</b>	<b>82 200</b>	<b>82 281</b>	<b>27 537</b>	<b>3 161 427</b>

<b>Other councillors</b>	Basic salary	Travel, motor car and other allowance	Cell phone allowance	Skills development levy	Sitting allowance	Total
	1 979 424	748 695	328 800	24 565	209 515	3 290 999
Subtotal	1 979 424	748 695	328 800	24 565	209 515	3 290 999
	<b>1 979 424</b>	<b>748 695</b>	<b>328 800</b>	<b>24 565</b>	<b>209 515</b>	<b>3 290 999</b>

The prior term ended on 8th November 2021 and new councillors were elected in to council on the same date. The new term will run from the 8th November 2021 and will end in November 2026.

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

2023

2022  
Restated\*

### 19. Remuneration related cost (continued)

#### In-kind benefits

The Executive Mayor, Speaker, Chief Whip, MPAC Chairperson and Mayoral Committee Members are full-time councillors. The Executive Mayor, Speaker, Chief Whip and MPAC Chairperson are provided with offices and secretarial support at the cost of the Council. The Mayoral Committee Members are provided with pool secretarial support and offices at the cost of council.

The Executive Mayor and the Speaker each have the use of separate Council owned vehicles for official duties.

The Executive Mayor and the Speaker have a full-time driver / bodyguard.

The salaries, allowances and benefits of councillors as disclosed above are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act

\* See Note 42 & 38



# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
<b>20. Cash (used in) generated from operation</b>		
Surplus	1 576 870	26 534 014
<b>Adjustments for:</b>		
Depreciation and amortisation	2 767 090	3 882 720
Finance costs	1 348 000	1 205 000
Leave provision	835 927	-
Movements in Employee benefit provisions	377 000	396 948
Bonus provision	359 007	-
Non-cash donations	(123 802)	(15 779 813)
Actuarial gain/loss	(1 725 000)	(788 000)
Gain / loss on sale of assets and liabilities	-	1 193 472
Interest received	(345 687)	(203 600)
Gains on impairment provision adjustment	(357 252)	-
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(2 594 261)	(1 422 417)
Receivables from non-exchange transactions	(326 910)	2 100 241
Payables from exchange transactions	(2 886 728)	(1 545 635)
VAT	(484 586)	(237 984)
Unspent conditional grants and receipts	337 122	(910 202)
	<b>(1 243 210)</b>	<b>14 424 744</b>

### 21. Financial liability by category

The accounting policies for financial instruments have been applied to the column items below:

2023	Financial liabilities at amortised cost	Total
Payables from exchange transactions	15 889 635	15 889 635
	<hr/>	<hr/>
2022	Financial liabilities at amortised cost	Total
Payables from exchange transactions	16 752 132	16 752 132
	<hr/>	<hr/>

### 22. CETA agency fees

Commission income [Agency services (CETA)]	160 280	1 816 325
	<hr/>	<hr/>

The municipality, as an implementing agent, does not recognise revenue and expenses that arise from transactions with third parties in a implementing agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an implementing agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from implementing agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

The municipality received an aggregate amount of R1 452 748.18, TMDM paid due stipends to the learners in accordance with the binding arrangement with CETA amounting to R1 292 467.70 and revenue was recognised subsequent to payment of learner stipends amounting to R 160 280.47 consisting of administration and rural allowance

The municipality did not have liability held on behalf of learner stipends as at 30 June 2023, there is no corresponding reimbursement for year under review.

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
<b>23. Contingencies</b>		
<b>Ktravel agency vs Thabo Mofutsanyana</b>		
Demand for payment in execution. Default judgment rescinded on 05 August 2022. Agency has applied for an appeal.	153 262	153 262
<b>Free State Provident Fund</b>		
Employees who resigned from Free State Provident Fund and joined other provident funds.	-	3 369 022
Submission made to the Department to withdraw the matter.		
<b>Ex-Employees vs Thabo Mofutsanyana</b>		
Claim pro rata bonus and accrued Leave annual leave days	248 083	248 083
<b>Maluti-A-Phofung seconded Councillors vs Thabo Mofutsanyana</b>		
Civil claim for councillors remuneration.	5 497 850	5 497 850
<b>Podbeilski Mhlambi Attorneys vs Thabo Mofutsanyana</b>		
RSC levies collections. Matter is defended and pending in Bloemfontein High Court.	36 423 638	36 423 638
<b>DW Wessels and 6 others vs Thabo Mofutsanyana</b>		
eld fire that destroyed farms. Matters is defended and pending.	4 432 501	4 432 501
<b>Name of employee</b>	<b>Effective date</b>	
Ngobese Malefu	22/03/2006	17 000
Moloi Khesa	25/05/2005	17 000
Moloi Materonko	08/10/2002	13 000
Motloung Sylvia	30/01/2007	17 000
Mthombeni Sthembiso	01/10/2004	14 000
Mani Koahela	01/07/2009	17 000
		<b>95 000</b>

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

2023

2022  
Restated\*

### 24. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- entities that are directly or indirectly controlled by the municipality;
- associates;
- joint ventures and management;
- Council and Mayor;
- management personnel, and close members of the family of management personnel;
- entities in which a substantial ownership interest is held, directly or indirectly, by management personnel or entities over which such a person is able to exercise significant influence.
- entities that control or exert significant influence over the municipality.

The economic entity's management personnel includes the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

In terms of the MFMA, the municipality may not grant loans to its councillors, management, staff and public with effect from 1 July 2004.

The related party transactions for the current financial year were with management personnel. Refer to Note 19 for detailed disclosure of remuneration.

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

2023

2022  
Restated\*

### 25. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

This note presents information about the entity's exposure to each of the financial risks below and the entity's objectives, policies and processes for measuring and managing financial risks. Further quantitative disclosures are included throughout the Annual Financial Statements.

The Council has overall responsibility for the establishment and oversight of the entity's risk management framework.

The entity's audit committee oversees the monitoring of compliance with the entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The audit committee is assisted in its oversight role by the entity's internal audit function.

The entity monitors and manages the financial risks relating to the operations of the entity through internal risk reports which analyse exposures by degree and magnitude of risks.

The entity seeks to minimise the effects of these risks in accordance with the entity's policies approved by the Council. The policies provide written principles on foreign exchange risk, interest rate risk, credit risk and in the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The entity does not enter into or trade in financial instruments for speculative purposes.

#### 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.

Liquidity risk is the risk that the economic entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

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, the entity maintains flexibility in funding by maintaining availability under committed credit lines.

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The entity has not defaulted on external loans, payables and lease commitment payments and no re-negotiation of terms were made on any of these instruments.

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.

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

2023  
2022  
Restated\*

### 25. Risk management (continued)

All of the entity's financial assets have been reviewed for indicators of impairment. Certain receivables were found to be impaired and a provision has been recorded accordingly.

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	4 853 136	1 034 604	-	-
At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	6 961 290	983 880	-	-

#### Credit risk

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.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an on going 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.

All of the entity's financial assets have been reviewed for indicators of impairment. Certain receivables were found to be impaired and a provision has been recorded accordingly. The impaired receivables are mostly due from customers defaulting on service costs levied by the entity.

Receivables are presented net of an allowance for impairment.

Financial assets which exposed the economic entity to credit risk at year end were as follows:

Financial instrument	2023	2022
ABSA Bank - Cheque account	12 655 110	13 651 947
ABSA Bank - Fixed deposit 2	3 313 049	3 185 318
ABSA Bank - Fixed deposit 3	18 339 570	17 025 866
ABSA Bank - Fixed deposit 4	3 292 446	6 789 401
Nedbank - Fixed deposit	6 664 459	6 250 767
Receivables from exchange transactions	4 762 533	2 168 272
Receivables from non-exchange transactions	382 803	55 893

The entity is exposed to a number of guarantees for housing loans of employees.

The balances represent the maximum exposure to credit risk.

Receivables from exchange and non-exchange transactions

#### The ageing of receivables from exchange and non-exchange at the reporting date:

0 to 3 months	345 687	1 545 176
3 to 6 months	-	-
Over 6 months	7 968 795	4 203 966

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
<b>25. Risk management (continued)</b>		
Less: Provision for Impairment	(3 169 146)	(3 526 919)
	<b>5 145 336</b>	<b>2 222 223</b>

The movement in the allowance for impairment in respect of receivables from exchange and non-exchange over the year was:

Balance at the beginning of the year	3 526 919	3 526 919
Adjustments for impairment	(357 773)	-
	<b>3 169 146</b>	<b>3 526 919</b>

The allowance for impairment in respect of receivables from exchange and non-exchange is used to record impairment losses until the municipality is satisfied that no recovery of the amount owing is possible

### Market risk

#### Cash flow and fair value interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in an amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, receivables and bank and cash balances. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The financial assets are based on the interest rate provided by the banks at the reporting date. As the municipality, we are not exposed to volatility of the market risk/ interest rate like the corporate is exposed. our investments in the banks are based on a solid interest rate agreed prior investment.

During 2022 and 2023, the municipality's borrowings and investments at variable rates were denominated in Rand.

### 26. Going concern

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

During the year ended 30 June 2023, the municipality incurred a surplus of R1 576 870 and the municipality's total assets exceed its total liabilities by R 48 238 384, in addition the municipality has a possible obligation of R46 850 334 pending the court ruling as disclosed in note 23. These conditions and events do not cast doubt on the municipality's ability to continue as a going concern.

### 27. Events after the reporting date

There were no material events to report after the reporting date.

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
<b>28. Unauthorised expenditure</b>		
Opening balance as previously reported	1 333 435	4 267 519
<b>Opening balance as restated</b>	<b>1 333 435</b>	<b>4 267 519</b>
Add: Unauthorized Expenditure - current period	1 497 133	-
Less: Amount written off - prior period	-	(2 934 084)
<b>Closing balance</b>	<b>2 830 568</b>	<b>1 333 435</b>

A Municipal Public Accountant Committee is to convene to analyse and review the findings on unauthorised expenditure incurred, upon the recommendations provided by the Municipal Public Accountant Committee to Council, Council will resolve either to write-off or recover the unauthorised expenditure as stated above as waiting to be written-off.

### 29. Irregular expenditure

Opening balance as previously reported	34 494 668	33 508 573
<b>Opening balance as restated</b>	<b>34 494 668</b>	<b>33 508 573</b>
Add: Irregular Expenditure - current period	13 806 892	9 791 475
Add: Irregular Expenditure - prior period identified in the current period	2 283 808	-
Less: Amount written off - current	(24 679 479)	(8 805 380)
<b>Closing balance</b>	<b>25 905 889</b>	<b>34 494 668</b>

Management has performed a review of transactions and identified transactions which did not comply with SCM Regulation, expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-bearers Act to be irregular expenditure in accordance to the guidelines set per Chapter 1 of the MFMA.

A Municipal Public Accountant Committee is to convene to analyse and review the findings on irregular expenditure incurred, upon the recommendations provided by the Municipal Public Accountant Committee to Council, Council will resolve either to write off or recover the irregular expenditure as stated above as waiting to be condoned

The figures reported above are exclusive of VAT and the full extent of the irregular expenditure is still under investigation.

#### Irregular expenditure arising from:

Three quotations not sourced	274 682	1 087 057
Bid adjudicated by committee not in line with the regulation	7 211 093	1 968 318
No declaration of interest obtained	-	283 793
Regulation 32 contract not complied with	-	1 329 334
Contract management monitoring not in place	-	777 520
SCM Reg 17, 18 and 19 not in place	-	3 278 103
Valid contract not in place	3 325 256	300 035
Competitive bidding not followed	-	767 317
Non-compliance with PPR	43 950	-
Unapproved contract extensions	5 235 719	-
	<b>16 090 700</b>	<b>9 791 477</b>

### 30. Fruitless and wasteful expenditure

Opening balance as previously reported	3 626	51 959
<b>Opening balance as restated</b>	<b>3 626</b>	<b>51 959</b>
Add: Fruitless and Wasteful Expenditure - current period	44 652	-
Less: Amount written off - current	-	(48 333)
<b>Closing balance</b>	<b>48 278</b>	<b>3 626</b>

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

---

2023

2022  
Restated\*

---

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

Municipal Public Accounts Committee is to convene to analyse and review the findings on fruitless and wasteful expenditure incurred, upon the recommendations provided by the Municipal Public Accountant Committee to Council, Council will resolve either to condone or recover the fruitless and wasteful expenditure as stated above as waiting to be condoned.

---

\* See Note 42 & 38



# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
<b>31. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year subscription / fee	2 288 768	940 252
Amount paid - current year	(2 288 768)	(940 252)
	-	-
<b>Audit fees</b>		
Current year subscription / fee	3 510 499	3 845 035
Amount paid - current year	(3 510 499)	(3 845 035)
	-	-
<b>PAYE, SDL and UIF</b>		
Current year subscription / fee	19 649 438	17 063 875
Amount paid - current year	(19 649 438)	(15 559 875)
	-	1 504 000
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	12 866 689	12 254 262
Amount paid - current year	(12 866 689)	(12 254 262)
	-	-
<b>VAT</b>		
VAT receivable	4 902 739	4 418 153
VAT payable	-	-
	4 902 739	4 418 153

### 32. Municipal office occupation

The municipal head office situated at 1 Mampoi Street, Old parliament Building, Witsieshoek. The building is leased from Free State Department of Public Works for no rental consideration.

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
<b>33. Contracted services</b>		
<b>Consultants and Professional Services</b>		
System support consultancy	2 224 187	1 792 649
Professional fees on Grant expenditure	2 491 994	2 412 528
	<b>4 716 181</b>	<b>4 205 177</b>
<b>34. Revenue</b>		
Agency services (CETA)	160 280	1 816 325
Recoveries (gains on impairment adjustment)	357 252	-
Sundry income	590 017	475 414
Interest received - investment	4 501 199	2 373 665
Service in Kind revenue	6 237 502	5 750 872
Government grants & subsidies	148 350 878	151 484 918
Public contributions and donations	1 178 893	15 779 813
Gain on disposal of assets	-	63 458
	<b>161 376 021</b>	<b>177 744 465</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Agency services (CETA)	160 280	1 816 325
Interest received - investment	4 501 199	2 373 665
	<b>4 661 479</b>	<b>4 189 990</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Service in Kind revenue	6 237 502	5 750 872
<b>Transfer revenue</b>		
Government grants & subsidies	148 350 878	151 484 918
Public contributions and donations	1 178 893	15 779 813
<b>35. Sundry income</b>		
Recoveries (gains on impairment provision adjustment)	357 252	-
Sundry income	590 017	475 414
	<b>947 269</b>	<b>475 414</b>
<b>36. Auditors' remuneration</b>		
Fees	3 511 374	3 845 035
<b>37. Budget differences</b>		
<b>Budget and actual amounts Variances (Reasons provided in cases where the difference exceeds 10%)</b>		

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

2023

2022  
Restated\*

### 37. Budget differences (continued)

37.1 Agency services (CETA)- The budgeted amount is higher than the actual amount due to the decrease in the number of learners towards the end of the project.

37.2 Recoveries (gains on debt impairment adjustment)- The budgeted amount is less compared to the actual due to disposals on PPE not projected for.

37.3 Sundry Income-The Budget amount is higher than actual due to the Capital Replacement Reserves, Cash backed reserves and Capital replacement reserves which are budgeted for with the municipality's surplus cash.

37.4 Interest investment - The budgeted amount is less compared to the actual due to higher investment amount due to less procurement resulting from the suspension of the preferential Procurement Regulations which were rendered invalid in 2022.

37.5.Non Cash reserves (Depreciation)-The budgeted amount is higher than actual as these are non cash items

37.6.Services in kind Revenue-The budgeted amount is less the actual due projection on inflation rate instate of on market related rate.

37.7.Government grants & subsidies - The budgeted is higher than actual due a conditional grant not utilised ,Dora allocation provided was higher than project amount.

37.8 Employee related costs-The budgeted is higher than actuals due to the implementation of the Task Employment System.

37.9 Finance cost-The Actual indicates an increase against the budget due to increase in accrual cost on Provisions.

37.10 Contracted Services-The budgeted is higher than actual due to differences in the application of mSCOA & GRAP and due to suspension of invalidity of the 2017 Preferential Procurement Regulations in 2022.

37.11 Operational Expenses -The actual indicates an increase against the budget due S57 managers posts that had to be re-advertises due to the delay in the finalisation of regulation.

37.12 Depreciation & Asset impairment-The budgeted is higher than actual t due to less procurement of PPE resulting from the suspension of the preferential Procurement Regulations which were rendered invalid in 2022.

37.13 Receivables from exchange transactions- The Actual amount against the final budget indicates a increase due to pension fund officials that joined in march 2020.Municipality had to pay Free State provident fund according to court order money contributred to MEPF.

37.14.Receivables from non-exchange transactions-The budgeted is less than actual due to refunds and re-appointment of the Accounting Officer.

37.15 Cash and cash equivalents- Increase in cash and cash equivalent actual against the budget is due to more capital investment made during year and the suspension of the Preferential Procurement Regulations in the year 2022

37.16 Property, plant and equipment-decrease in actual Property ,Plant and Equipment against the budget is due to the suspension of the preferential Procurement Regulations in 2022.

37.17 Intangible assets- Variance is less than 10%,no reason required.

37.18 Payables from exchange transactions-Actual payable from exchange transaction is higher than the budget due to suppliers not submitting invoices timeously at year end.

37.19 Unspent Conditional Grants and receipts- The actual unspent grants increase against the budget is due to conditions of the grant not meet at year end as the Dora Allocation exceded the remaining contract amount.

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

2023

2022  
Restated\*

### 37. Budget differences (continued)

37.20 GRAP 25 work of an expert, actuarial assumptions valuation increased the provision

37.21. Provisions-The budgeted provision on current liability indicates a decrease against the budget due to payments made.

37.22 Interest-The budgeted amount is less compared to the actual due to higher investment amount due to less procurement resulting from the suspension of the preferential Procurement Regulations which were rendered invalid in 2022.

37.23 Purchase of property, plant and equipment -decrease in actual Property ,Plant and Equipment against the budget is due to the suspension of the preferential Procurement Regulations in 2022

37.24 Revenue from non- exchange was due Santum donated assets that was goods received in kind was unforeseen at the time management prepared adjustment budget.

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022 Restated*
--	------	-------------------

### 38. Prior period errors

#### 38.1. Payables from exchange transactions

Payables from exchange transactions were erroneously understated by R 2 283 808, resulting in a VAT receivable understatement of R 81 373 and also understating Operational Expenditure by R 2 202 435.

The correction of the error resulted in adjustment as follows;

#### Statement of Financial Position (30 June 2022)

VAT receivables	-	81 373
Payables from exchange transactions	-	(2 283 808)
	<u>-</u>	<u>(2 202 435)</u>

#### Statement of Financial Performance (30 June 2022)

Operational expenses	-	<u>2 202 435</u>
----------------------	---	------------------

### 39. Deviations

Deviations from normal supply chain procedures.

Category	Supplier	2023	2022
Price: R2 000 to R10 000	Bongani Mkhonza (Ubuntu Be Africa Theatre)	8 000	-
	Draadloze (Broadband Internet Service)	9 947	-
	Price: R10 000 to R30 000	Kwavulamehlo Arts & Ideas	19 288
Baha Mofokeng Genrral Trade		28 000	-
In-house Media and Communications		25 000	-
		-	-
Price: R30 000 and above	MAP Television News (Pty) Ltd	40 600	-
	Menray Communication	149 710	-
	Dikgau Trading & Projects	52 590	-
	Dikgau Trading & Projects	41 324	-
		-	-
	Ferreira Broers/ Motors Hoogland Bethlehem	-	86 809
	MMG Toyota Harrismith	-	36 343
	Amtech Service Centre (Pty) Ltd	-	75 253
	Ramosena Electrical Construction	-	113 600
	Ramosena Electrical Construction	-	127 995
	Ramosena Electrical Construction	-	84 805
	Ramosena Electrical Construction	-	127 000
	QwaQwa Radio	-	39 000
Ferreira Broers/ Motors Hoogland Bethlehem	-	43 988	
	<u>374 459</u>	<u>734 793</u>	

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

2023	2022 Restated*
------	-------------------

### 40. Segment reporting

Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner

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).

Segmental information on property, plant and equipment, as well as income and expenditure, is set out based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury Municipality.

Thabo Mofutsanyana District Municipality in the year under review does not have a reportable segment that generates economic benefits or service potential, Laboratory based in Maluti -A- Phofung Local Municipality donated to the District Municipality is currently being reviewed by management during the year under review.

Decisions about resources to be allocated to that activity and in assessing its performance and whether the Laboratory will have separate financial information is under consideration. To achieve this, the municipality has appointed the Principal Scientist and lab staff.

### 41. VAT receivable

VAT	4 902 739	4 418 153
Opening balance	4 418 153	4 192 703
VAT input declared	5 173 252	2 233 417
VAT output paid	-	-
Refunds received from SARS	(4 688 666)	(2 007 967)
	<u>4 902 739</u>	<u>4 418 153</u>

Thabo Mofutsanyana District Municipality is a registered VAT vendor. When municipality purchases goods or services, it is able to claim the VAT on those purchases.

The same thinking applied above will be applicable, where the arrangement between the VAT vendor and the other party supplying the goods or services is contractual in nature, and the transaction between the VAT vendor and SARS is statutory in nature.

In this case Thabo Mofutsanyana District municipality is able to collect input vat from SARS after finalization of VAT reviews, the VAT receivable from SARS is accounted for in accordance with GRAP 108 as a statutory receivable.

### 42. Change in estimate

New information was apparent at the beginning of the year which indicated that the Property, Plant and Equipment and Intangible assets were nearing the end of their useful lives but were however still in working condition. As a result the municipality decided to revise the useful life of the Property, Plant and Equipment to extend the carrying value of the Property, Plant and Equipment by increasing the remaining useful life.

The aggregate effect of the changes in estimate on the annual financial statements for the year ended 30 June 2023 is as follows:

#### Statement of financial position

2023

\* See Note 42 & 38

# THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

---

### 42. Change in estimate (continued)

	<b>Note</b>	<b>Net impact</b>	<b>After change</b>	<b>Before change</b>
Property, Plant and Equipment	7	286 667	20 842 461	20 555 794
Intangible Assets	8	182 884	182 884	-
		<b>469 551</b>	<b>21 025 345</b>	<b>20 555 794</b>

### Statement of financial performance

#### 2023

	<b>Note</b>	<b>Net impact</b>	<b>After change</b>	<b>Before change</b>
Depreciation	16	286 667	2 067 087	2 353 754
Amortisation	16	182 884	53 319	236 202
<b>Surplus for the year</b>		<b>469 551</b>	<b>2 120 406</b>	<b>2 589 956</b>

The effect in future periods cannot be disclosed as it is impractical to do so.