



ANNUAL REPORT: 2023/2024 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

Creativity, Fairness, Accountability, 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:

- a) Provide a record of the activities of the Thabo Mofutsanyana District Municipality Council during the 2023/2024 financial year.
- b) Provide a report on performance against the budget of the Thabo Mofutsanyana District Municipality Council for the 2023/2024 financial year; and
- c) 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:

- a) 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.
- b) The Auditor-General's audit report in terms of section 126 (3) of the MFMA on the financial statements in (a) above.

- c) 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).
- d) The Auditor-General's audit report in terms of section 45 (b) of the Municipal Systems Act (MSA).
- e) An assessment of the arrears on municipal taxes and service charges.
- f) 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 2023/2024 financial year.
- g) 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
- h) Any explanation that may be necessary to clarify the issues in connection with the AFS
- i) Any Recommendations of the municipality's Audit Committee

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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 Program
EDSM	Electricity Demand Side Management
EE	Employment Equity
EEA	Employment Equity Act
EEDSM	Energy Efficiency Demand Side Management
EHS	Environmental Health Services
EnSC	Energy Services Company
EnPI	Energy Performance Indicators
EPWP	Extended Public Works Program
ERM	Enterprise Risk Management
ERP	Enterprise Risk Management
ESCO	Energy Services Company
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 Recognized 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
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:

1. FOREWORD BY THE EXECUTIVE MAYOR



It is with great humility and pride to present the annual report of the Thabo Mofutsanyana district municipality 2023/24 which seek to give proper account on the performance of the municipality, as the official resource of the work of the municipality.

The annual report is a culmination of the implementation of 2023/2024 Integrated Development (IDP) and 2023/2024 Service Delivery and Budget Implementation Plan (SDBIP). It reflects a record of the municipality's service delivery achievements and challenges in line with the commitments of the financial year under review. It provides a complete account of the responsibilities bestowed by the Constitution of the Republic of South Africa 1996.

The financial year under review was no different as the municipality was still marked by financial constraints and limited resources. It, however, gives me please to mentioned that we shifted the gear and adopted collaborative approach to ameliorate and mitigate this persistent impasse. Plethora of stakeholders were seamlessly roped in to intensify our collaboration and thus produced remarkable results, where the municipality implemented programs in partnership with stakeholders, such as but not limited to job creation; reducing roads infrastructure and electricity backlogs; intensifying public participation; and social cohesion. Special thanks to all stakeholders which extended their helping hand to make the municipality in making an impact, hoping they will continue and lure others to join. Working in unison optimised service delivery despite little budget/resources at disposal.

Our new dawn has been marked by enthusiasm and hope which must be turned into a solid force for change. We thus drive for this goal, while ensuring we strive for greater nation-building and preservation of our cultural diversity.

In presenting this annual report, we take delight in our accomplishments as Thabo Mofutsanyana District Municipality. We present this report having achieved yet another unqualified audit with lesser matters of emphasis and reduced irregular expenditure (which remain a thorny matter for all municipalities). We are still in pursuit to ultimately reach a milestone of a clean audit, which we believe it is now within a reach.

Important to mention, the national recognition from our peers on how as Thabo Mofutsanyana District Municipality we have been in the leading crop in implementing the District Development Model remains one of our highest areas to boast about. However, we are not thrilled by the pace of implementation of DDM, as this would have shown the involvement of DBSA on a wide spectrum of much needed project steered to push back the frontiers of poverty. I have raised the bar to expedite its implementation going forward with all the vigor it deserves.

An attention is drawn to a special case where a recognition of all the unique organisation involved with community developments through 'community award ceremony'. In this event the individual efforts of these organisations were recognised and touched their hearts in many ways, exponentially. In priding ourselves, I raise the name of Youth In Action, an NGO that has achieved greater

proportions through its endeavours in reaching out the needy by providing various activities, much needed trainings and others.

In quest to realize the municipality's vision the following performance highlights, amongst many others, have been realized in 2023/2024 financial year with the aid of administrative discourse:

- Support to Small Medium and Micro Enterprises
- Forged partnership with Santam (which provided disaster emergency equipment), UFS unwavering support in providing trainings, UNISA's vigorous involvement in providing training on wide spectrum on agriculture, UFS's giant contribution in training on disaster management.
- TMDM has also identified the Tourism establishments and outlets in promoting the tourist attraction with our area.
- The municipality continued to give bursaries to the needy, and internally to enhance capacity which will help improve.

The existence and functioning of the municipality's oversight structures such as the Audit Committee, Risk Management Committee, and the Municipal Public Accounts Committee has assisted in providing objective assurance, strengthening of internal controls and oversight.

This report is therefore intended to attest to the collective efforts of the municipal administration and Council, to progressively address the expectations of our people. Community Engagement Platforms for planning and reporting purposes were intensified in 2022/2023 financial year, i.e. IDP/PMS and Budget Representative Forums; Community Meetings; Ward Committee Meetings; IDP/PMS and Budget Roadshows and Mayoral Imbizo's.

TMDM designated groups have been encouraged to coordinate their activities as organized groups; through their structures viz: Women's Forum, Elderly Forum, Disability Forum, Youth Forum, Local Aids Council, Children's Forum, and Sport Forum.

We remain committed to our strategic objectives and are committed to our vision of establishing an inclusive, innovative, and inspired Municipality.

Thank you to our ward committees, communities, partners and stakeholders for their contribution and support during the past financial year. I look forward to further collaboration with you all to make our municipality greater.

I am honoured to lead the TMDM Local Municipality team. A special word of appreciation to the Speaker, Chief Whip, all Councillors, Members of Mayoral Committee, Municipal Manager MS. Takatso Lebenya, the management and staff of Thabo Mofutsanyana District Municipality for a job well done.

Cllr. Conny Msibi

Executive Mayor Thabo Mofutsanyana district Municipality

1.2 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 include Mantsopa, 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

Table 1

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

1.3 Demographics

Thabo Mofutsanyana District Municipality has a population size of 831 421 according to census results of 2022 and made up of 244 415 households with average household size of 3.4% and lastly with 86.4% of formal dwellings.

Table 2: Thabo Mofutsanyana total population with households and average households

	Census 2016	Census 2022
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Local Municipalities	Total Population	Households	Average household size	Total Population	Households	Average Households Size
Thabo Mofutsanyana	779600	246171	3.2%	831 421	244 415	3.4%
Setsoto	117632	37388	3.1%	127 918	36 471	3.5%
Dihlabeng	140044	46857	3.0%	130 434	41 468	3.1%
Nketoana	64893	19664	3.3%	66 488	19 738	3.4%
Maluti A Phofung	353452	110725	3.2%	398 459	115 151	3.5%
Phumelela	50054	14586	3.4%	52 224	15 605	3.3%
Mantsopa	53525	16951	3.2%	55 897	15 982	3.5%

Data source: Available [Online] <https://census.statssa.gov.za/#/province/4/2>. Accessed on 25 January 2024.

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 2016 and 2022. Even though the total population of Thabo Mofutsanyane DM as well as the number of households has increased, also the average household size has slightly increased from 3.2% in 2016 to 3.4% in 2022, this implies that the number of people per household has increased. At local level the household size profile revealed that Mantsopa LM had the highest average household size (3.5%) in 2022 and Dihlabeng LM had the lowest average households (3.1%) in 2022.

Table 3: Distribution of households by main type of dwelling and municipality

Type of main dwelling and Census 2016	DC19: Thabo Mofutsanyana	FS191: Setsoto	FS192: Dihlabeng	FS193: Nketoana	FS194: Maluti a Phofung	FS195: Phumelela	FS196: Mantsopa
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 2016

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 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).

Table 4: Distribution of households by main type of dwelling and municipality

Type of dwelling	DC19: Thabo Mofutsanyana	Dihlabeng	Maluti -A- Phofung	Mantsopa	Nketoana	Phumelela	Setsoto
Formal dwelling	211 287	35 430	101 408	14 556	16 587	12 937	30 369
Traditional dwelling	6 660	646	4 405	275	148	836	349
Informal dwelling	25 082	5 283	8 806	986	2 790	1 765	5 452
Other	1 386	109	531	164	213	67	301

Data source: Available [Online] <https://census.statssa.gov.za/#/province/4/2>. Accessed on 25 January 2024.

The above table presents results on housing at Thabo Mofutsanyana district and its local municipalities in 2022. Maluti A Phofung recorded the highest proportion of households (101 408) residing in formal dwellings in 2022 followed by Dihlabeng LM (35 430), Setsoto LM (30 369), Nketoana LM (16 587), Mantsopa LM (14 556) then Phumelela LM (12 937) had the lowest proportion of households residing in formal dwellings. In informal dwellings, there was a sign of decrease in all the local municipalities between 2016 and 2022. The highest number of traditional dwellings were found in Maluti A Phofung (4 405) in 2022 followed by Phumelela LM (836).

Thabo Mofutsanyana Local Municipality Boundaries



THE SOUTH AFRICA I KNOW,
THE HOME I UNDERSTAND



Chart 1

DC19 THABO MOFUTSANYANA DISTRICT MUNICIPALITY POPULATION 2016

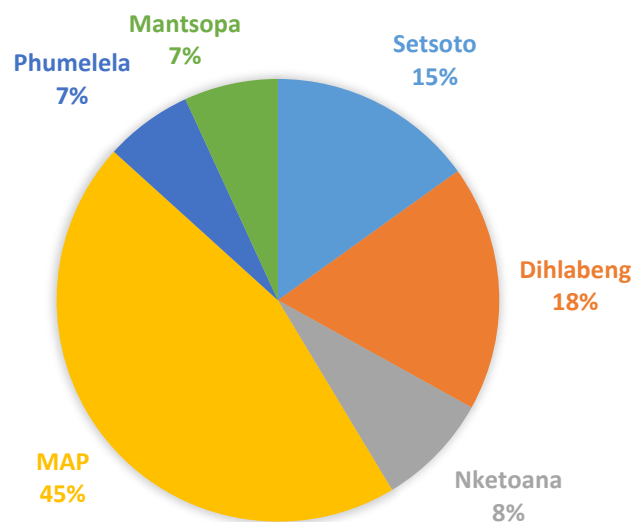
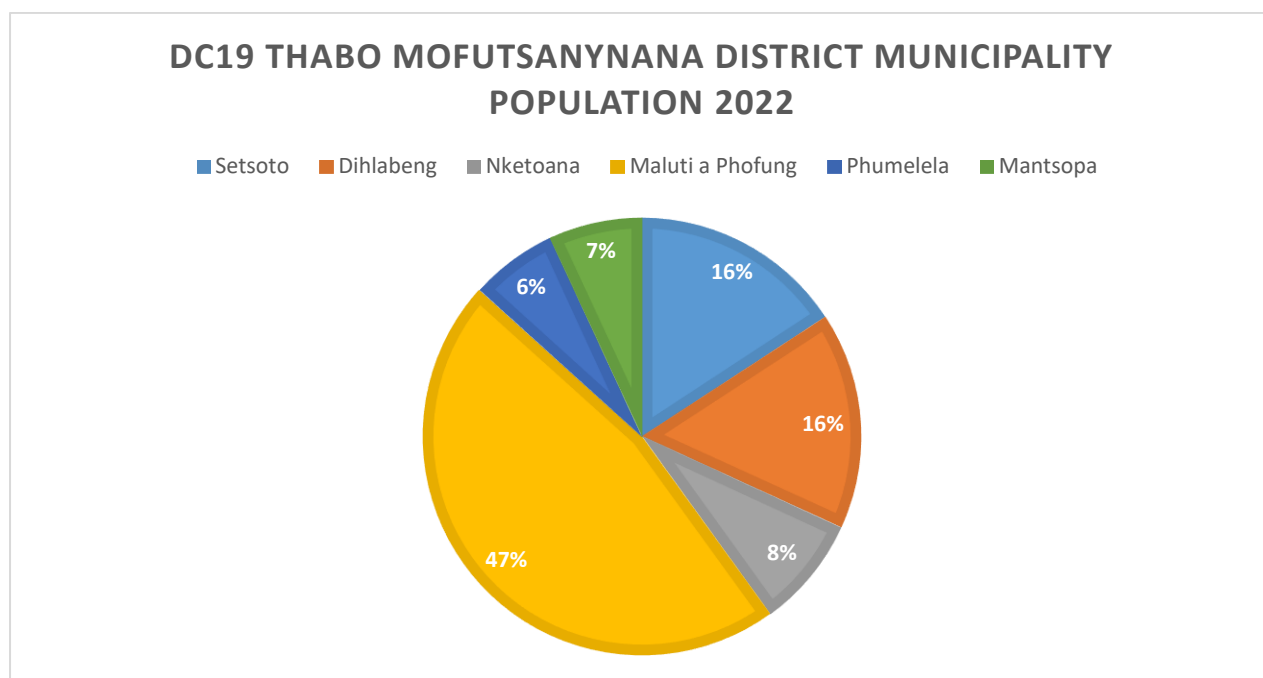


Chart 2



CHAPTER TWO

2. Governance

2.1 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

2.2.1 Political Governance Structure



Thabo Mofutsanyana District Municipality Political Leadership



Executive Mayor
Cllr. Conny Msibi

Council Speaker
Cllr Thabo Mokoeni

Council Whip
Cllr Lindiwe Makhelema

MPAC Chairperson,
Cllr Setshoana Chabeli

Members of Mayoral Committee



Cllr Mosia Mokuane

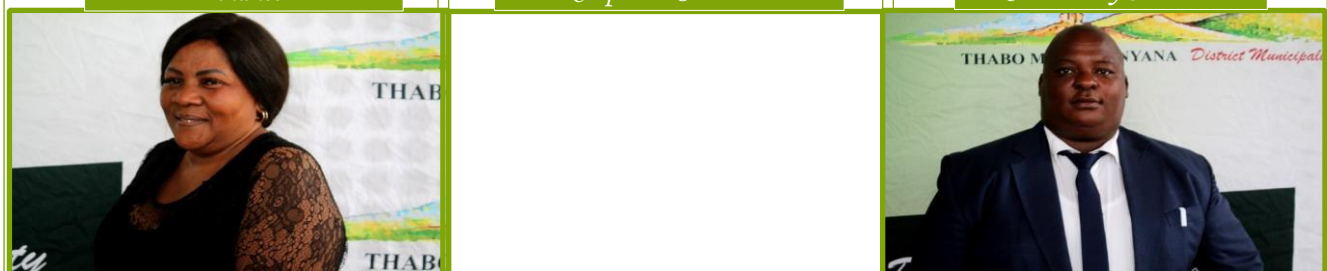
Finance

Cllr Thandi Masiteng

Corporate Services

Cllr Malefu Vilakazi

Community Services



Cllr Anna Fume

*IDP & PMS, SPLUMA and
Batho Pele*

VACANT

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

Cllr Theminkosi Mahlambi

Infrastructure & Transport

Thabo Mofutsanyana District Municipality identifies that good governance is a key priority in the district. For a good governance Thabo Mofutsanyana District Municipality has highlighted some

deficiencies which has 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.

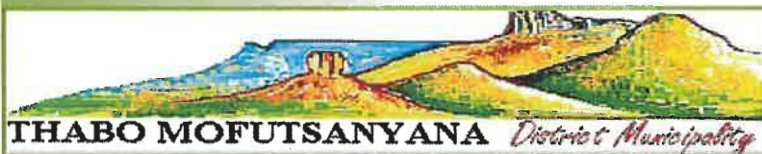
2.2.3 Councilors

The Thabo Mofutsanyana District Municipality has 32 Councilors which are from the following parties, DA, ANC, EFF, DPSA, SETSTO SERVICES DELIVERY FORUM, FREEDOM FRONT PLUS and MAP 16,13 of which have been elected and are directly employed by District Municipality and 19 of which have been seconded from local municipalities within the ambit of Thabo Mofutsanyana. In line with electoral Act No.73 of 1998 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 action of the executives. The speaker is also responsible to ensure that municipality fulfills its public participation responsibilities. All decision made by council are Implemented.



THABO MOFUTSANYANA *District Municipality*

MANAGEMENT

Administrative Governance Structure



Me. T.P.M. Lebenya
Municipal Manager



Mr. M.D. Mhlahlo
Chief Financial Officer



Mr. R.S. Mokoena
Director
Corporate Services



Mr. M.S. Lengoabala
Director Community
Services



Me. M.M. Nkomo
Director
Technical Services



Mr. M. Mbhele
Chief Of Staff



Mr. M.S. Thamaha
Supply Chain Manager



Me. T.A. Mlotha
Manager
LED & Tourism



Mr. M.S. Nkosi
Manager Environmental
Health Services



Mr. T.L. Khubeka
Security Manager



Mr. J.W. Nhlapo
Internal Audit Manager



Mr. L.W. Moshwaliba
Agriculture & Rural
Development Manager



Me. M.M.P. Phoofole
Chief Risk Officer



Mr. M.J. Mokoena
Manager Fire & Disaster



Mr. T.L. Lephoto
Finance Manager



Me. D.M. Moshugi
Communications
Manager



Me. M.E. Ngobese
Manager
Human Resources



Me. M.S. Mokoena
Manager
IDP & PMS



Mr. B.J. Mdakane
Information Technology
Manager



Mr. M.G.B. Ngwenya
Corporate Support
Manager



Mr. M.B. Mphahlele
Manager Transport &
Infrastructure



Mr. M.S. Mofubetsoane
Principal Scientist

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:

- Capacity building
- 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

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

- The Thabo Mofutsanyana District Mayor's forum

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

-  Municipal Managers' forum
-  District communicators forum

- ✚ District water Forum
- ✚ District Energy Forum⁸
- ✚ District IDP Managers Forum
- ✚ District HR Managers Forum
- ✚ District Batho Pele Coordinators Forum
- ✚ District LED Managers Forum
- ✚ District Mayors Forum

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

- ✚ District CFO's Forum
- ✚ 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 Office of the Speaker derives its mandate from the Constitution of the Republic of South Africa where the objects of local government are clearly set out. Importantly, the Office of the Speaker, play an oversight on the Executive and receives reports presented to Council in its ordinary sitting as per the adopted schedule. Additionally, amongst other functions, the Office is tasked administratively with:

- Council Support
- Public Participation
- Develop and maintain a sound ward committee system
- Stakeholder Engagement
- Civil Education

These programs have been successfully carried out during the year under review. We partnered with different government departments to bring services closer to the people as part of playing our role in implementing Public Participation. We partnered with:

- Department of Home Affairs

- Department of Social Development
- SASSA
- SAPS

Furthermore, we worked closely with the Department of Agriculture and Rural Development to bring about information of ESTA, particularly targeting the sporadic farm evictions. We managed our stakeholders and jointly embarked on programs to educate and provide services to our people in the district.

Public participation as a constitutional dictate, is one of the programs that properly emphasizes the importance of community engagement which is one of the cornerstones of our democracy. Government should at all material times takes the community along in their programs and decision-making processes. As a result, we have consulted our communities widely in as far as budget, IDP and SDBIP is concerned.

We have developed a framework to guide the processes of public participation and we adhere strictly to it. Subsequently, we have developed an extensive training program in partnership with the Department of Cooperative, to train our ward committees to perform their functions optimally. With all these, we envisage to contribute immensely to ensure that the society and government collectively responds to solving the societal ills and develop an even better community that is developmental, prosperous and dwells together in peace and harmony.

2.4.3 Report of Good Practices

Refer to Appendix A

2.4.4 Internship Program

MFMIP INTERNSHIP ANNUAL REPORT 2024

MFMIP: An overview

The MFMIP provides interns 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 financial officer, municipal managers, other officials within the Budget and Treasury Office or advisors where present, the interns benefit from the expertise and experience of these officials. The two to three-year program 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 neighboring municipalities at the onset.

2.4.4.1 Audit outcome 2023/2024 financial period

Thabo Mofutsanyana District Municipality retained unqualified audit opinion in 2024. 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.

2.4.4.2 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.

2.4.4.3 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 team has continued to strengthen each year since their contracts municipality cannot afford to lose the momentum and their agility.



2.4.5 Public Meetings

Information pending.

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.

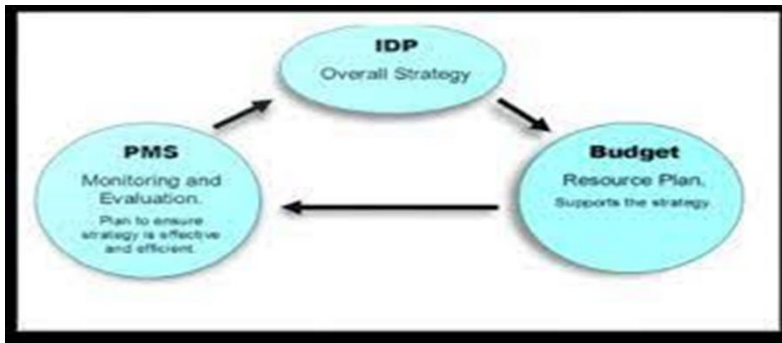
To ensure minimum quality standards of the IDP process and proper coordination between and within, Thabo Mofutsanyana District municipality prepared IDP process plan and formulated budget to implement the IDP. The IDP and Budget Process Plan include the following:

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

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:



OVERVIEW OF CORPORATE GOVERNANCE

2.5 Component D: 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 2023/2024, the Municipality had a functional Risk Management Unit operation with three personnel which includes the Risk Manager, the Risk Officer and the one risk intern. The municipality had a well functional Risk Management Committee which held 4 meetings during the year as per the approved schedule. The municipality maintains the following approved policy documents:

- Risk Management Committee Charter;
- Risk Management Policy;
- Risk Management Strategy and Risk Assessment Methodology;
- Risk Management Implementation Plan;
- Fraud Risk Management Plan and Whistle Blowing Policy; and
- Enterprise-wide Business Continuity Plan

2.5.2 The Top 11 Strategic Risks identified

- Human Resource Capacity (Potential Inadequacy in Institutional Structure and Functioning)
- Fraud and Corruption
- Change in Political Leadership
- Water Crisis

- Electricity/ Power outages
- Poverty Alleviation
- Inability to create sustainable Jobs
- Unauthorized, Irregular, fruitless and Wasteful Expenditure
- Service Delivery (Social unrest at local municipalities)
- Cyber (ICT) security threats
- Decrease in tourist's interest within the district.

2.5.3 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 not been resolved as they are still under investigation.

2.6 Information & Communications Technology (ICT)

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 support about 150 users and server infrastructure.

As technology is needed continuously, the ICT unit deliver 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	<ul style="list-style-type: none"> • Veeam Cloud Connect Backup (per VM) • Cloud File Storage (7.2K) Allocated (per VM) • Veeam Backup and Replication Implementation 	<ul style="list-style-type: none"> • Daily Veeam Cloud Connect Backups
Server Room Power recovery 24-hour power backup	<ul style="list-style-type: none"> • Municipality Infrastructure audit • Align and Customise DR 24-hour power backup specification. • Installation of the 24-hour power backup solution, viz: - 	<ul style="list-style-type: none"> • Uninterrupted power supply, 24 hours a day in the server room, sourced from the power backup infrastructure.

	<ul style="list-style-type: none"> - 22 X LV 550W Solar Panels - 1 X 11kw round version - 8 X LV 48100 lithium batteries - 6mm PV Black 100 - Cables - 6mm PV Red 100 – Cables 	
ICT Governance	<ul style="list-style-type: none"> • ICT Policies and procedures were reviewed to ensure that they are aligned with industry norms and standards. • Filling of vacant position in the ICT Unit, Senior ICT Professional was appointed. 	<ul style="list-style-type: none"> • Updated ICT Policies and Procedures. • Proper segregation of duties
Network Infrastructure	<ul style="list-style-type: none"> • Wide Area Network was upgraded from 20MB to 100MB Fiber optic connection. Furthermore, a new Fiber optic connection was deployed at the Mofumahadi Monapo Mopeli Water Testing Lab in Kestell. 	<ul style="list-style-type: none"> • Network Availability

2.7 Communications

2.7.1 Support to local Municipality

Thabo Mofutsanyana District Municipality communications unit gave support to different local municipality within the district to execute the communications functions effectively. Mantsopa Local Municipality won the award from the National communicator's forum award coordinated by SALGA on December 2023. The award were on **Most proactive and responsive communications Team and most updated social media platform**. We also give support to Phumelela L M since they don't have communications officer. We also managed to assist Setsoto LM with social media policy and managed to escalate to Mantsopa LM and Nketoana LM for council approval.





2.7.2 Communication as a strategic Function

Managed to facilitate the process of new logo redraw from November 2023. The LOGO was done internally by communications unit and the roadshows for public participation was done from the beginning of April 2024. District communicators forum is fully functional and it's the only communications forum that sits frequently within the province. The forum managed to respond to key issues of the government.





2.8 Internal Auditing

Table: Thabo Mofutsanyana District Municipality Audit Committee

Title	Initials & Surname	Ranking
Mr	G.A Ntsala	Chairperson of the Audit committee
Mr	M K Mojatau	Member of the Audit Committee
Ms	M.V. Ntipe	Member of the Audit Committee
Ms	M P Mdaka	Member of the Audit Committee

CHAPTER THREE: 3. Service Delivery

3.1 Component A: Basic Services

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

3.2 Component B: Technical Services

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. District Water Sector Forum
5. District Energy Sector Forum
6. Kgotsatsana Manapo Mopeli Laboratory

3.2.1 Energy Efficiency Demand Side Management (EEDSM)

The EEDSM 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 the Division of Revenue Act (DoRA) and managed by the Department of Mineral Resources and Energy (DMRE) with the strategic support and administrative management by Deutsche Fur International Zusammenarbeit (GIZ) GnbH. The EEDSM 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 characterised by a lack of measure and verification of electricity consumption and municipal officials are generally unaware of the impact of lighting on energy costs. The overall purpose of the energy assessment was to:

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

The energy efficiency demand side management comprises of several projects whose main objective is to reduce energy consumption for the municipalities and ultimately reduce electricity bills significantly. Programme baseline conditions were established for the purpose of estimating savings by comparing the baseline energy use with the post-installation energy use. South Africa's Greenhouse Gas (GHG) emissions are high in both absolute and per capita terms due to reliance on coal-based electricity and inefficient energy use. Nationally Appropriate Mitigation Actions (NAMA) in South Africa

are nested within the near-term priority flagship programmes as contained in the National Climate Change Response Policy (NCCRP).

On the 8th of December 2020, The Minister of Mineral Resources and Energy promulgated the Regulations for the Mandatory Display and Submission of Energy Performance Certificates (EPC's) for Buildings until 07 December 2022. EPCs are mandatory for privately owned, non-residential buildings with a total net floor area of 2,000m² and above, and government owned, operated or occupied buildings of 1,000m² and above. On the 25th of November 2022, an amendment was promulgated extending the deadline to 07 December 2025, giving building owners and accounting officers an additional 3 years to comply. On the 03rd of August 2023, a second amendment was promulgated introducing compulsory registration of buildings. Building owners and Accounting Officers must register the type and size of their building on the NBEPR within 12 months. In addition, the 2nd amendment, updated the definition of accounting officer, accredited body and Energy Performance Certificate. EPCs are now issued by an accredited body prior to 31 July 2024, and thereafter by a Registered Professional in respect of a building in accordance with SANS 1544:2014.

SANEDI is mandated to maintain a National Building Energy Performance Register (NBEPR), which must include the particulars of all buildings that fall within the regulated classification as well as relevant energy performance certificate data.

The key projects that were identified include:

[3.2.2 Energy Efficiency Project Implementation](#)

Methodology

ISO 50006:2014 provides guidance to organisations 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.

- Building and energy consuming infrastructure assets, including services or function provided by the various facilities/ buildings.
- Utility service provision per all building/ facility types, including utility providers, billing

processes and existing metering systems.

- 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.
- Institutional structures and responsibilities for energy data management and facilities / building management.
- Existing and planned Programmes and projects and corresponding data requirements
- GHG emissions reporting processes

3.2.3 Overview of the Business Plan 2023/24

A total of 279 units were retrofitted at a total cost of R 4 000 000.00 leading to 119 574 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 2023-24 EEDSM project.

Adopted Implementation Plan

Activity	Output
Step 1: Appointment of service providers	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	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: Business Plans, Workplans and Detailed	Upon conclusion of the energy audit, Business Plans, Workplans and Detailed baseline Reports were

Activity	Output
baseline Reports	developed and submitted to the Department of Minerals Resources and Energy for approval
Step 4: Implementation	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	Municipal officials were enrolled for formal training with accredited training institutions on energy efficiency related courses
Step 6: Energy Efficiency Awareness Campaign	Energy efficiency Awareness campaigns were conducted within the municipality and surrounding areas

Scope of work 2023/24 financial year

Item No.	Area/Location	Application	Qty	Existing Technology	Proposed technology	Comment
1	Dihlabeng LM	High Mast Lighting	60	1000W HPS Floodlight	400W LED Floodlight	Completed
2	Nketoana LM	High Mast Lighting	41	1000W HPS Floodlight	400W LED Floodlight	Completed
3	PLM LM(Warden)	High Mast Lighting	16	1000W HPS Floodlight	400W LED Floodlight	Completed
4	MAP LM	High Mast Lighting	62	400W HPS Floodlight	200W LED Floodlight	Completed
4.1	MAP LM (Tshiame A,B, &C)	High Mast Lighting	18	400W HPS Lighting	200W LED Floodlight	Completed
4.2	MAP (Phuthaditjhaba)	High Mast Lighting	06	400W	200W LED Floodlight	Completed
4.3	MAP (Makgolokoeng)	High Mast Lighting	06	400W HPS Floodlight	200W LED Floodlight	Completed
4.4	MAP LM	Streetlights	37	125W MV	50W LED	Completed
4.5	MAP LM	High Mast Lighting	24	400W	200W LED	Completed
5	Planning EEPBIP on	Energy Audit &	01	Energy Audits	Building Audits reports	Completed

Item No.	Area/Location	Application	Qty	Existing Technology	Proposed technology	Comment
	public lights in Dihlabeng & MAP, Energy Performance Certification on 2 DM Buildings	Consumption				
6	Energy Management System on 7x Municipal Head Offices Building	High Mast Lighting	07	No metering	Energy Management System (smart meters)	Completed

Project Expenditure

The Expenditure to date is R 3 960 000.00

No	Qty	Description	Payment Status	Amount
1	101	Retrofit of 1000w HPS high mast with 400w LED lights	Paid	R 1 453 824.30
2	38	Retrofit of high mast lights 400W HPS to 200W LED (Supply & Install)	Paid	R 287 478.36
3	37	Retrofit of streetlights 125W to 50W LED (Supply & Install)	Paid	R 164 086.86
4	24	Retrofit of high mast lights 400W HPS to 200W LED (Supply & Install)	Paid	R 181 565.28
5	1	Planning EEPBIP Audit on Public Lights in Dihlabeng and MAP – issue Energy Performance Certification	Paid	R 521 739.13
6	7	Energy Management System	Paid	R 626 086.96

7.	7	Graduates employed	Paid	R 200 000.00
8.	2	Capacity Building and Training	Paid	R 40 000.00
9.	1	Energy Awareness Campaign	Not Paid	R 40 000.00

Capacity Building and Training

Item No.	Course Description	Institution	Participant	Municipality	Completion Status
1.	Project Management	Northwest University	Mr. S Ntombela	Thabo Mofutsanyana	In Progress
2.	Project Management	Northwest University	Ms. N Xaba	Thabo Mofutsanyana	In Progress

a) Energy Awareness Campaign

Energy Efficiency Awareness Plan	Target Audience	Expected Output	Completion Status
Posters Model/Prototype	Municipal employees and the 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.	In Progress

b) Jobs Created

Through the implementation of the EEDSM the municipality working with the service provider has been able to employ 7(seven) Electrical Technicians.

No.	Name and Surname	Qualification
1.	Lebohang Lebeko	Advanced Electrical Diploma
2.	Maditabe Mofokeng	Electrical Engineering, N6
3.	Joseph Mofokeng	Electrical Engineering, S4
4.	Lerato Mofokeng	Electrical Engineering, N6

5.	Siphiwe Molete	Electrical Engineering, N6
6.	Mojalefa Moloi	Electrical Engineering, N6
7.	David Motaung	Electrical Engineering, N3

Name of Municipality

Thabo Mofutsanayana District Municipality

Area / Location

Maluti Mountain View

GPS Location**Inspection****Installation Type**

High Mast Lighting

Luminaire Type

LED

Luminaire Wattage

200

Luminaires per Pole

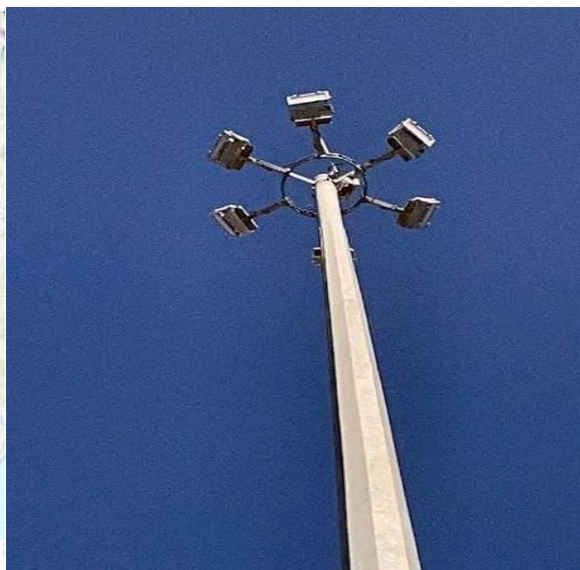
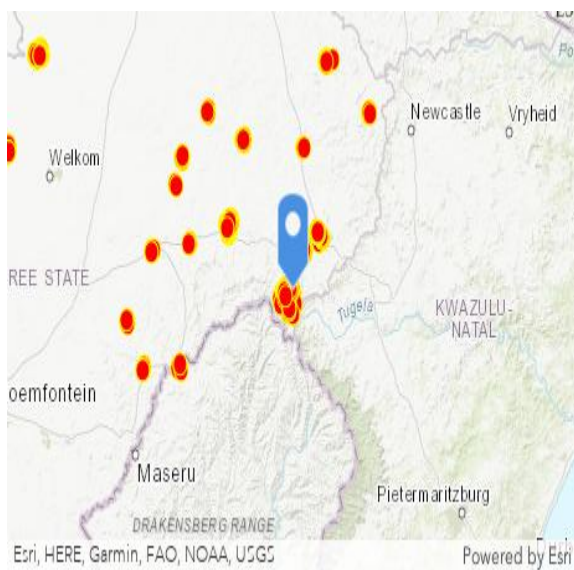
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Mounting Height

40

Operational Status

Functional



3.3 Rural Road Asset Management System (RRAMS)

National Department of Transport (NDoT), as part of S'hambe Sonke Programme has identified 44 Rural District Municipalities to provide grant funding for the implementation of Rural Road Asset Management Systems (RRAMS) to assist and set up rural road asset management system as set out in the Road Infrastructure Strategic Framework for South Africa (RIFSA) and support the management of rural roads through the development of a Rural Road Assets Management Systems (RRAMS).RRAMS seek to develop a common framework for the roads assets management in the country which will assist municipalities to collate roads infrastructure data for planning and management.

The strategic goal of the development of the Rural Road Asset Management Systems (RRAMS) is the collection of road condition (paved & unpaved), bridge inventory data, condition assessments and traffic information improved data on rural roads that will guide infrastructure investment, improve accessibility and mobility of rural communities.

3.3.1 Road network classification

Scope of Works: The RISFSA classification in Thabo Mofutsanyana DM in kilometres

Extent of roads network per RISFSA classification(km)							
Municipality/Authority	Class 01	Class 02	Class 03	Class 04	Class 05	Class 06	Totals
Dihlabeng	0	0	3	302.68	149.73	106	558.41
Maluti-A-Phofung	0	0	3.09	267.35	204.61	1443.49	1918.05
Mantsopa	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
Total			37.82	1068.73	978.57	1866	3951.12
SANRAL	536.2	0	0	0	0	0	0
FS DPRT	0	2094.9	0	0	0	0	0

NB: Class 1 & class 2 are both National & Provincial Roads as per RISFSA classification which are not within the scope of work for RRAMS framework.

3.3.2 Bridges and Culverts

All bridge, Major Culvert and Lesser Culverts inspections will be conducted in accordance with the Bridge Management System (BMS), the Draft TMH19 Manual for the visual assessment of structures, as well as industry best practices. Inspections will be carried out by suitably qualified personnel experienced in structural design and maintenance. The inspection team will also include 6 graduates from the district Municipality.

A Principal Inspection is a comprehensive visual inspection of the whole structure and forms the basis of the structure management system. These types of inspections should be carried out every five years to confirm the condition of the asset. For Lesser Culverts these Inspections should be carried out annually.

Principal inspections are implemented in two stages, namely:

Stage 1: Confirming of Inventory Information

This includes the confirmation of structure classification, spans, orientation, and locality. For inventory purposes, a defined set of inventory photos are required. The set of inventory photos and coordinates required for bridges is different for culverts.

Stage 2: Bridge and Culvert Inspections

All bridge and culvert inspections will be completed using the BMS DER rating system described in the TMH19 Inspection Manual. This system focuses on rating the defects in major structural components.

The DER system is as follows:

- D – Degree of the defect
- E – Extent of defect
- R – Relevancy of defect

The client has identified 227 structures in the Thabo Mofutsanyana District Municipality.

The inspections to be carried out as follows:

Scope required by client's deliverables scope	Deliverables required by clients
Principle inspections of all structures	Individual structural assessment report
Provide remedial action and cost of repairs for each bridge.	Rehabilitation Costs
Preparation of TMH 18 dataset	Shapefiles and XLS files
Meetings	Progress reports, technical report and Presentations
Grant Evaluation	Evaluation report for the Fiscal year
RAMP report	Prepare and submit Comprehensive Ramp report.

The collection of bridge inventory has commenced in Maluti-a-Phofung.

- bridges and 4 culverts have been identified and assessed in Phuthaditjhaba.
- 3 Culverts have been identified and assessed in Harrismith.

The collection of bridge inventory has commenced in Dihlabeng

- 7 major culverts have been assessed.
- 4 bridges have been identified.

3.3.3 Road network integration and Road Classification and Management

ROAD NETWORK INTEGRATION AND RCAM CLASSIFICATION							
Local Municipality	RCAM Class	Per road type and RCAM class					
		Paved roads		Unpaved roads		Grand Total	
		Flexible	Block Pavement	Gravel	Earth		
Maluti-A-Phofung LM	R4	5.65	17.8	-	-	23.45	
	R5	26.51	34.71	32.26	19.56	113.04	
	U4a	54.11	7.91	4.61	0.36	66.99	
	U4b	26.22	19.22	52.09	50.73	148.26	
	U5a	5.86	-	-	25.03	30.89	
	U5b	48.68	58.07	135.64	125.97	368,36	
Maluti A Phofung Local Municipality		167.03	137.71	224,6	221.65	750.99	
Total							
Dihlabeng	U4a	46.72	0.16	0.19	0.09	47.16	

	U4b	49.64	19.99	-	14.91	84.54
	U5a	4.5	-	-	1.04	5.54
	U5b	75.17	37.68	88.47	102.5	303.82
Dihlabeng Local Municipality Total		176.03	57.83	88.66	118.54	441.06
Nketoana	R5	6.69	19.18	4.41	82.14	112.42
	U4a	32.67	0.16	73.38	22.53	131.74
	U4b	13.45	-	28.67	-	42.12
	U5a	-	10.94	-	-	10.94
	U5b	-	-	-	149.78	149.78
Nketoana Local Municipality Total		52.81	30.28	106.46	254.45	444
Phumelela	R4	1.43	7.80	-	50.60	59.83
	R5	2.21	11.66	0.05	39.41	53.33
	U4a	15.41	11.15	116.29	149.04	291.89
	U4b	21.12	4.91	10.29	28.04	64.36
	U5a	16.10	-	-	-	16.10
	U5b	23.05	7.66			30.71
Phumelela Local Municipality Total		79.32	43.18	126.63	267.09	516.22
Setsoto	R4	14.11	17.87	66.30	63.96	162.24
	R5	7.46	13.01	155.39	148.57	324.43
	U4a	40.38	1.01	18.65	110.31	170.35
	U4b	2.08	0.06	50.66	50.84	103.64
	U5a	16.55	-	-	-	16.55
	U5b	36.23	-	-	-	36.23
Setsoto Local Municipality Total		112.81	31.95	291	373.68	809.44
Mantsopa	R5	8.10	13.29	12.12	67.88	101.39
	U4a	19.02	2.64	4.22	31.95	57.83
	U4b	-	0.25	-	-	0.25
	U5a	-	-	-	-	
	U5b	11.77	1.81	3.41	7.06	24.06
Mantsopa Local Municipality Total		38.89	17.99	19.75	106.89	183.52
TOTAL		945.83		2 199.40		3 145.23

a) Project Expenditure

Invoice No	Invoice Date	Amount	Payment Status
1	March 2024	R 462 247.30	Paid
2	April 2024	R 563 626.50	Paid
3	May 2024	R 543 562.16	Paid

4	June 2024	R 170 182.98	Not Paid
TOTAL		R1 739 618.94	

b) Jobs Created

Through the implementation of the RRAMS the municipality working with the service provider has been able to employ 4 (four) Civil Engineering graduates.

No	Name and Surname	Qualification
1.	Mr. M.D Tshabalala	N. Dip. Civil
2.	Mr. W.L Mthembu	N. Dip. Civil
3.	Mr. T.G Malinga	Dip. Civil
4.	Mr. T.T Lecheko	S4

Simply supported bridge: MAP



General bridge: MAP



Precast cellular portals bridge in Phuthaditjhaba



Multicell culvert in Phuthaditjhaba



3.4 Expanded Public Works Programme (EPWP)

The Expanded Public Works Programme (EPWP) has its origins in Growth and Development Summit (GDS) of 2003. At the Summit, four themes were adopted, one of them being “More jobs, better jobs, decent work for all”. The GDS agreed that public works programmes “can provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities”.

The programme is a key government initiative, which contributes to Government Policy Priorities in terms of decent work and sustainable livelihoods, education, health and rural development, food security and land reform and the fight against crime and corruption. EPWP subscribes to outcome 4 which states that “Decent employment through inclusive economic growth.” The EPWP has been established and mandated by Cabinet to create work opportunities according to the set targets across all its four sectors, namely Infrastructure, Non-State, Environmental and Culture and Social Sectors. One of the prescripts of the EPWP is to use labour-intensive methods which allow the drawing of a significant number of participants into the Programme to do the work.

The EPWP incentive grant from National Department of Public Works for the 2023/24 financial year was R 3 584 000.00 and employment generated through the EPWP incentive grant program was 206 participants over a 12-month period and were reported on the EPWP reporting system under Environment & Greening and Social Sectors and EPWP demographics are mentioned as follows below:

3.4.1 EPWP Demographics and project expenditure (2023/24)

Adult (Male)	Adult (Female)	Youth (Male)	Youth (Female)	Total
37	104	30	35	206
Grant Allocation			Total Expenditure	
R 3 584 000.00			R 5 299 000.00 (incl. of counter funding from the municipality)	

3.5 District Water Sector Forum

The District Municipality has established the water sector forum committee in order to coordinate and consolidate the information shared between the local municipalities within the district and the other invited stakeholders.

3.5.1 The Water Sector Committee

The water sector committee was established with the following intentions:

- 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 has approved the water summit resolutions and 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 in Midrand and the water sector forum managed to convene four meetings in the previous financial year as per the SDBIP.

3.6 District Energy Sector Forum

The District Municipality has established the energy forum committee to coordinate and consolidate the information shared between the local municipalities within the district and the other invited stakeholders.

3.6.1 The Energy Sector Committee

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 previous financial year as per the SDBIP.

3.7 Kgosatsana Manapo Mopeli Laboratory

In view of the constitution and as an owner (local authorities) of various potable water and wastewater treatment facilities located around Thabo Mofutsanyana District Municipality area of jurisdiction. It is

necessary to solicit the establishment of water testing laboratory to oversee the water quality monitoring of all its potable water and wastewater facilities within the district. This task effectively entails – but is not limited to the: sampling, monitoring, maintenance, management, collection, analyses and interpretation of compliance results.

Kgosatsana Manapo Mopeli Laboratory Services as a professional water testing institute that specialises in risk-based water quality monitoring (this includes all types of water) will be willing to partner with all local municipalities across Thabo Mofutsanyana District to optimise and streamline their water quality *monitoring programs to ensure cost effectiveness and compliance with the provisions of SANS 241:2017, General Authorisation, Water Use License and River Water Quality Objectives (RWQO) and well as the local Water Services By-Laws.* We are a small institute – however, will be also working with ISO/SANAS: 17025 accredited laboratories across the country to benchmark our service relating to the analyses of complex water-, soil-, sludge- toxicity tests. This is to ensure that we continue to sustain a good water quality monitoring service.

The District Municipality has received In-kind support of R5 million in April 2022 from COGTA to operate and manage Kgosatsana Manapo Mopeli Water Testing Laboratory and staff has been provided. 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.

a) Scope of work for 2023/24 financial year

Quality management:

- The quality policy statement has been amended.
- The method index for the chemistry department has been developed.

Standard Operating Procedures:

- The SOP for microbalance and colony counter have been developed for the microbiology section.
- Sludge and soil, sludge analysis for metals/volatile acids and alkalinity Ph@25 for chemistry section.
- The SOP for sampling has been developed for the microbiology section.

Water testing methods:

- Implementation of water testing methods have been completed but the methods cannot be validated until PPE and office equipment have been acquired.
- E. Coli methods have been developed for the micro section and sludge analysis have been developed for the chemistry section.
- Heterotrophic plate count method has been developed for the micro section.
- Suspended solids, total dissolved solids and conductivity methods have been developed for the chemistry section.

Benchmarking with Gert Sibande District Municipality Laboratory

Thabo Mofutsanyana went to benchmark with Gert Sibande in Ermelo accompanied by a representative from Free State Department of Cooperative Governance and Traditional Affairs (Mr. MJ Toona) and a representative from the Free State Department of Water and Sanitation (Mr. N Musekene).

TMDM started by giving an overview of why FSCOGTA saw it fit to have a lab in the district, the reasons being that there is no data being uploaded on both potable and wastewater; the local municipalities are not enforcing by-laws and are struggling with revenue collection. The aim is for the district to be able to assist with the above issues once we obtain accreditation and to improve the current dismal blue and green drop results.

GSDM Lab gave us a thorough presentation on their operations. GSDM Lab opened its doors in 2010 and in 2011 they signed their first contract with a local municipality. In 2012, the remaining six local municipalities had signed contracts with them and in 2017 they obtained their first SANAS Accreditation which lasts for a period of five years but during this period, they must ensure that their accreditation is maintained by conducting tests that are valid and accurate.

In 2022, they obtained their second SANAS Accreditation. It must be noted that the accreditation requirements are very strict, but Gert Sibande is willing to assist us through the process and COGTA will assist us with drafting an MOU which we will both sign.

Client base

GSDM Lab conducts testing for private (5%) and local (95%) clients.

The private clients pay upfront before the service can be conducted whereas the local clients, being the local municipalities are given a credit facility and pay 60% of the actual cost and 40% is subsidised by the district. GSDM Lab has informed us that it is quite a challenge getting the locals to pay and it must also be noted that even though GSDM is generating income, it is not enough to cover salaries, so the municipality pays their salaries.

Lessons learned/Challenges.

Procurement has been a challenge for them as getting their colleagues who are not working in the laboratory industry to understand that the cheapest option is not always the best option has been a challenge as some of the instruments procured and perceived to be cheaper do not always give accurate results. GSDM Laboratory suggested we have an exemption list of suppliers for procuring instruments.

Gert Sibande will pay our lab a visit on the 1st to the 2nd of August 2024.

b) Project Expenditure

THABO MOFUTSANYANA DISTRICT MUNICIPALITY												
BUDGET ALLOCATION	R3 427 587,08											
ACCUMULATED EXPENDITURE	R4 930 466,91											
AVAILABLE BALANCE	-R1 502 879,83											
PERIOD	2023/2024											
KMM LABORATORY GRANT RECEIVED AND EXPENDED												
DESCRIPTION	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
Salaries	R350 942,78	R451 089,20	R389 821,89	R393 842,56	R390 732,31	R389 975,60	R399 336,31	R397 683,14	R568 333,44	R414 807,17	R365 568,15	R366 634,55
Petrol and Fuel	R5 483,06		R13 713,20		R16 659,29			R1 061,65				
Vehicle Maintenance				R14 782,61								
Total	R356 425,84	R451 089,20	R403 535,09	R408 625,17	R407 391,60	R389 975,60	R399 336,31	R398 744,79	R568 333,44	R414 807,17	R365 568,15	R366 634,55
Spent in prior months		R356 425,84	R807 515,04	R1 211 050,13	R1 619 675,30	R2 027 066,90	R2 417 042,50	R2 816 378,81	R3 215 123,60	R3 783 457,04	R4 198 264,21	R4 563 832,36
Accumulated Expenditure	R356 425,84	R807 515,04	R1 211 050,13	R1 619 675,30	R2 027 066,90	R2 417 042,50	R2 816 378,81	R3 215 123,60	R3 783 457,04	R4 198 264,21	R4 563 832,36	R4 930 466,91
Transfer from equitable share									R355 869,96	R414 807,17	R365 568,15	R366 634,55
Shortfall									-R355 869,96	-R770 677,13	-R1 136 245,28	-R1 502 879,83

3.8 Component C: Community Services

3.8.1 (LED) On SMME Support and Development Programme

3.8.1.1 SMALL BUSINESS DEVELOPMENT

The Department of Economic Development and Tourism is mandated to develop small businesses by creating a conducive environment. This is achieved by assisting businesses with training programs, workshops or any skills development program.

The department in partnership with SEDA Thabo Mofutsanyana District Municipality, department of Local Economic Development and Tourism undertook the following training programs in the district:



[3.8.1.2 National home builders' registration council](#)

18 Contractors were trained in the Greater Harrismith

10 Contractors satisfied the requirements and completed the training, subsequent, they were awarded with certificate of attendance in the following categories:

- Health Safety at workplace
- Home Building Skills Course

[3.8.1.3 SMME / entrepreneur support funding](#)

Through the SMME / Entrepreneur Support Fund, the Department of Local Economic Development and Tourist, 7 SMME's benefitted from the program by receiving tools of trade.

LIST OF BENEFICIARIES PER LOCAL MUNICIPALITY

Maluti A Phofung	Dihlabeng Local Municipality	Mantsopa Local Municipality
▪ QwaQwa – 1	▪ Bethlehem –1	▪ Ladybrand – 1
▪ Harrismith -4		

3.8.1.4 Establishment of greater Harrismith hawkers forum

The department of Local Economic Development and Tourism established a Hawkers Forum in Harrismith. The exercise assisted the department in collecting a sector database, subsequent, the department of LED & Tourism with the help of Maluti A Phofung Local Municipality issued out 30 business permits to the members of the forum.

3.8.1.5 Consumer act workshop

The department of LED & Tourism in partnership with African Bank hosted a Consumer Act/Rights workshop. 100 small business attended the workshop and were encouraged to be on the look- out of the opportunities and offerings offered by the bank, and that the bank will be selling share soon, with first preference given to their clients and small black owned businesses.

3.8.2 TOURISM

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.

3.8.2.1 Africa Travel Indaba attendees 2024

- ✚ Dinkoeng Tented Camp (Qwaqwa)
- ✚ Bothobapelo Country Lodge (Qwaqwa)
- ✚ Global Creative Studio (Senekal)
- ✚ Sungrazer Journey Pilgrimage (Paul Roux - Roving Exhibitor)
- ✚ Basotho Cultural Village (Qwaqwa)
- ✚ Hidden Gems Pavilion.
- ✚ Kibiti Tours (Ficksburg)
- ✚ City Travellers & Tours (Qwaqwa)
- ✚ Letsheng Lodge (Qwaqwa)
- ✚ Bergsig Guesthouse (Bethlehem)

✚ Victorious Corner Guesthouse (Qwaqwa)

3.8.2.2 Service Excellence Champion Awards

The initiative is championed by DESTEA, districts assist with distribution of entry application form and to identify participants within their respective districts. The event was held in Welkom.

Identified role players were as follows:

- ✚ Accommodation (Only for graded establishment)
- ✚ Tour Operator
- ✚ Tour Guide
- ✚ Petrol Attendants
- ✚ Tourism Attractions

METHODOLOGY

- ✚ Tour Operators per District, providing 50 tour operators with cards gives a total of 150.
- ✚ 10 Petrol stations per district, providing 50 stations with cards which gives a total of 150.
- ✚ Tour Guides per district, providing 30 Tour guides with cards which gives a total of 150.
- ✚ 5 Tourism Attractions per district, providing 30 per attraction which gives a total of 150 cards.
- ✚ 15 Accommodation establishments per district, providing 30 per graded establishments to give a total of 450.

WINNERS & PRIZES.

All winners were awarded a cash prize of 10 thousand rand each, and the winner in Thabo Mofutsanyana District Municipality was Mr. Joseph Rantseke of Dithabeng Adventure Tours under the Tour Guiding Category. (MHSRIP).

3.8.2.3 Training of tour guides

The department of LED & Tourism in partnership with DESTEA held a tourists guide wilderness training. The training was attended by 15 tour guides. The training will help curb illegal guiding taking place in the district.

3.8.2.3.1 South African Township & Village Tourism Association (SATOVITO) Intra-Trade Conference at Dinkoeng Tented Camp

The department of LED & Tourism in partnership with DESTEA, South African Township Village Tourism held a SATOVITO conference in November 2023, this was a two-day event h, focusing on promoting Kasi tourisms were afforded an opportunity to exhibit their work and speed marketing on their offerings.

3.8.2.3.2 Tourism product audit for grading readiness (fauriesburg, petrus steyn, bethlehem & reitz)

An audit of lodging tourism products was conducted, the exercise has helped the department to identify products that are ready for grading purposes and be assisted with pre assessment followed by a grading process by a qualified tourism grading assessor.

3.9 Agriculture and Rural Development

The Thabo Mofutsanyana District Municipality, Agriculture and Rural Development Unit provide subsistence and emerging farmer support in various community based agricultural projects in the region. The main aim behind the support of these initiatives is to foster community upliftment, improve the economy, eradicate poverty and allow profit generation for community members. This report's main goal is to inform the public and relevant parties on the performance of the Unit of Agriculture and Rural Development while showcasing some of its accomplishments.

3.9.1 Farmer Support Programme

It's a program whereby the municipality aligns itself with NDP, MTSF, FSGDS, and Agri-Park by assisting emerging farmers with production inputs for them to continuously produce food, and the inputs may include, e.g., seeds, fuel, pesticides, herbicides, lime, rodenticides, fertilizer, fencing, soil preparation, machinery, or tools of the trade within agriculture practice. The municipality donated the following apparatus to our smallholder farmers.

50	x Seed Tray 200 holes
1	x Solanum lycopersicum Seed in 6Kg
30	x Peat Moss 20 litre
8	x Emulsifiable concentrate contact and Insecticide 1 litre
8	x Emulsifiable concentrate contact and Insecticide 1 litre
6	x Wettable powder fungicide and bactericide 200g
6	x Organic Fertiliser with enhanced Amino Acids 5litre
20	x Tagetes erecta Seeds (Asteraceae family) 100g
3	x 3-way soil meter
750	litres of Diesel
5000	x Broiler Day old chicks
80	x Broiler starter feed 50kg bag
110	x Broiler Grower Feed 50 kg bag
170	x Broiler Finisher 50kg bag
50	x Layer Mash 100 – 50 kg bag
50	x Layer Mash 110- 50 kg bag
50	x Layer Mash 120- 50 kg bag
120	x Dairy Feed (17% Protein, Urea) 50 kg bag
100	x Lactating feeds 50 kg bag
100	x Piggery grower feeds 50 kg bag

100	x Weaner Feeds 50 kg bag
64	x Wheelbarrow flat pan 14 x3 S/R Wheel
71	x Hosepipe 12mm x 20m
100	x Rake Steel H/Duty 16 teeth
100	x Spade steel
100	x Fork 4 prong steel
100	x Watering can 10lt
13	x Vertical Water Tanks 5000litres
100	x Hand hoe head raised eye 700g
115	x Shade net 40% White (3m x1m)
45	x Knapsack 16Litres
45	x Barbed wire (galvanized 2mm 30kg)
1	x White Maize Seed 25 kg bag
1	x Yellow Maize Seed 25kg bag
30	x Fertilizer 8:1:0 - 50 kg bags
5	x LAN (28) 50kg bag
30	x Rabbit (Californian Meat production)
2	x Rabbit Feed 50kg bags
50	x Meal molasses 40kg bag
1	x Bush cutter
1	x Chain saw
50	x Meal molasses 40kg bag

3.9.2 REVITALISATION OF FARMS

It's a programme whereby municipality revives or renew the farms to its productive state (first stage). The farms are normally procured at the third stage whereby electricity, water, and the building is not in good state. Type of assistance in this programme may include e.g. Installation or connection of electricity at different farms as per Outcome 7, drilling of boreholes, Water Installation, Reservoir, maintaining of ground dams, Fencing, Veld Management, dividing of camps/kraal for grazing purpose and contours.

- The unit has brought an Alleman spruit farm back to its productive state by ensuring that the existing boreholes are cleaned, tested, and water samples are taken to guarantee that the water is safe for human consumption. Maintaining water quality is essential because it is such a basic aspect of agricultural production and for the past eighteen years.

3.9.3 TRAINING OF EMERGING FARMERS

It's a programme whereby municipality ensure capacity building of emerging farmers and officials on different courses e.g., vegetable production, Animal Health, Responsible Use of pesticides, animal husbandry, crop production, Beekeeping, Soil Science, Pasture Science, Farm technology, Extension Service, Animal Production, Crop insurance, Wool production etc.

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	Venue
Vegetable production	TMDM	35	Khabisi & Madiboho
Livestock health	Talitha & Tsolo	166	Virtual
Cannabis	Industry experts	47	Bethlehem
Piggery production	SAPPO	51	Wilhemina& TMDM

3.9.3 AGRICULTURAL SHOWS/EXHIBITION

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:

- Unit subsidised the attendance of 17 farmers to Nampo harvest day and 13 farmers to Nampo alfa both events in Bothaville, **Free State**.

3.9.4 FRESH PRODUCE MARKET

The Agriculture and Rural Development Unit took 36 vegetable producers to Bloemfontein's Fresh Produce Market. Producers visited to learn about fresh produce markets' contents: Role players at the market, how to obtain production unit code, transport requirements when brining produce to the market, how to register to supply the market, the market process flow (entry, receiving, quality assurance, stock control, sales, etc.), quality requirements, how to ensure that the produce supplied is safe for human consumption, how

to package products before sending to the market, commission structure, price determination and how to supply.

3.9.5 AGRISETA GRADUATE PLACEMENT

The Agriculture and Rural Development Unit applied for Graduate Placement, and the Agricultural Sector Education Training Authority (Agri SETA) has given its approval for the grant. The eleven graduates, all of whom are technical and vocational education and training, are each receiving R5000.00 per student every month for a period of twelve months.

Graduates:

“Thank you for entrusting us with this wonderful opportunity to broaden our experience in the sector. We promise to work hard and use everything we have learned so far for future reference”

3.9.6 TSOLO AGRICULTURE AND RURAL DEVELOPMENT INSTITUTE

The visit of the executive mayor to Tsolo Agriculture and Rural Development institute beard favorable outcomes. The student from Harrismith was assisted to be enrolled in an animal health diploma program. The program requires participants to reside at their domicile on a full-time basis. Three years is the duration of the diploma program. The institute has applied on behalf of our penurious student for funding and received from the Health and Welfare Sector Education and Training Authority (HWSETA) an amount that will assist with her registration, tuition, boarding, and lodging, as well as a monthly stipend of R3, 500 for one year and that funding is contingent upon her performance and is only guaranteed for the year 2024. The benevolent Thabo Mofutsanyana District Municipality provided financial aid for essential necessities, including transportation and PPE for the impoverished student.

The student:

“I am writing to express my appreciation for the opportunity to study at Tsolo Agricultural and Rural Development Institute (TARDI). My time at TARDI has been an incredible adventure, filled with valuable experiences and lessons.

From encountering ruminant animals on the road and learning to care for and heal them, to gaining knowledge in various aspects of agriculture, including pig and poultry production, anatomy and physiology of ruminant and non-ruminant animals, aquaculture, and wildlife management, my understanding of animal health has broadened significantly.

Being at TARDI has not only expanded my knowledge but also provided a unique and refreshing environment that has positively impacted my mental health. As they say, being surrounded by nature is beneficial for one's well-being, and I can attest to this. Thank you for this opportunity. I am eager to continue learning and growing in the field of agriculture, and become a qualified Animal Health Technician”

3.9.7 FARMER'S DAYS

The unit provided piggery farmers with the chance to participate in the South African Pork Producers' Farmers Day, which took place in Bloemfontein on March 12, 2024. Additionally, the unit collaborated with the Red Meat Institute, Enactus, UFS, and Seotlong to organize a successful farmers fair at Seotlong Agriculture and Hotel School on April 11, 2024.

CONCLUSION

The unit acknowledges that Thabo Mofutsanyana District is a farming district, and that there are a multitude of private and public agricultural organisations and businesses that can assist new and small producers. As a result, the unit has engaged in discussions and established positive relationships with a variety of stakeholders.

3.10 Component D: Community and Social Services

BACKGROUND

The Office of the executive Mayor is tasked with among, other responsibilities, to play oversight over the affairs and the financial management of the municipality. It is also instructed by the Law to be responsible for the processes leading to the adoption of both the IDP and Budget, while at the same time, ensuring that there are programs that it implements that ensures public engagements, Poverty alleviation and other Transversal issues. The aim of the report is to give feedback on the programs and other legislative assignments the Office has been implementing in the 2023/24 financial year.

3.5.1 BURSARY SUPPORT PROGRAM

The Office of the Executive Mayor has been allocated funds by the TMDM Council to intervene in assisting needy learners to go to institutions of higher learning. This, like in other financial years that passed, has been a responsibility the Office has been championing as part of its service delivery mandate.

3.5.2 BACK TO SCHOOL PROGRAMS

The past financial year saw the district achieving more progression in the number of learners that were recognized as the best achievers in the country and province's Matric Achievers. The Office played a role through ensuring it partners with other interested parties in handing sanitary towels and school shoes for the needy learners, an exercise it sees as a booster to the confidence of every student.





3.5.3 COMMUNITY FORUMS & IMBIZOS

Women Imbizo

Various events were planned to get the women across the district to engage on matters that affect themselves and society in general, among others, but not limited to:

- Meetings with the Queens and Princesses
- Women in the leadership of the Church
- Women in the traditional leadership





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 Warden in Phumelela and Thaba- Phatswa in the Maluti A Phofung local municipality, where services were taken to the people.

Other Fora that were chaired and led by the Executive Mayor included:

- District Aids Council
- Mayor's Forum
- District Development Forum

3.6 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.





3.6.1 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.

There were various outreach and awareness campaigns that were meant for the support of the Elderly and the Youth of our district, which included tournaments that were planned and implemented with the TMDM Sport Department and structures like the sports federations.

3.6.2 PORVERTY 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 through our involvement and celebration of Calendar Days like Mandela Day, World Aids Day, Woman's Month, Youth Day, etc.

3.7 Component E: Environmental Protection

3.7.1 Environmental Management

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

3.7.2 Component F: Health

Municipal Health

As per Government Notice No. 826 of 13 June 2003, the District Municipality is legally obligated to provide Municipal Health Services in the district in accordance with the Constitution of the Republic of South Africa, 1996, the Local Government: Municipal Structures, 1998 (Act 117 of 1998), and the National Health Act, 2003 (Act 61 of 2003). This obligation is effective from 1 July 2004.

The Municipal Health services are provided from offices located in Phuthaditjhaba, Harrismith, Vrede, Bethlehem, Petrus Steyn, Ficksburg, Senekal, and Ladybrand. The municipal health services are staffed by 23 Environmental Health Practitioners (EHPs). The Health Profession Council of South Africa (HPCSA) has registered all the EHPs.

Service delivery highlights

- The continuation of a basic sampling program for food, milk and Water quality.
- Conducting inspections at premises
- Participating in the Joint Operational Committee (JOC) to provide feedback on Municipal Health Services (MHS) and report on any enquiries.
- Conducting inspections at funeral parlours
- Partnering with other stakeholders to do inspections on Spaza Shop for compliancy with all application legislation.
- Conducted three environmental awareness campaigns
- **3.8 Component G: Security and Safety**

During the previous fiscal year, the security services consulted, communicated, and coordinated various forums and cluster meetings with the express goal of increasing community engagement, preventing crime, and boosting effective response to security situations. Security forums provide a substantial contribution to community safety and security by addressing specific requirements, allocating resources efficiently, and guaranteeing legislative compliance.

The security service was also on high alert to monitor movements of municipal assets during the last financial year. This monitoring of movements of municipal assets improves efficiency,

accountability, safety, and financial management, ultimately providing better services to citizens.

The security audits were conducted during the last financial for maintaining a robust security posture, ensuring compliance, and protecting sensitive information. Regular audits enable municipalities to identify and address vulnerabilities, supporting business continuity, reputation, and cost savings.

Some of the achievements to name the few are as follows:

- Out of six vacancies, the unit was able to fill three.
- Installed CCTV cameras in the main building.
- Established a security site in our water testing laboratory.
- Provided accredited firearm training to 19 security officers.
- Provided security officers with instruments of trade.
- The outside barrier was enlarged to keep local squatters from erecting dwellings near the municipal offices.

3.9 COMPONENT H: Disaster Management

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 guided by act of parliament, Section 84(1)(j) of the Municipal Structures Act and operating under the Fire Brigade Service Act. The main purpose of the fire services is to ensure firefighting services serving the area of the district municipality, which includes-

- i. planning, co-ordination and regulation of fire services.
- ii. specialised firefighting services such as mountain, veld and chemical fire services.
- iii. co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures.
- iv. 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:

- i. KPA 1: Integrated institutional capacity for disaster risk management
- ii. KPA 2: Disaster risk assessment
- iii. KPA 3: Disaster risk reduction
- iv. KPA4: Response and recovery

- v. Ebl1: Information management and communication
- vi. Ebl2: Education, training, public awareness and research
- vii. Ebl3: Funding arrangement for disaster risk management

Emergency services governance

Municipal emergency services have adopted a functional structure consist of three members that is the Manager Emergency Services, Deputy Chief Fire Officer and the Deputy Disaster Manager.

Emergency services activities

The municipality is funding its emergency services from the transfers received from government. The main achievement for the sector during 2023/24 financial year were:

- i. Hosting International Day for Disaster Risk Reduction (IDDR)
- ii. Responding to and assisting the victims of the Wind and Rainstorm Disaster of the December 2023
- iii. Assisted the local municipalities affected by Windstorm Disaster during December 2023 to apply for Municipal Disaster Response Grant where Dihlabeng receive and allocation of R16 853 352 and Mantsopa received an allocation of R14 083 702.

Some evidence of the achievements

International Day of Disaster Risk Reduction (IDDR) Celebrated at Kgubetswana, Clarence





Response and intervention to the Wind/Rainstorm Disaster of the 6 December 2023







Fire Awareness done on the 11th March 2024, Bethlehem







3.10 Component I: Sports and Recreation

The district municipality is having this unit to simply contribute to the physical, social, and economic well-being of communities. The service delivery highlights include, that district was responsible for communicating and coordinating the OR Tambo games; providing municipal employees with the option to participate in SAMSR Provincial and national games; Hosted a successful woman in sports, mayoral and indigenous games. This unit plays a vital role in promoting social cohesion, physical and mental health, economic development, and community pride in the district.

3.11 Arts and Culture

The Arts and Culture unit plays a vital role in the district by contributing to the social, economic, and cultural development of local communities. The district coordinated and communicated arts and culture forum; hosted mini arts festivals; held a writing poetry workshop; initiation schools' workshops. All these Programmes were done in promoting social cohesion, economic development, and cultural preservation in the district.

3.12 Organizational Performance Scorecard

3.13 Organizational Performance Scorecard

INFRASTRUCTURE

NO.	KPI	Annual Target	2022/2023 Comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
1.	100% Development of Rural Road Asset Management System - The extend & conditions of the road network & RRAMS System Implementation by the 30 th of June 2024	100% completion of Development of Rural Road Asset Management System on the extend & conditions of the road network & RRAMS System Implementation by the 30 th of June 2024	100% Visual Assessment of pavement management & conditions as of 30 June 2023	0% completion of Development of Rural Road Asset Management System on the extend & conditions of the road network & RRAMS System. (Non-Achievements) during the period under review.	Service provider completed visual assessments and submitted the evaluation report. Report, expenditure Report, pictures, evaluation report.	Delayed appointment of the service provider, which was in March 2024, which was later than anticipated However, submission was made to SCM in November which proved to be risky(late)	The specifications submissions will be made earlier than November to accommodate worst case scenario regarding SCM processes	
2.	Number of meetings with Province (Dept. of Police, Roads & Transports) and the 6 Local Municipalities by the 30 th of June 2024 regarding RRAMS.	05 Meetings with Province (Dept. of Police, Roads & Transports) and the 6 Local Municipalities were to be held by the 30 th of June 2024	7 meetings were held with Province (Dept. of Police, Roads & Transports) and the 6 Local Municipalities as of 30th June 2023	4 RRAMS meetings were convened during the period under review, Meetings dates: <ul style="list-style-type: none"> 22 Feb 2024 18 Apr 2024 17 May 2024 14 Jun 2024 	Invitation; Agenda; Minutes and Attendance Register	The fifth meeting that was scheduled for March 2024 but could not take place because the department sent a request that contained erroneous information	The 2024/25 financial PSC meetings will be held both physical and virtual to avoid postponements	
3.	Construction of a Culvert Bridge in MAP local Municipality by the 30 th of June 2024	100% completion of culvert bridge in MAP local municipality by 30 th of June 2024	New	0% completion of culvert bridge during the period under review.	Bid Adverts. A request to readvertise has been issued.	Technical changes, admissible.	<p>We saw it fit to appoint Engineering Consultants that are registered with the Engineering Council of South Africa (ECSA) to offer professional services for the follow reasons:</p> <p>The appointment of service provider was put on hold due to the following reasons:</p> <ul style="list-style-type: none"> The initial plan for the bridge was to rehabilitate the bridge to its original state but upon visiting the site on several occasions 	

							<p>(February – June 2024) we realized that rehabilitating the bridge to its original form will not work in the long run as torrential rains may wash the bridge away.</p> <ul style="list-style-type: none"> To conduct a feasibility study and present us with a Geotechnical report stating why the bridge failed and what remedial actions need to be put in place, i.e., detailed design. Engineering Consultant will act as a buffer and sign off the work done by the Contractor. To monitor the quality of the Contractor's work. 	
4.	Install fence at Traditional leaders' graveyards by 30 th June 2024	100% completion of fencing at traditional leader's graveyards by 30 th June 2024	New	0% completion of fencing at traditional leader's graveyards during the period under review.	None, because not achieved as envisaged.	Budget allocation not sufficient.	KPI will be achieved in the next financial year.	
5.	100% Retrofitting of high mast & streetlights with LED tubes by 30 th June 2024	100% Retrofitting of high mast & streetlights with LED tubes by 30 th of June 2024	100% Retrofitting of high mast & streetlights with LED tubes as at 30 June 2023	100% Retrofitting of high mast & streetlights with LED tubes during the period under review.	Monthly progress & Quarterly Grant evaluation reports Close out Report or Completion Certificate	None	None	
6.	Number of District Water and sanitation forum held by 30 th June 2024	04 District Water and sanitation forum were held by 30 th of June 2024	04 District Water and sanitation fora were held as at 30 th of June 2023	04 District Water and sanitation fora convened during the period under review, Meetings dates: <ul style="list-style-type: none"> 29 Sep 2023 07 Dec 2023 15 Mar 2024 	Invitation; Agenda; Minutes and Attendance Register	None	None	

7.	Number of District Energy Forum held by 30 th of June 2024	04 District Energy forum were held by 30 th of June 2024	04 District Energy Fora were held as at 30th June 2023	<ul style="list-style-type: none"> 21 Jun 2024 04 District Energy fora convened during the period under review, Meetings dates: <ul style="list-style-type: none"> 27 Sep 2023 06 Dec 2023 13 Mar 2024 26 June 2024 	Invitation; Agenda; Minutes and Attendance Register	None	None	
8.	Monthly progress Reports sent to the Municipal Manager on the 07th of every month by 30 th of June 2024	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 by 30 th of June 2024	Monthly expenditure reports and mail delivery note	None	None	
			4	4	-			

LABORATORY

NO.	KPI	Annual Target	2022/2023 comparative year	Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
9.	Develop Laboratory Quality Management Manual by the 30 th of June 2024	Development of the Laboratory Quality Management Manual by the 30 th of June 2024	New	The Laboratory Quality Management Manual was developed and waiting for council approval.	Draft Quality manual	The quality management manual has been completed but was not submitted to Council for approval	The submission to Council for approval will be expedited	
10.	Develop Laboratory Standard Operating Procedures by the 30 th of June 2024	Development of the Laboratory Standard Operating Procedures (LSOP) by the 30 th of June 2024	New	The Laboratory Standard Operating Procedures were developed and waiting for council approval.	Draft standard Operating Procedures	The Development of the Laboratory Standard Operating Procedures have been completed but were not submitted to Council for approval	The submission to Council for approval will be expedited	
11	Implement Water Testing Methods and Validations by 30 th of June 2024	Implementation of water testing methods and validations by 30 th of June 2024	New	Water testing methods and validations were not implemented, only draft methods developed and waiting for council approval for validation processes to commence	Draft testing methods	Implementation of Water testing methods and validations have been completed but were not submitted to Council for approval	The submission to Council for approval will be expedited	
12	Number of meetings with 6 Local Municipalities by 30 th of June 2024	06 Meetings with six local municipalities were to be held by 30 th of June 2024	New	06 Meetings convened during the period under review, Meetings dates: <ul style="list-style-type: none"> 07 Jul 2023 20 Sep 2023 18 Oct 2023 	Invitation; Agenda; Minutes and Attendance Register	Minutes not signed and the TMDM did not have control over some of convened meetings.	In future all minutes will be signed and TMDM will also have control over convened meetings.	

				<ul style="list-style-type: none"> 02 Feb 2024 15 Mar 2024 21 Jun 2024 				
13.	Number of District Water and sanitation forum to be held by 30 th of June 2024	04 District Water and sanitation fora were to be held by 30 th of June 2024	New	04 District Water and sanitation fora convened during the period under review, Meetings dates: <ul style="list-style-type: none"> 29 Sep 2023 07 Dec 2023 15 Mar 2024 21 Jun 2024 	Invitation; Agenda; Minutes and Attendance Register	None	None	
14.	Number of monthly progress Reports sent to the Municipal Manager on the 07th of every month by 30 th of June 2024	12 Monthly progress Reports were to be sent to the Municipal Manager on the 07th of every month by 30 th of June 2024	New	Partially achieved, 03 Monthly progress Reports sent to the Municipal Manager on the 07th of every month during the period under review.	Laboratory Grant Registers Reports not registers	Reason for non-Availability of progress reports and not what is submitted here below. No submissions were made to MM's Office & no proof of sent documents to Cogta.	In future POEs will be Submitted as planned	
			1	5	-			

SPORTS

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
15.	Number of OR Tambo games Meeting attended on the 31st of December 2023	04 OR Tambo Games Meetings were to be held on the 31st of Dec 2023	4 OR Tambo games meetings were attended as of 30th Dec 2023	04 Meetings convened during the period under review, Meetings dates: <ul style="list-style-type: none"> 21 Jul 2023 26 Jul 2023 25 Aug 2023 12 Sep 2024 	Invitation, Agenda, Attendance Register & signed Minutes	None	None	
16.	Deliver District team to the provincial games on the 30 th of October 2023	District teams were to be delivered to the provincial games on the 30 th of October 2023	New	District teams were not delivered to the provincial games as expected during the period under review date	Proof of submission for procurement Municipal Manager, and Team list	The provincial games were cancelled on last minutes by office of MEC of sports.	The district will send a letter inquiring about the cancellation and their plans.	
17.	Affiliating Municipal teams on Provincial & National games on SAMSRA games on the 30 th of September 2023	Affiliate to SAMSRA on the 30 th of September 2023	New	Municipal teams were affiliated on Provincial & National games on SAMSRA games on the 08 th of September 2023	Proof of payment, signed affiliation form from SAMSRA office	None	None	

18.	Hosting of women in sports games on the 31 st of August 2023	Hosting women in sports games on the 31 st of August 2023	New	Women in sports games were hosted on the 31 st of August 2023	Report, Photos and Attendance register	None	None	
19.	Hosting of District Mayoral Games on the 30 th of June 2024	Hosting of District Mayoral Games on the 30 th of June 2024	District Mayoral games were hosted on the 22 nd of April 2023	Mayoral Games were hosted on the 8 th of June 2024	Report, Attendance Register and photos	None	None	
20.	Hosting Indigenous games on the 29 th of February 2024 `	Host Indigenous games on the 29 th of February 2024	New	Indigenous games were hosted on the 24 th of February 2024	Report, Attendance Register and photos	None	None	
			5	1	-			

ARTS & CULTURE

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
21.	Number of Arts & Culture Fora to be held on the 30 th of June 2024	02 Arts & Culture Fora were to be held as on the 30 th of June 2024	02 Arts & Culture Fora were held as of 30 June 2023	03 Arts & Culture fora convened during the period under review, Meetings dates: <ul style="list-style-type: none"> 19 Jul 2023 12 Mar 2024 19 Mar 2024 	Invitation, Minutes Attendance Register	None	None	
22.	Organizing Performing Mini-Arts Festival on the 30 th of April 2024	Performing mini-Festival was to be organized as on the 30 th of April 2024	New	Mini Arts Festival was organized and performed on the 06 th of Sep 2023	Invitation; Attendance Register; Photos & Report	None	None	
23.	Number of Writing Poetry workshop to be held on the 31 st of March 2024	01 Writing poetry workshop was to be held as on the 31 st of Mar 2024	01 Writing poetry workshop held on the 24 th of February 2023	01 Writing poetry workshop was held on the 26 th of Feb 2024	Invitation; Attendance Register; Photos & Report	None	None	
24.	Number of Initiation Schools Workshop to be held with Government departments (SAPS & Health) and Initiation Schools Leaders on the 30 th of June 2024	03 Initiation Schools Workshop held with Government departments (SAPS & Health) and Initiation Schools Leaders by the 30 th of June 2024.	03 Initiation Schools Workshops held with Government departments (SAPS & Health) and Initiation Schools Leaders as at 30 June 2023	03 Initiation Schools Workshops convened during the period under review dates: <ul style="list-style-type: none"> 14 Sep 2023 10 Oct 2023 27 Oct 2023 	Invitation; Attendance Register; Photos & Report	None	None	

25.	Number of Memorial Lectures on Thabo Mofutsanyana to be held on the 30 th of June 2024	1 Memorial Lecture on Thabo Mofutsanyana to be held on the 30 th of June 2024	02 Memorial Lectures hosted as of 30th June 2023	Zero Memorial Lecture on Thabo Mofutsanyana was held during the period under review	N/A because no performance	Unforeseen circumstances (family matters)	Develop contingency plans for unexpected circumstances	
			4	-	1			

EMERGENCY SERVICES

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
26.	Procure of Information Management and Emergency Communication Software on the 30th of June 2024	Information Management and Emergency Communication Software to be procured by the 30 th of June 2024	New	Information Management and Emergency Communication software was not procured during the period under review	Memo of Procurement request	Non-responsive tender	Review and revise tender requirements	
27.	To host Disaster Risk Reduction Day on the 31 st of December 2023	Disaster Risk Reduction Day to be host on the 31 st of December 2023	01 Disaster Risk Reduction International Day was hosted on 31st October 2023	Disaster Risk Reduction Day was hosted on the 20 th of December 2023	Invitation; Attendance Register; Photos & Report	None	None	
28.	Number of Safety Awareness campaigns related to disaster and fire subjects conducted on the 30 th of June 2024	04 Safety Awareness Campaigns to be conducted on the 30 th of June 2024	05 Safety awarenesses campaigns conducted as of 30th June 2023	Zero Safety Awareness Campaigns conducted during the period under review date	N/A because no performance	Insufficient Resources (time, Money, Personnel)	Allocate necessary resources and budget	
29.	Number of disaster and fire workshops done on the 30 th of June 2024	04 Disaster/Fire workshops to be conducted on the 30 th of June 2024	New	04 Disaster/Fire workshop was convened during the period under review date <ul style="list-style-type: none"> 26 Sep 2023 10 Oct 2023 12 Mar 2024 14-22 Jun2024 	Invitation; Attendance Register; Photos & Report	None	None	
30.	Number of stakeholder meetings held on the 30 th of June 2024	04 stakeholders' meetings to be held on the 30 th of June 2024	03 Stakeholders meetings were held as of 30th June 2023	03 stakeholders' meetings were convened during the period under review dates: <ul style="list-style-type: none"> 14 Jul 2023 01 Dec 2023 25 Mar 2024 	Invitations: Attendance Register & Minutes	Competing priorities by stakeholders. Insufficient stakeholder engagement	Engage stakeholder and encourage participation. Seek feedback from stakeholders and attendees.	
			2	2	1			

MUNICIPAL HEALTH SERVICES

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
31.	Number of water samples taken on the 30 th of June 2024.	240 Water Samples were to be taken as on the 30th of June 2024.	12 Monthly reports	70 Samples were taken	Laboratory Reports	Water Analysis Results held by the Service provider due to non-payment	Payment of Invoices on time and communicate Results with stakeholders	
		Dihlabeng 48 Samples	New	10				
		Setsoto 72 Samples		07				
		Mantsopa 24 Samples		12				
		Nketoana 24 Samples		5				
		Phumelela 24 Samples		11				
		Maluti A Phofung 48 Samples		25				
32.	Number of Water Treatment Plants Inspected on the 30 th of June 2024.	22 Inspections of Water Treatment Plant were to be inspected as on the 30th of June 2024.	New	12 Inspections	Inspection Reports	Newly introduced function, EHPs needed to be capacitated - Lack of direct supervision in Dihlabeng LM (Chief EHP Retired) -EHPs covered unplanned Activities (i.e. Building Plans and Complaints)	Targets communicated to all EHPs, and Capacity Building Workshops planned for New Financial	
		Dihlabeng 04 Inspections		0				
		Setsoto 04 Inspections		5				
		Mantsopa 02 Inspections		2				
		Nketoana 04 Inspections		2				
		Phumelela 04 Inspections		3				
		Maluti A Phofung 04 Inspections		0				

33.	Number of food premises inspected on the 30 th of June 2024.	1080 Food Inspections were to be inspected as on the 30th of June 2024.	12 Monthly Report	1321 Inspections	Inspection Reports	None	None	
		Dihlabeng 300 Inspections	New	313				
		Setsoto 180 Inspections		266				
		Mantsopa 120 Inspections		135				
		Nketoana 60 Inspections		68				
		Phumelela 60 Inspections		100				
		Maluti A Phofung 360 Inspections		439				
34.	Number of milk samples taken on the 30 th of June 2024.	204 Milk Samples were to be taken as on the 30th of June 2024.	12 Monthly Report	157 Samples	Laboratory Reports	No submission of deviation for partial achievement	No submission of remedial action	
		Dihlabeng 48 Samples	New	24				
		Setsoto 36 Samples		43				
		Mantsopa 24 Samples		14				
		Nketoana 24 Samples		20				
		Phumelela 24 Samples		28				
		Maluti A Phofung 48 Samples		28				
35.	Number of food labeling inspections on the 30 th of June 2024.	408 Food Selling inspections were to be inspected as on the 30th of June 2024.	12 Monthly Reports	108 Inspections	Inspection Reports	Function suspended due to incorrect interpretation of relevant regulations (R146 under FCD Act) by EHPs	Requested National Department of Health Food Control Unit to provide training	
		Dihlabeng 120 Inspections	New	06				

		Setsoto 60 Inspections		59				
		Mantsopa 24 Inspections		31				
		Nketoana 60 Inspections		03				
		Phumelela 24 Inspections		02				
		Maluti A Phofung 120 Inspections		7				
36.	Number of childcare facilities inspected under different categories on the 30 th of June 2024.	240 Childcare Facilities inspections were to be inspected as on the 30th of June 2024.	12 Monthly Reports	349 Inspections		None	None	
		Dihlabeng 60 Inspections		64	Inspection Reports			
		Setsoto 48 Inspections		60				
		Mantsopa 24 Inspections		32				
		Nketoana 24 Inspections	New	20				
		Phumelela 24 Inspections		24				
		Maluti A Phofung 72 Inspections		149				
37.	Number of Learning institutions inspected (Schools and Colleges) on the 30 th of June 2024.	160 Learning institutions inspections were to be inspected as on the 30th of June 2024.		100 Inspections	Inspection Reports	Re-Introduced Function after COVID, EHPs needed to be Capacitated. -EHPs covered unplanned Activities (i.e. Building Plans and Complaints) - Lack of direct supervision in Dihlabeng LM (Chief EHP Retired)	Target communicated to all EHPs, and Capacity Building Workshops planned for New Financial year	
		Dihlabeng 24 Inspections		0				
		Setsoto 24 Inspections		26				
		Mantsopa 04 Inspections	New	13				
		Nketoana 08 Inspections		03				

		Phumelela 16 Inspections		16				
		Maluti A Phofung 84 Inspections		42				
38.	Number of Accommodation Establishments (Hotels, B&Bs and Guest Houses) inspected on the 30 th of June 2024.	128 Accommodation Establishments inspections were to be inspected as on the 30th of June 2024.	New	68 Inspections	Inspection Reports	- Re-Introduced Function after COVID, EHPs needed to be Capacitated. -EHPs covered unplanned Activities (i.e. Building Plans and Complaints)	Target communicated to all EHPs, and Capacity Building Workshops planned for New Financial	
		Dihlabeng 48 Inspections		7				
		Setsoto 12 Inspections		21				
		Mantsopa 12 Inspections		17				
		Nketoana 16 Inspections		04				
		Phumelela 16 Inspections		09				
		Maluti A Phofung 24 Inspections		10				
39.	Number of Old Age Homes and Disability Centers inspected on the 30 th of June 2024.	40 Old Age Homes and Disability Centers inspections were to be inspected as on the 30th of June 2024.	New	47 Inspections	Inspection Reports	None	None	
		Dihlabeng 12 Inspections		12				
		Setsoto 12 Inspections		17				
		Mantsopa 02 Inspections		03				
		Nketoana 04 Inspections		04				
		Phumelela 04 Inspections		06				

		Maluti A Phofung 06 Inspections		16				
40.	Number of Police Stations and Correctional Services Centers inspected on the 30 th of June 2024.	33 Police Stations and Correctional Services Centers inspections were to be inspected as on the 30th of June 2024.	New	16 Inspections	Inspection Reports	<ul style="list-style-type: none"> - Re-Introduced Function after COVID, EHPs needed to be Capacitated. -EHPs covered unplanned Activities (i.e. Building Plans and Complaints) - Lack of direct supervision in Dihlabeng LM (Chief EHP Retired) 	Targets communicated to all EHPs, and Capacity Building Workshops planned for New Financial year	
		Dihlabeng 60 Inspections		0				
		Setsoto 48 Inspections		03				
		Mantsopa 24 Inspections		07				
		Nketoana 24 Inspections		02				
		Phumelela 24 Inspections		03				
		Maluti A Phofung 72 Inspections		01				
41.	Number of Beauty Salons and Hair Salons inspected on the 30 th of June 2024.	164 Beauty Salons and Hair Salons inspections were to be inspected as on the 30th of June 2024.	New	107 Beauty Salons and Hair Salons Inspections	Inspection Reports	<ul style="list-style-type: none"> - Re-Introduced Function after COVID, EHPs needed to be Capacitated. -EHPs covered unplanned Activities (i.e. Building Plans and Complaints) - Lack of direct supervision in Dihlabeng LM (Chief EHP Retired) 	Target communicated to all EHPs, and Capacity Building Workshops planned for New Financial year	
		Dihlabeng 48 Inspections		22				
		Setsoto 24 Inspections		26				
		Mantsopa 12 Inspections		11				
		Nketoana 24 Inspections		13				
		Phumelela 24 Inspections		27				
		Maluti A Phofung 32 Inspections		08				
42.		100 Funeral Parlors	12 Monthly Reports		Inspection Reports	None	None	

	Number funeral parlors inspected on the 30th of June 2024.	inspections were to be inspected as on the 30th of June 2024.		121 Funeral Parlors Inspections				
		Dihlabeng 16 Inspections	New	20				
		Setsoto 12 Inspections		24				
		Mantsopa 12 Inspections		15				
		Nketoana 12 Inspections		12				
		Phumelela 12 Inspections		16				
		Maluti A Phofung 36 Inspections		38				
43.	Number of Health Care Risk Waste generators inspected on the 30 th of June 2024.	48 Health Care Risk Waste generators were to be inspected as on the 30th of June 2024.	12 Monthly Reports	60 Health Care Risk Waste generators	Inspection Reports	None	None	
		Dihlabeng 12 Inspections	New	15				
		Setsoto 8 Inspections		14				
		Mantsopa 8 Inspections		12				
		Nketoana 4 Inspections		02				
		Phumelela 4 Inspections		05				
		Maluti A Phofung 12 Inspections		12				
44.	Number of Environmental awareness campaigns conducted in respect of Municipal Health Services across 6 Local Municipalities on the 30 th of June 2024.	04 Quarterly Environmental awareness campaigns in respect of Municipal Health Services to be conducted per Local Municipality	04 Quarterly reports indicating awareness campaigns were conducted in respect of Municipal Health Services across Local Municipalities in the district	03 Environmental awareness campaigns Conducted during the period under review dates: <ul style="list-style-type: none"> Q1 Ju-Sep 23 Q3 Jan-Mar 24 Q4 Apr-Jun 24 	Report: Attendance Register & Pictures	-EHPs covered unplanned Activities (i.e. Building Plans and Complaints) - Lack of direct supervision in Dihlabeng LM (Chief EHP Retired)	Target communicated to all EHPs, and Capacity Building Workshops planned for New Financial year	

		on the 30 th of June 2024						
45.	Adoption of the reviewed Municipal Health By-Laws and developed Tariff policy on the 31 st of December 2023	Adoption of the reviewed Municipal Health By-Laws and developed Tariff policy on the 31 st of December 2023	District MHS By-Law and Tariff Policy were developed but adopted by council on the 30 th June 2023.	The Municipal Health By-Laws and developed Tariff policy were not adopted during the period under review	N/A because no performance	Request to appoint Service Provider declined. -Re-started the process with the help of other stakeholders i.e. COGTA and SALGA	Started a process of developing Legally acceptable Bylaws and Tariff Policy	
46.	Number of Air Quality Management reports indicating services rendered across 6 Local Municipalities on the 30 th of June 2024.	04 Quarterly Air Quality Management reports per Local Municipality on the 30 th of June 2024	01 Air Quality Management report was generated on the 30 th of June 2023	01 Air quality management Report during the period under review dates: <ul style="list-style-type: none"> Q1 Ju-Sep 2023 	Quarter1 reports	Environmental Services Coordinator Resigned	Request for filling of Post submitted. Assigned an EHP to reduce Backlog	
47.	Adoption of the Municipal Air Quality Plan on the 30 th of June 2024	Adoption of the Municipal Air Quality Plan on the 30 th of June 2024	New	The Municipal Air Quality Plan was not Adopted during the period under review	N/A because no performance	Environmental Services Coordinator Resigned	Delegated EHP to only issue Emission Licenses, no inspections	
48.	Number of reports with specific focus on waste management activities performed in various areas across the 6 local municipalities on the 30 th of June 2024.	04 Quarterly Environmental services reports with specific focus on waste management activities performed in various areas across the 6 local municipalities on the 30 th of June 2024.	03 Quarterly Environmental Services reports with specific focus on waste management activities performed in 03 local municipalities in the district on the 30 th of June 2023	No performance on this target, since it's a duplication of target No.50	No POEs submitted on this target	No Performance action	it's a duplication of target No.50	
49.	Adoption of the Municipal Air Quality By-Laws on the 30 th of June 2024	Adoption of the Municipal Air Quality By-Laws on the 30 th of June 2024	New	The Municipal Air Quality By- laws were not Adopted during the period under review	N/A because no performance	Request to appoint Service Provider declined. -Re-started the process with the help of other stakeholders i.e. DFFE and SANBI Interns	Process continues in the new financial year 24/25.	
50.	Number of Environmental Services reports with specific focus on waste management activities performed in various areas across the 6 local municipalities on 30 th June 2024.	04 Quarterly report on waste management activities performed per Local Municipality on the 30 th of June 2024	03 Quarterly Environmental Services reports with specific focus on waste management activities were performed in 3 local municipalities in the district on the 30 th of June 2023	Waste management activities performed during the period under review dates: <ul style="list-style-type: none"> Q1 Ju-Sep 2023 Q3 Jan- Mar 2024 Q4 Apr-Jun 2024 	Quarterly reports	Environmental Management Coordinator Resigned	Request for filling of Post submitted. Assigned an EHP to reduce Backlog	

51.	Number of Reports on Environmental services with specific focus on Biodiversity and Conservation activities performed in various areas across the 6 local municipalities on the 30 th of June 2024	04 Quarterly Environmental services report with specific focus on Biodiversity and Conservation activities performed per Local Municipality on the 30 th of June 2024	New	03 Environmental services reports with specific focus on Biodiversity and Conservation activities performed during the period under review dates: <ul style="list-style-type: none"> Q1 Ju-Sep 2023 Q3 Jan- Mar 2024 Q4 Apr-Jun 2024 	Reports, attend Register & Photos	Environmental Management Coordinator Resigned	Request for filling of Post submitted. Assigned an EHP to reduce Backlog	
52.	Adoption of Biodiversity Regional Plan on the 30 th of June 2024	The Regional Biodiversity Plan to be adopted on the 30 th of June 2024	New	The Regional Biodiversity Plan was not adopted during the period under review	N/A because no performance	Environmental Management Coordinator Resigned. -Request to appoint Service Provider declined.	Request for filling of Post submitted. With assistance from DFFE and SANBI Interns a Draft was developed.	
			5	13	4			

TRANSVERSAL ISSUES HIV/AIDS

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
53.	Number of Induction workshops for district HIV & AIDS Council on the 31 st of December 2023.	Induction workshop of Aids Council to be conducted on the 31 st of December 2023	New	Zero Induction workshop of Aids Council was conducted during the period under review	N/A because no performance	SANAC is busy with the Elections of Civil Society which forms the main part of the DAC.	The meeting is expected to start immediately after election of civil society.	
54.	Number of HIV & AIDS Council meetings held on the 30 th of June 2024	04 HIV & AIDS Council meetings were to be held on the 30 June 2024	New	Zero HIV & AIDS Council meetings were held during the period under review	N/A because no performance	SANAC is busy with the Elections of Civil Society which forms the main part of the DAC.	The meeting is expected to start immediately after election of civil society.	
55.	Number of HIV/ AIDS awareness campaigns conducted on the 31 st of December 2023	01 HIV & AIDS awareness campaign conducted on the 31 st of December 2023	01 HIV & AIDS awareness campaign was conducted as of 31 December 2023	01 HIV & AIDS awareness campaign conducted on the 12 th of December 2023	Invitation, Agenda, Attendance Register, Report and Photos	None	None	
56.	Number of HIV & AIDS support programme for people living with HIV/Aids conducted on the 30 th of June 2024	01 HIV & AIDS support programme for people living with HIV/Aids conducted on the 30 th of June 2024	01 HIV/ AIDS support program for people living with HIV/AIDS was conducted on the 30th of June 2023	01 HIV & AIDS support programme for people living with HIV/Aids conducted on the 13 th of Apr 2024	Invitation, Agenda, Attendance Register, Report and Photos	None	None	

57.	Number of HIV /AIDS workshops for municipal employees held on the 31 st of December 2023	01 HIV & AIDS workshop for municipal employees held on the 31 st of December 2023	New	Zero HIV &AIDS workshop for municipal employees held during the period under review.	N/A because no performance	The workshop was conducted for community only,	In the next financial the will, be work involving TMDM employees	
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MORAL REGENERATION

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
58.	Number of Women's Empowerment workshops to encourage and motivate Woman across all walks of life 31 st of August 2023	01 Women Empowerment workshops to encourage and motivate Woman across all walks of life to be conducted on the 31 st of August 2023	New	01 Women's Empowerment workshops conducted on the 12 th of September 2023	Invitation, Agenda, Attendance Register, Report and Photos	None	None	
59.	Number of GBV awareness campaigns conducted on the 30 th of September 2023	01 GBV awareness campaign to be conducted on the 30 th of September 2023	New	01 GBV awareness campaign was conducted on the 16 th of September 2023	Invitation, Agenda, Attendance Register, Report and Photos	None	None	
60.	Number of women's month celebration conducted on the 30 th of September 2023	01 women's month celebration to be conducted on the 30 th of September 2023	01 women's month celebration was conducted on the 30 th of September 2023	01 Women's month celebration conducted on the 12 th of September 2023	Invitation, Agenda, Attendance Register, Report and Photos	None	None	
61.	Number of awareness campaigns on healthy lifestyle conducted on the 31 st of December 2023	01 awareness campaign on healthy lifestyle to be conducted on the 31 st of December 2023	01 healthy lifestyle awareness campaign was conducted as at 31 st December 2023	01 Men's awareness campaign on healthy lifestyle was conducted on the 22 nd of December 2023	Signed Report. Register & Photos	None	None	
62.	Number of boy child empowerment Dialogues conducted on the 31 st of December 2023	01 boy child empowerment Dialogue to be conducted on the 31 st of December 2023	01 Boy child empowerment dialogue was conducted as of 31 st March 2023	01 Boy child empowerment Dialogue was conducted on the 05 th of December 2023	Invitation Attendance Register, Report	None	None	
63.	Number of Moral Regeneration Dialogue with Traditional leaders / healers Youth out of school	01 Moral Regeneration Dialogue with Traditional leaders and healers	1 Moral Regeneration Dialogue with Traditional leaders and healers Youth out of school and	01 Moral Regeneration with Religious communities on the 26 th of Mar 2024	Invitation, Agenda, Attendance Register, Report and Photos	None	None	

	Religious communities conducted on the 30 th of June 2024	Youth out of school and Religious communities to be conducted on the 30 th of June 2024	Religious communities were conducted as at 30th June 2023					
64.	Number of Motivational talks led by former inmates conducted on the 30 th of June 2024	01 Motivational talk led by former inmates to be conducted on the 30 th of June 2024	1 Motivational talk led by former inmates was conducted as at 30th June 2023	Zero motivational talks led by former inmates was conducted during the period under review	Only Request of former inmate to motivate young boys	The office was unable to secure a presenter from the department of correctional services.	It will be done in the new financial year.	
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GENDER & DISABILITY

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
65.	Number of awareness campaigns for people with disability to be conducted on 30 th of June 2024	04 Gender and disability for a were to be held on the 30 th of June 2024	New	06 Gender & Disability for a were convened during the period under review, fora dates: <ul style="list-style-type: none"> 8-10 Nov 2023 12 Mar 2024 14 May 2024 15 May 2024 16 May 2024 27 May 2024 	Invitation; Agenda; Minutes and Attendance Register.	None	None	
66.	Number of awareness campaigns for people with disability conducted on the 30 th of June 2024.	04 awareness campaigns for people with disability were to be conducted on the 30 th of June 2024	1 awareness campaign for people with disability was conducted as at 30 th June 2023	02 Awareness Campaigns were convened during the period under review, dates-: <ul style="list-style-type: none"> 20 May 2024 25 May 2024 	Invitation; Agenda; Reports and Attendance Registers.	None	None	
67.	Number capacity building workshops on Business empowerment for people living with disabilities on the 30 th of June 2024	02 workshops for business empowerment were to be held on 30 th of June 2024	New	01 workshop for business empowerment was convened during the period under review, workshop date-: <ul style="list-style-type: none"> 03 Apr 2024 	Invitation, Agenda, Attendance Register, Report and Photos	None	None	
68.	Number of social cohesion dialogues on GBV for people with disability conducted on the 30 th of June 2024	02 social cohesion dialogues for people with disability to be	1 social cohesion dialogue for people with disability was	02 social cohesion dialogues for people with disability were convened	Invitation, Agenda, Attendance Registers, Reports and Photos	None	None	

		conducted on the 30 th of June 2024	conducted as at 31st December 2023	during the period under review, dates-: <ul style="list-style-type: none"> 26 Oct 2023 21 June 2024 				
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YOUTH DEVELOPMENT

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
69.	Number of district Youth Development Officers Fora to held on the 30 th of June 2024	04 District Youth Development Officers fora to be held on the 30 th of June 2024	New	01 forum was convened during the period under review, dates-: <ul style="list-style-type: none"> 25 June 2024 	Invitation, screen printed register & Report.	Members were invited to a meeting, whoever they didn't attend without giving reasons. Only District Youth Coordinator from Premier's office indicated through a call that he has planned events on the day.	District YDO to immediately report to the Local Executive Mayors/Municipal Manager to intervene in making sure that their Youth Focal persons attend and participate in the forums.	
70.	Host Youth Summit on the 30 th of June 2024	Youth Summit to be hosted on the 30 th of June 2024	Youth Summit was not hosted as of 30th June 2023	Youth Summit was hosted on the 15 th of Nov 2023	Invitation, Agenda, Attendance Registers, Reports and Photos	None	None	
71.	Procurement of tools of trade for 8 Youth SMMEs on the 30 th of June 2024	Procurement of tools of trade for 8 Youth SMMEs on the 30 th of June 2024	Procurement of tools of trade for 8 Youth SMMEs was not done on the 30th of June 2023	No Procurement of tools of trade for eight Youth SMMEs during the period under review	N/A because no performance	The Office was advised not to duplicate same program as LED office but to join them.	Youth SMMEs were identified, and those qualified were Listed, submissions for Procurement were made by the office of LED.	
72.	Number of Back-to-school Campaigns conducted in all six local Municipalities on the 31 st of March 2024	Six Back to school Campaigns on the 31 st of March 2024	New	06 Back-to-school Campaigns conducted as on 31 st of March 2024	Notices, Report, Photos & attendance registers	None	None	
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PUBLIC PARTICIPATION

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
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73.	Number of trainings sessions for ward committees on role & responsibilities held on the 31 st of December 2023	01 Training session for ward committees on role & responsibilities to be held as on the 31 st of December	New	02 Training were conducted during the period under review, dates-: ▪ 06 Feb 2024 ▪ 09 Feb 2024	Notices, signed Reports, & attendance registers	No reason provided for deviation	No reason provided for remedial action	
74.	Number of training sessions for ward committees on IDPs & Budgets processes held on the 31 st of March 2024	01 training session for ward committees on IDPs & Budgets processes to be held as on the 31 st of March 2024	New	02 Training were conducted during the period under review, dates-: ▪ 06 Feb 2024 ▪ 09 Feb 2024	Notices, signed reports, & attendance registers	No reason provided for deviation	No reason provided for remedial action	
75.	Number of trainings sessions for ward committees about Batho Pele Principles held on the 30 th of June 2024	01 training session forward committees about Batho Pele Principles to be held as on the 30 th of June	New	Zero Trainings were conducted during the period under review.	N/A because no performance	No reason provided for deviation	No reason provided for remedial action	
76.	Conduct profiles all wards of Phumelela, Nketoana & Mantsopa on the 30th June 2024	Wards of Phumelela, Nketoana & Mantsopa to be Profiled as on the 30th June 2024	New	Phumelela, Nketoana & Mantsopa wards were not Profiled during the period under review.	N/A because no performance	No reason provided for deviation	No reason provided for remedial action	
77.	Host community development workers summit on the 30 th of June 2024	Hosting summit for community development workers as on the 30 th of June 2024	New	Summit for community development workers not hosted summit for community during the period under review.	N/A because no performance	No reason provided for deviation	No reason provided for remedial action	
78.	Procure Stationery for Ward Committee members on the 31 st of March 2024	Procuring Stationery for Ward Committee members as on the 31 st of March 2024	New	No Stationery Procured for Ward Committee members during the period under review.	N/A because no performance	No reason provided for deviation	No reason provided for remedial action	
79.	Number civil education workshops for all stakeholders to be conducted on 30 th of June 2024	02 civil education workshops for all stakeholders to be conducted on 30 th of June 2024	New	01 Civil education workshop was convened during the period under review, dates-: ▪ 23 Oct 2023	Invitation & Unsigned report	No reason provided for deviation	No reason provided for remedial action	
80.	Submission of Reviewed Public Participation Policy to Council on the 30 th of June 2024	Reviewed Public Participation Policy to be submitted to Council as on the 30 th of June 2024	New	Not Achieved	N/A because no performance	No reason provided for deviation	No reason provided for remedial action	

81.	Submission of Public Participation Strategy to Council on the 30 th of June 2024	Public Participation Strategy to be submitted to Council as on the 30 th of June 2024	New	Not Achieved	N/A because no performance	No reason provided for deviation	No reason provided for remedial action	
82.	Number of MPAC meetings held on the 30 th of June 2024	04 MPAC meetings to be held on the 30 th of June 2024	02 MPAC meetings were held as of 30 th June 2023	05 MPAC meetings were convened during the period under review, dates-: <ul style="list-style-type: none"> 13 Jul 2023 24 Jul 2024 21 Nov 2024 21 Feb 2024 19 Mar 2024 	Invitation, Attendance register and Minutes	None	None	
83.			3	1	6			

LED & TOURISM

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
84.	Procuring tools of trade for SMMEs on the 30 th of June 2024	Procurement of tools of trade for SMMEs on the 30 th of June 2024	Procurement of tools of trade for SMMEs was not done on the 30 June 2023	Procurement of tools of trade was done on 25 th of June 2024	Report, Acknowledgment of goods by the beneficiary (CERTIFICATES) & photos, attendance register& agenda	None	None	
85.	Assisting SMMEs to acquire FICA documents and upgrade their CIDBs. in Nketoana & MAP local municipalities on the 30 th of June 2024	SMMEs in Nketoana & MAP local municipalities to be assisted to acquire FICA documents and upgrade their CIDBs as on the 30 th of June 2024	New	MAP local municipality was assisted to acquire their FICA during the period under review <ul style="list-style-type: none"> 14 Nov 2023 NHBRC 	Evidence for Maluti a Phofung municipality only	Competing priorities	Re-evaluate priorities and allocate resources accordingly	
86.	Number of LED fora to be held on the 30 th of June 2024	04 LED fora to be held as on the 30 th of June 2024	03 LED fora were held as at 30 th June 2023	02 LED fora were convened during the period under review, dates-: <ul style="list-style-type: none"> 18 Aug 2023 14 Nov 2023 	(Unsigned) Invitation; Agenda; Unsigned Minutes and Attendance Register with no TMDM Logo.	Insufficient stakeholder engagements and competing priorities	Engage stakeholders and encourage participation. Identify alternative solutions e.g. virtual forums	
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TOURISM

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
87.	Conducting Media Familiarization Tour to take stock and profiling new destinations within the district on the 30 th of June 2024	Media Familiarization Tour to take stock and profile new destinations within the district were to be conducted on the 30 June 2024	New	No Media Familiarization tour for stock and profile taking on new destinations within the district conducted during the period under review	N/A because no performance	Insufficient media interest. Failure to identify a unique story or angle.	Engage media representatives and encourage participation. Identify a unique story or angle to showcase.	
88.	Number of Tour Operators trainings on product development and Marketing by exercising will cab on illegal guiding in the district on the 30 th of June 2024	02Tour Operators trainings on product development and Marketing by exercising will cab on illegal guiding in the district as on the 30 th of June 2024	New	01 Trainings was Convened during the period under review, dates-: ▪ Sep 2023 Tour Guide	unsigned Report, attendance register with no logo and Photos	Competing priorities or initiatives	Review and refine the training program content and formats. Foster partnerships with industry associations or training providers	
89.	Number of Developed township spots, to be a safe chilling destination, where Tourist can experience & enjoy African Cuisine dishes within TMDM on the 30 th of June 2024	01 Township spot to be developed as a safe chilling destination, where Tourist can experience & enjoy African Cuisine dishes within TMDM on the 30 th of June 2023.	New	01 Township spot was developed as a safe chilling destination during the period under review	Report & Photos	None	None	
90.	Host District Annual Tourism Festival on the 31 st of April 2024	District Annual Tourism Festival to be hosted as on the 30 th of April 2024	Annual Tourism Festival was not hosted on the 31 st Dec 2022	No district Annual tourism festival hosted during the period under review	Memo of request and Specifications	Competing priorities or initiatives.	Develop a robust marketing and promotion strategy to ensure that the set target is achieved	

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AGRICULTURE

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
91.	Number of Farmers assisted with Tools of trade (Rural Community Support) on the 30 th of June 2024	10 Farmers were to be assisted with tools of trade on the 30 th of June 2024	Eight farmers assisted with tools of trade as at 30 th June 2023	45 Farmers were assisted with tools of trade during the period under review	Submission request to Municipal Manager, Proof of Purchase, Deed of Donation and Pictures	None	None	
92.	Number of farms revitalized in terms of Electricity and Water on the 30 th of June 2024	01 farm was to be revitalized in terms of Electricity and Water on the 30 th of June 2024	farms were not revitalized on Electricity /Water installations and Electricity/Water Consumption as at 30 th June 2023	01 farm was revitalized in terms of Electricity and Water during the period under review	Submission request to Municipal Manager and Proof of Payment, Report & Photos	None	None	
93.	Number of Farmers sent to an Established Fresh Produce Market on the 31 st of December 2023	15 Farmers were sent to an Established Fresh Produce Market on the 31 st of December 2023	13 farmers were sent to an established Fresh Produce Market on 30 th November 2023	35 farmers were sent to an Establishment Fresh Produce Market on the 26 th of Oct 2023	Signed Report, attendance register and Photos	None	None	
94.	Number of Farmers/ Learners sent to NAMPO Day on the 30 th of June 2024 Number	13 farmers / learners sent to NAMPO on the 30 th of June 2023	15 farmers were sent to NAMPO as at 30 th June 2023	13 farmers / learners sent to NAMPO on the 30 th of May 2024	Signed Report, attendance register and Photos	None	None	
95.	Installation of shade net to a Municipal Garden Project on the 30 th of June 2024	Installation of shade net of Municipal Garden on the 30 th of June 2024	New	Installation of shade net of Municipal Garden was done during the period under review	Signed Report and Photos	None	None	
96.	Number of Farmers /Learners sent to Alfa workshop on the 30 th of Sep 2023	Sending 13 farmers /learners to Alfa workshop by the 30 th of Sep 2023	13 farmers were sent to Alfa workshop on the 30 th Sep 2023	13 Farmers were sent to Alfa workshop on the 29 th of Sep 2023	Signed Report, attendance Register and Photos	None	None	

97.	Number of emerging farmers trained on Animal Health, Piggery Production, Poultry Production, Animal Nutrition and Vegetable Production on the 30 th of June 2024	Training Forty Emerging farmers on Animal Health, Piggery Production, Poultry Production, Animal Nutrition and Vegetable Production by 30 th of June 2024	232 emerging farmers were trained on Animal Health, Piggery Production, Poultry Production, Animal Nutrition and Vegetable Production as at 30 th June 2023	110 Emerging farmers on Animal Health, Piggery Production, Poultry Production, Animal Nutrition and Vegetable Production were trained during the period under review	Signed Report, attendance Register and Photos	None	None	
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POVERTY ALLEVIATION

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
98.	Number of Jobs to be created through EPWP Incentive Grant on the 30 th of April 2024	205 Jobs were to be created through EPWP incentive Grant on the 30 th of April 2024	222 jobs were created through EPWP incentive Grant as at 30 th September 2023	Additional 205 Jobs were created through EPWP incentive Grant on the 30 th of April 2024	All Signed employment Contracts	None	None	
99.	Number of Monthly progress Reports on EPWP Incentive Grant sent to Public Works on 10 th day of every month on the 30 th of June 2024	12 Monthly Expenditure Reports on EPWP Incentive Grant sent to Public Works on the of every month on the 30 th of June 2024	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 on the 30 th of June 2024	Signed Monthly Reports	None	None	
100.	Monthly Reports on EPWP DFFE Incentive Grant spending for records on the 30 th of November 2023 (100 per LM)	634 jobs created through DFFE Partnership in Local municipalities as on the 30 th of November 2023	New	Not Achieved	N/A because no performance	TMDM were just acting as a support structure for the implementation of the project.	We only assist with collecting registers but do not have access to their expenditure reports, we have tried on numerous occasions to get hold of it but have failed.	
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CORPORATE SUPPORT

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
101.	Submission of Items from all departments to MM for Council Agenda five days before the Council meeting on the 30 th of June 2024	Submission of Items from all departments to MM for Council Agenda 5 days before the Council meeting on the 30 June 2024	Submission of Items from all departments to MM for Council Agenda 6 days before the Council meeting as at 30 th June 2023	Items from all departments to MM for Council Agenda were submitted within 05 days before the Council meetings as on the 30 th of June 2024	Distribution List	Achieved	Achieved	
102.	Distribution of Agenda to Council Members two Days before the Council meeting on the 30 th of June 2024	Distribution of Agenda to Council Members 2 Days before the Council meeting on the 30 June 2024	Distribution of Agenda to Council Members 5 Days before the Council meeting as at 30 th June 2023	Council Agenda was distributed within 03 days as on the 30 th of June 2024	Distribution List	Achieved	Achieved	
103.	Submission of Items to the Executive Mayor for MAYCO Agenda five days before the MAYCO meeting on the 30 th of June 2024	Submission of Items to the Executive Mayor for MAYCO Agenda 5 days before the MAYCO meeting on the 30 June 2024	Submission of Items to the Executive Mayor for MAYCO Agenda 5 days before the MAYCO meeting as at 30 th June 2023	Items for Mayco to Executive Mayor were submitted 03 days before MAYCO as on the 30 th of June 2024	Distribution List	None	None	
104.	Distribution of Mayco Agenda to secretary in the office of Executive Mayor two days before the Mayco meeting on the 30 th of June 2024	Distribution of Mayco Agenda to secretary in the office of Executive Mayor 2 days before the Mayco meeting on the 30 June 2024	Distribution of Mayco Agenda to secretary in the office of Executive Mayor 4 days before the Mayco meeting as at 30 th June 2023	Mayco Agenda was distributed within 02 days before Mayco meeting as on 30 th of June 2024	Distribution List	None	None	
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HUMAN RESOURCE

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
105.	Number of Corporate Services Portfolio Committee meetings held on the 30 th of June 2024	08 Corporate Services Portfolio Committee Meetings to be held on the 30 th of June 2024	10 Corporate Services Portfolio Committee Meetings held as of 30 th June 2023	05 Portfolio Committee meetings were convened during the period under review, Meetings dates: <ul style="list-style-type: none"> ▪ 17 Aug 2023 ▪ 26 Sep 2023 ▪ 20 Oct 2023 ▪ 28 Nov 2023 ▪ 27 Feb 2024 	Invitation, Agenda, Attendance Register and Minutes	Meetings not called due to the political programme towards and during the National and Provincial Elections of 2024.	A comprehensive schedule for the sitting of Council Committees is being produced to ensure adherence and compliance	
106.	Number of Human Resources policies reviewed on the 30 th of June 2024	02 Policies were to be reviewed on the 30 th of June 2024	02 Human Resource policy reviewed as at 30 th June 2023	12 Policies were reviewed during the period under review, Council dates: <ul style="list-style-type: none"> • 31 Oct 2023 • 22 May 2024 	ClIrs Bursary; Budget related policies & Council Resolutions	None	None	
107.	Review Municipal Organogram on the 31 st of May 2024	Municipal Organogram to be reviewed by the 31 st of May 2024	Municipal Organogram reviewed as at the 31 st May 2023	Municipal Organogram (Staff Establishment) was reviewed on the 22nd of May 2024	Council Resolutions & Staff Re-establishment	None	None	
108.	Developing Workplace skills plan & ATR and submitting to LGSETA on the 30 th of April 2024	Workplace skills plan & ATR to be developed and submitted by the 30 th of April 2024	Workplace skills plan & ATR developed and submitted to LGSETA as at the 30 th April 2023	Workplace skills plan & ATR was developed and submitted on the 30 th of April 2024	Acknowledgement from LGSETA	None	None	
109.	Distributing Skills Audit Forms to Employees on the 31 st of Jan 2024	Distribute Skills Audit Forms to Employees by the 31 st of Jan 2024	Skills Audit Forms distributed to employees as at 31 st Jan 2023	Skills Audit Forms were distributed to employees on the 27 th of Feb 2024	Screen print of Group Email & Empty form	Power failure resulting in reduced productivity. Lack of interest in employee participation	There is a process plan being developed for adoption at the Training Committee by the end of first quarter in the new financial. The forms	

							to be distributed following a briefing session with employees to encourage participation by the end of October 2024. The WSP to be guided by the process plan	
110.	Number of employees trained as per their Skills needs on the 30 th of June 2024	12 employees to be trained as per skills needs on the 30 th of June 2024	21 employees trained as per skills needs as at 30 th June 2023	26 Employees were trained as per skills needs as on the 30 June 2024, with the following trainings-: <ul style="list-style-type: none"> • 01 IT Technician • 03 Skill GAP • 05 MFMP • 14 Security safety • 02 Payroll • 01 Security 	List From the departments	None	None	
111.	Number of Occupational Health and Safety Committee Meetings held on the 30 th of June 2024	04 Occupational Health and Safety Committee Meetings were to be held on the 30 th of June 2024	1 Occupational Health and Safety committee meeting held as at 30 th June 2023	02 Occupational Health and Safety Committee Meetings convened during the period under review, Meetings dates: <ul style="list-style-type: none"> ▪ 02 Dec 2023 ▪ 20 Jun 2024 	Invitation, Minutes & attendance register	OHS Meetings not called by the Chairperson. Reduced productivity	A comprehensive schedule of meetings is being produced to ensure adherence to the sittings and the reports to be tabled at the LLF on a quarterly basis	
112.	Submit EE Report to Department of Labor on the 15 th of January 2024	EE Report was to be submitted to Department of Labor on the 15 th of January 2024	EE Report submitted to Department of Labour as at 15 January 2023	EE Report was submitted to Department of Labor on the 18th of January 2024	Acknowledgement from Department of labor	None	None	
113.	Number of LLF meetings to be held on the 30 th of June 2024	04 LLF Meeting to be held on the 30 June 2024	03 LLF Meetings held as at 30 th June 2023	02 LLF Meetings were convened during the period under review, Meetings dates: <ul style="list-style-type: none"> ▪ 02 Dec 2023 ▪ 21 Jun 2024 	Notice, Minutes & attendance Register	Power failure, low supply of electricity causal to the dysfunction of the printing facilities. Early release of staff due to the water crisis in the building causal to reduced productivity.	There is a process unfolding to provide alternative energy through solar power and a generator.	
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COMMUNICATIONS

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
114.	Number of Internal Newsletters Published on the 30 th of June 2024	04 quarterly Internal Newsletters to be published on the 30 June 24	4 Internal Newsletters published as at 30 th June 2023	04 quarter Internal Newsletters were published as on the 30 June 2024	Published newsletters	None	None	
115.	Number Communication Channels used on the 30 th of June 2024	12 Communication Channels to be utilized on the 30 th of June 2024	26 Communication Channels utilized as at 30 th June 2023	16 Communication Channels were utilized on the 30 June 2024	Posters, Leaflets, Radio, TV, Online media, social media, E-cards, Pamphlet, Video, Website, E-mails, Promotional Materials,	None	None	
116.	Number of District Communicators Fora Held on the 30 th of June 2024	04 District Communicators Forum to be held on the 30 th of June 2024	4 District Communicators For a held as at 30 th June 2023	04 District Communicators Forum were convened during the period under review, Meetings dates: <ul style="list-style-type: none"> ▪ 21 Sep 2023 ▪ 05 Dec 2023 ▪ 14 Mar 2024 ▪ 26-27 Jun 2024 	Invitation, Attendance Register & Report	None	None	
117.	Number of consultations with Local Municipalities communicators to advise them on communication Issues on the 30 th of June 2024	04 Consultations with Local Municipalities communicators for communication support on the 30 June 2024	4 Consultations with Local Municipalities communicators for communication support as at 30 th June 2023	04 Consultations with Local Municipalities communicators for support during the period under review, consulted Municipalities: <ul style="list-style-type: none"> ▪ Mantsopa ▪ Phumelela ▪ Phumelela & Mantsopa ▪ Nketoana 	Report & Attendance Register	None	None	
118.	Number of Events Based Communications plans	04 Event Based Communications	4 Events Based Communications plans	04 Communications plans were developed for		None	None	

	developed for TMDM departmental events on the 30 th of June 2024	plans developed for TMDM departmental events on the 30 June 2024	developed for TMDM departmental events as at 30 th June 2023	during the period under review: <ul style="list-style-type: none"> ▪ Reitz for arrive alive campaign. ▪ Setsoto, Dihlabeng & Nketoana > Thunderstoms ▪ Mantsopa & Nketoana Windstorms ▪ TMDM New Logo 	Signed communication plan			
119.	Number of brand promotion activities conducted on the 30 th of June 2024	08 Branding, Promotions activities conducted on the 30 June 2024	31 Branding, Promotion activities conducted as at 30 th June 2023	28 Branding, Promotions activities were conducted during the period under review: <ul style="list-style-type: none"> ▪ Q1= 6 ▪ Q2= 8 ▪ Q3= 9 ▪ Q4= 5 	Reports & Photos	None	None	
120.	Social media update on the 30 th of June 2024	04 social media updates Facebook, Instagram, Twitter done on the 30 June 2024	31 social media updates Facebook, Instagram, Twitter done as at 30 th June 2023	04 Updates of the social media platforms with were used during the period under review: <ul style="list-style-type: none"> ▪ Instagram ▪ Facebook ▪ Twitter ▪ WhatsApp 	Social media pages screen shots, Facebook, Instagram, twitter & WhatsApp	None	None	
121.	Number of TMDM events provided with photographic services on the 30 th of June 2024	12 TMDM events to be provided with photographic services on the 30 th of June 2024	33 TMDM events provided with photographic services as at 30 th June 2023	24 TMDM events were provided with photographic services during the period under review: <ul style="list-style-type: none"> ▪ Q1 =6 ▪ Q2 =7 ▪ Q3 =5 ▪ Q4 = 6 	Reports & Photos	None	None	
122.	Monthly Media Monitoring and Analysis Report Produced after the end of the quarter and be submitted to the Municipal Manager on the 30 th of June 2024	04 Quarterly Media Monitoring and Analysis report submitted 10 days after end of the month to the Municipal Manager and Executive Mayor on the 30 June 2024	04 Quarterly Media Monitoring and Analysis report submitted 3 days after the end of the month to the Municipal Manager and Executive Mayor as at 30 th June 2023	04 Quarterly Media Monitoring and Analysis report submitted 10 days after end of the month to the Municipal Manager and Executive	Submission book & Report	None	None	

123.	Number of Media Statements /Advisories /Announcements/Articles released on the 30 th of June 2024	04 Media Statement /Advisory /Announcement/Article released on the 30 June 2024	08 of Media Statements, Advisories ,Announcements, Articles released as at 30 th June 2023	04 Media Announcements were released as on the 30 th of June 2024	Notices & Announcements	None	None	
124.	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 (Media House Visits, Briefing Sessions, Networking Sessions, Talk Shows, Dialogues, Media Support, Media Tours and Media Recognition Programmes) on the 30 June 2024	06 Media Engagement Activities undertaken (Media House Visits, Briefing Sessions, Networking Sessions, Talk Shows, Dialogues, Media Support, Media Tours and Media Recognition Programmes) as at 30 th June 2023	04 Media Engagement Activities were undertaken during the period under review: <ul style="list-style-type: none"> 20 Sep 2023 07 Nov 2023 20 Feb 2024 14 Jun 2024 	Attendance Register or Signed Report	None	None	
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INFORMATION TECHNOLOGY

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
125.	Number of IT security reports Compiled on the 30 th of June 2024	12 Security reports to be compiled as on the 30 th of June 2024	12 Security reports compiled as at 30 th June 2021	12 Security reports were compiled during the period under review: <ul style="list-style-type: none"> Q1 =3 Q2 =3 Q3 =3 Q4 = 3 	Monthly System generated reports of Security systems (Firewall/Antivirus)	None	None	
126.	Implementation of functional Disaster Recovery Plan on the 30 th of June 2024	Functional disaster Recovery Plan to be implemented as on the 30 th of June 2024	4 Quarterly Disaster recovery tests conducted as at 30 th June 2023	Functional disaster Recovery Plan was implemented during the period under review	Advert, Appointment Letter, System configs	None	None	
127.	100% of Website Update Requests Carried out within a Day on the 30 th of June 2024	Website Updates to be carried out 100% as per daily Requests on the 30 th of June 2024	100% of Website Update Requests Carried out within a day as at 30 th June 2024	100% of Website Update Requests Carried out during the period under review	Sign Off Form	None	None	
128.	Implementation of Wide Area Network services and Office 365 Licensing on 30 th of June 2024	Wide Area Network services and Office 365 Licensing to be	New	Wide Area Network services and Office 365 Licensing implemented	Advert, Appointment Letter, System configs,	None	None	

		implemented as on 30 th of June 2024		during the period under review	Microsoft Office 365 Licensing.			
129.	Number of ICT steering committee meetings Coordinated quarterly on the 30 th of June 2024	04 ICT steering committee meeting to be conducted as on the 30 th of June 2024	0 ICT steering committee meetings were not conducted on the 30 th June 2023	Zero ICT meetings were convened during the period under review.	N/A because no performance	Members couldn't for Quorum	More meetings will be conducted in the next fin-year	
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SECURITY

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
130.	Number of quarterly Sectional Reports Submitted to the MM within 10 Days After the end of the Quarter on the 30 th of June 2024	Quarterly Sectional Reports Submitted to the Municipal Manager 10 Days After the end of the Quarter on the 30 June 2024	Quarterly Sectional Reports Submitted to the Municipal Manager 10 Days After the end of the Quarter as at 30 th June 2023	Quarterly Sectional Reports were submitted to the Municipal Manager 10 Days After the end of the Quarter during the period under review	Copy of Signed Delivery Note & quality certificate	None	None	
131.	Reporting the occurrence of either the nature of criminality, Fraud and theft cases to Municipal Manager, as an when the situation arises on the 30 th of June 2024	Theft and fraudulent activities to be reported to Municipal Manager as on the 30 th of June 2024	0% Reduction of theft and fraudulent activities as at 30 th June 2023	There were no incidents of criminality that took place	No need for evidence as there were no incidents	None	None	
132.	100% recording of Movement of Municipal assets to Municipal Manager on the 30 th of June 2024	04 Quarterly Records of Movement of Municipal assets on the 30 of June 2024	Quarterly Records on Movement of Municipal assets as at 30 th June 2023	Movement of municipal assets was recorded on quarterly during the period under review	Occurrence book and signed Report	None	None	
133.	Submission of the reviewed security policy and plan to Council by 30 th of June 2024	Security policy and plan to be Submitted to Council as on the 30 th of June 2024	Security policy and plan was not submitted to Council as at 30 th June 2023	No security policy and plan reviewed and submitted to Council during the period under review.	N/A because no performance	No reason provided for deviation	No reason provided for remedial action	
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FINANCE

PAYMENTS

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
134.	Hundred percent Payment of Creditors within 30 Days of Receipt of Invoice on the 30 th of June 2024	100% Payment of Creditors within 30 days as on the 30 th of June 2024	95% of Creditors were paid within 30 Days as at 30 th of June 2023	96% of Creditors were paid within 30 days during the period under review: <ul style="list-style-type: none"> Q1 =88% Q2 =98% Q3 =100% Q4 = 98% 	Creditors Age Analysis Report	No reason provided for deviation	No reason provided for remedial action	
135.	Preparation of Creditors Reconciliation within 10 working Days After the end of the Month on the 30 th of June 2024	Preparation of creditors reconciliation within 10 working days after the end of the month as on the 30 th of June 2024	Creditors Reconciliation was prepared within 7 working Days After the end of the Month as at 30 th of June 2023	Creditors Reconciliation were prepared within 09 days after the end of the month during the period under review: <ul style="list-style-type: none"> Q1 = 07 days Q2 =09 days Q3 =09 days Q4 = 09 days 	Preparation Date of the Recon	None	None	
136.	Preparation of Cashbooks within 10 working Days After the end of the Month on the 30 th of June 2024	Prepare cashbooks 10 days After the end of the month as on the 30 th of June 2024	Cashbooks were prepared 7 Days After the end of the Month as at 30 th of June 2023	Cashbooks were prepared 04 days after the end of the month a during the period under review: <ul style="list-style-type: none"> Q1 = 04 days Q2 = 04 days Q3 = 07 days Q4 = 02 days 	Last Transaction Date in the Cashbook	None	None	
137.	Preparation of VAT Reconciliation after submission of VAT returns within 10 working days After Submissions of Returns on the 30 th of June 2024	Prepare VAT reconciliation 10 days after submissions of returns as on the 30 th of June 2024	VAT Reconciliation was prepared 8 Days After Submissions of Returns as at 30 th of June 2023	VAT reconciliations were prepared 06 days after submissions of VAT returns during the period under review: <ul style="list-style-type: none"> Q1 = 10 days Q2 = 07 days Q3 = 07 days Q4 = 01 day 	Vat Return Submission Date and the Preparation of Recon	None	None	
138.	Submission of VAT Returns within 30 days after the end of the month on the 30 th of June 2024	VAT returns to be submitted 30 days after the end of the month as on the 30 th of June 2024	Submission of VAT Returns done 27 Days After the end of the Month 30 th of June 2023	Submission of VAT returns were done 30 days after the end of the month during the period under review: <ul style="list-style-type: none"> Q1 = 30 days Q2 = 30 days 	Submission Date (Easy File)	None	None	

				<ul style="list-style-type: none"> Q3 = 30 days Q4 = 28 days 				
139.	Preparation of reconciliation between payroll and general ledger within 10 working days after the end of the month on the 30 th of June 2024	Reconciling payroll and general ledger 10 days after the end of the month as on the 30 th of June 2024	Reconciliation of Payroll and General Ledger done 6 Days After the end of the Month as at 30 th of June 2023	Reconciliation of Payroll and General Ledger done 07 days after the end of the month during the period under review: <ul style="list-style-type: none"> Q1 = 04 days Q2 = 08 days Q3 = 08 days Q4 = 08 days 	Preparation Date between ledger & Payroll	None	None	
140.	Number of days on payment of salaries & allowances after the beginning of each month on the 30 th of June 2024 by	Payment of salaries & allowances 25 Days After the beginning of each month as on the 30 th of June 2024	Payment of salaries & allowances done 23 days After the beginning of each month as at 30 th of June 2023	Payment of salaries & allowances were made 24 days after the beginning of each month during the period under review: <ul style="list-style-type: none"> Q1 = 23 days Q2 = 23 days Q3 = 24 days Q4 = 24 days 	Bank Statement (Proof)	None	None	
141.	Number of quarterly expenditure reports prepared on staff benefits on the 30 th of June 2024	Preparation Four quarterly expenditure report on staff benefits as on the 30 th of June 2024	04 quarterly expenditure reports were prepared on staff benefits as at 30 th of June 2023	04 quarterly expenditure reports were prepared on staff benefits during the period under review	Signed expenditure report on staff benefits	None	None	
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BUDGET REPORTING

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
142.	Submission and the Review of Budget & Tariffs Annually to council on the 31 st of Jan 2024	Reviewed Budget to be submitted to council on the 31 st of Jan 2024	Review of Budget submitted to council on 31 st Jan 2023	Reviewed Budget was submitted to council on the 31 st of Jan 2024	Copy reviewed budget, Signed Acknowledgement and Council Resolution	None	None	
143.	Submission of income and expenditure report (Section 71 Report) within 10 working days after the end of the month on the 30 th of June 2024	Submit Income and Expenditure report (Section 71 Report) 10 Days after the end of the month on the 30 th of June 2024	Income and Expenditure reports were submitted 10 Days after the end of the month as at 30 th of June 2023	Section 71 Reports were submitted 10 Days after the end of the month during the period under review: <ul style="list-style-type: none"> Q1 = 07 days Q2 = 09 days Q3 = 12 days Q4 = 12 days 	Signed Sec 71 Reports	None	None	

144.	Submissions of Annual Financial statement to Office of the Auditor General on the 31 st of Aug 2023	Annual Financial statements to be submitted to Auditor General on the 31 st of Aug 2023	Annual Financial statement submitted to Auditor General on 31 st Aug 2023	Annual Financial statements were submitted to Auditor General on the 31 st of Aug 2023	Date stamp on e-mail	None	None	
145.	Compiling Budget timetable and submit to Council on the 31 st of Aug 2023	Budget timetable to be Compiled and submitted to Council as on the 31 st of Aug 2023	Budget timetable compiled and submitted to Council on 28 th July 2023	Budget timetable was compiled and submitted to Council as on the 27 th of July 2023	Copy of Process plan Internal Mail register & Council resolution	None	None	
146.	Submission of draft budget and tariffs to council for tabling on the 31 st of March 2024	Draft budget to be submitted to council on the 31 st of March 2024	Draft budget submitted to council on 31 st March 2023	Draft Budget was submitted to council as on the 27 th of Mar 2024	Copy of draft budget & council resolutions	None	None	
147.	Submission of Final budget and tariffs to council for tabling on the 31 st of May 2024	Final budget to be submitted and tabled to be Council on the 31 May 2024	Final budget was submitted to council on 31 st of May 2023	Final budget was submitted & tabled by council on the 22 nd of May 2024	Copy of final budget & council resolutions	None	None	
148.	Number of Investments Reconciliation (Interest on Investment) prepared on the 30 th of June 2024	12 monthly investment reconciliations to be prepared as on the 30 th of June 2024	12 Investment Monthly reports were prepared as at 30 th June 2023	12monthly investment reconciliations were prepared during the period under review: <ul style="list-style-type: none"> ▪ Q1 = 3 recons ▪ Q2 = 3 recons ▪ Q3 = 3 recons ▪ Q4 = 3 recons 	Signed monthly reconciliations	None	None	
149.	Number of Grants Register (FMG; EPWP.RRAMS, EESDM & EQUITABLE SHARE) prepared on the 30 th of June 2024	Monthly grants registers reports were to be prepared as on the 30 th of June 2024	12 Monthly Grants Registers were prepared as at 30 th of June 2023	12monthly Grants registers reports were prepared during the period under review: <ul style="list-style-type: none"> ▪ Q1 = registers ▪ Q2 = registers ▪ Q3 = registers ▪ Q4 = registers 	Signed Monthly Registers	None	None	
150.	Preparation of bank reconciliation within 10 working days on the 30 th of June 2024.	Bank reconciliations were to be prepared 10 days after the end of the month as on the 30 th of June 2024.	Bank reconciliations was prepared 6 Days after the end of the month as at 30 th of June 2023	12Bank reconciliations were prepared 04 days after the end of the month during the period under review: <ul style="list-style-type: none"> ▪ Q1 = 03 days ▪ Q2 = 04 days ▪ Q3 = 07 days ▪ Q4 = 03 days 	Signed Reconciliation	None	None	

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SUPPLY CHAIN MANAGEMENT

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
151.	Quarterly reporting of all tenders awarded within 10 working days after the end of each month on the 30 th of June 2024	04 quarterly reports of all tenders awarded 10 days after the end of each month to be prepared as on the 30 th of June 2024	Quarterly report of all tenders awarded were prepared 9 Days after the end of each month as at 30 th of June 2023	03 quarterly reports of all tenders awarded 06 days were prepared during the period under review: <ul style="list-style-type: none"> Q1 = 10 days Q2 = 04 days Q3 = 03 days Q4 = not reported 	Q1, Q2, Q3 reports were submitted however Q4 were not submitted	No reason provided for deviation	No reason provided for remedial action	
152.	Number of (Sec6(3)) Supply chain management implementation reports on SCM policies to the council on the 30 th of June 2024	04 (Sec6(3)) Supply chain management implementation reports on SCM policies to the council on the 30 th of June 2024	04 Quarterly report were done on implementation of SCM Policy Reports as at 30 th June 2023	03 (Sec6(3)) Supply chain management implementation reports on SCM policies were prepared during the period under review. <ul style="list-style-type: none"> Q1 = Report Q2 = Report Q3 = Report Q4 = not reported 	Q1, Q2, Q3 reports were submitted however Q4 were not submitted	No reason provided for deviation	No reason provided for remedial action	
153.	Number of Deviation Registers Prepared on the 30 th of June 2024	04 quarterly deviations registers were to be prepared as on the 30 th of June 2024	Four Deviation Registers were Prepared as of 30 th June 2023	03 quarterly deviations registers were prepared during the period under review. <ul style="list-style-type: none"> Q1 = registers Q2 = registers Q3 = registers Q4 = not reported 	Q1, Q2, Q3 registers were submitted however Q4 were not submitted	No reason provided for deviation	No reason provided for remedial action	
154.	Number of Fruitless& Wasteful Expenditure Registers Prepared on the 30 th of June 2024	04 quarterly fruitless & wasteful Expenditure registers were to be prepared as on the 30 th of June 2024	04 Registers of fruitless & wasteful Expenditure were prepared as of 30 th June 2023	03 quarterly fruitless & wasteful Expenditure registers were prepared during the period under review. <ul style="list-style-type: none"> Q1 = registers Q2 = registers Q3 = registers Q4 = not reported 	Q1, Q2, Q3 registers were submitted however Q4 were not submitted	No reason provided for deviation	No reason provided for remedial action	
155.	Number of Unauthorized Expenditure Register Prepared on the 30 th of June 2024	04 quarterly unauthorized Expenditure	04 Registers of Unauthorized Expenditure were	<ul style="list-style-type: none"> 03 quarterly unauthorized Expenditure 	Q1, Q2, Q3 registers were submitted	No reason provided for deviation	No reason provided for remedial action	

		registers were to be prepared as on the 30 th of June 2024	prepared as at 30 th June 2023	registers were prepared during the period under review. <ul style="list-style-type: none"> ▪ Q1 = registers ▪ Q2 = registers ▪ Q3 = registers ▪ Q4 = not reported 	however Q4 were not submitted			
156.	Review the Supply Chain Management Policy in terms of Chapter 11 of the MFMA and Submit it to Council for Approval on the 31 st of May 2024	Review the Supply Chain Management Policy on 31 st of May 2024	Review of Supply Chain Management Policy in terms of Chapter 11 of the MFMA was done and submitted to council as at 31 st May 2023	The Supply Chain Management Policy was reviewed on 22 nd of May 2024	Reviewed SCM Policy, and Council resolutions	None	None	
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ASSET MANAGEMENT

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
157.	Preparation of monthly asset reconciliation between the GL and the asset register within 10 working days After the end of the month on the 30 th of June 2024	12 Monthly reconciliation of asset Register 10 days after the end of the month were to be prepared on the 30 June 2024	Monthly reconciliation of asset register was prepared 7 Days after the end of the month	09 Monthly reconciliation of asset Register 06 days Register after the end of the month were during the period under review: <ul style="list-style-type: none"> ▪ Q1 = 05 days ▪ Q2 = 07 days ▪ Q3 = 06 days ▪ Q4 = not reported 	Q1, Q2, Q3 registers were submitted however Q4 were not submitted	No reason provided for deviation	No reason provided for remedial action	
158.	Reporting annual Assets verification on the 10 th of July 2023	Assets verification report to be prepared as on the 10 th of July 2023	Assets verified as at 31 th July 2023	Assets verification report was prepared as on the 05 th of July 2023	Signed Stock take report	None	None	
159.	100% insuring of the municipal assets on the 01 st of Oct 2023	Municipal Assets were to be insured as on the 01 st of Oct 2023	Assets insured as of 01 st December 2023	Municipal Assets were insured as on the 01 st of Dec 2023	Appointment letter & Proof of Payment	None	None	
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INTERNAL AUDIT

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
160	Review and Submission of Internal Audit Charter to Audit Committee on the 30 th of Sep 2023	Internal Audit Charter to be reviewed and submitted to Audit Committee on the 30 th of Sep 2023	Internal Audit Charter as reviewed and submitted to Audit Committee on the 14 th July 2023	Internal Audit Charter was reviewed and submitted to Audit Committee on the 11 th of Aug 2023	Reviewed Internal Audit Charter, Audit Committee minutes	None	None	
161.	Submission of Internal Audit Charter to Council on the 31 st of Oct 2023	Internal Audit Charter to be reviewed and submitted to Council on the 31 st of Oct 2023	Internal Audit Charter submitted to Council on the 29 th July 2023	Internal Audit Charter was reviewed and submitted to Council on the 31 st of Oct 2023	Signed Submission Register and Adopted Internal Audit Charter and Council resolution	None	None	
162.	Submission of Internal Audit Coverage Plan to Audit Committee on the 30 th of Sep 2023	Internal Audit Coverage Plan to be submitted to Audit Committee on the 30 th of Sep 2023	Internal Audit Coverage Plan submitted to Audit Committee on the 14 th July 2023	Internal Audit Coverage Plan was submitted to Audit Committee on the 11 th of Aug 2023	Approved Internal Audit plans, Audit Committee minutes	None	None	
163.	Submission of Internal Audit Coverage Plan to Council on the 31 st of Oct 2023	Internal Audit Coverage Plan to be submitted to Council on the 31 st of Oct 2023	Internal Audit Coverage Plan submitted to Council on the 27 th October 2023	Internal Audit Coverage Plan was submitted to Council on the 31 st of Oct 2023	Signed Submission Register and Adopted Internal Audit plans and Council resolutions	None	None	
164.	Submission of overall Internal Audit Reports to the Municipal Manager by the 25 th after the end of every quarter on the 30 th of June 2024	To submit four Overall Quarterly Internal Audit Reports to the Municipal Manager by the 25 th after the end of the Quarter on the 30 June 2024	4 Overall Quarterly Internal Audit Reports submitted to the Municipal Manager by the 25 th after the end of the Quarter as at the 30 th June 2024	04 Overall Quarterly Internal Audit Reports submitted to the Municipal Manager by the 30 days after the end of the Quarter on the 30 June 2024	Signed submission register, Submitted Internal Audit Overall Reports	The Overall internal Audit report could not be issued on or before the 25 th 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 25 th after the end of each quarter.	The management will be encouraged through Municipal manager to submit requested information and management responses timeously to enable the final quarterly overall reports to be submitted to municipal manager on or before the 25 th of the month after end of each quarter	

165.	Review of Audit & Performance Charter by Audit Committee on the 30 th of Sep 2023	Audit & Performance Charter to be reviewed by Audit committee on the 30 th of Sep 2023	Audit & Performance Charter reviewed on the 14 th July 2023	Audit & Performance Charter was reviewed by Audit committee on the 30 th of 11 th of Aug 2023	Reviewed Audit & Performance Committee Charter, Audit Committee minutes	None	None	
166.	Submission of Audit & Performance Charter to Council on the 31 st of Oct 2023	Audit & Performance Charter to be submitted to Council on the 31 st of Oct 2023	Audit & Performance Charter was submitted to Council on the 29 th July 2023	Audit & Performance Charter was submitted to Council on the 31 st of Oct 2023	Signed Submission Register	None	None	
167.	Number of quarterly ordinary audit and performance committee meetings held on the 30 th of June 2024	04 ordinary audit and performance committee meetings to be held on the 30 th of June 2024	08 Ordinary audit and performance committee meetings held as at 30 th June 2023	08 ordinary audit and performance committee meetings were convened during the period under review: <ul style="list-style-type: none"> 11 Aug 2023 03 Nov 2023 28 Nov 2023 23 Feb 2024 15 Mar 2024 17 May 2024 	Invitation, Agenda, Attendance Register and Minutes	None	None	
			7	1	-			

RISK MANAGEMENT

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
168.	Review and Submission of Fraud Prevention Plan/strategy, Risk Policy and Strategy to risk Management committee on the 31 st of May 2024	Fraud Prevention Plan/strategy, Risk Policy and Strategy to be reviewed and submitted to risk management committee on the 31 st of May 2024	Fraud Prevention Plan/strategy, Risk Policy and Strategy were not reviewed and submitted to Risk Management committee as at 31 st May 2023	Fraud Prevention Plan/strategy, Risk Policy and Strategy were reviewed and submitted by risk management committee on the 19 th of Apr 2024	Attendance register, minutes of the Risk Management Committee & Fraud Prevention Plan/strategy, Risk Policy and Strategy	None	None	
169.	Submission of Risk Management Committee Charter, Fraud Risk Management Plan, Risk Policy and Strategy to council for approval on the 31 st of July 2023	Risk Management Committee Charter, Fraud Risk Management Plan, Risk Policy and Strategy to be submitted to council for approval on the 31 st of July 2023	New	Risk Management Committee Charter, Fraud Risk Management Plan, Risk Policy and Strategy were submitted to council for approval on the 27 th of July 2023	Fraud Prevention Plan, Risk Management Policy and Strategy Council resolutions	None	None	

170.	Number of quarterly risk maturity reports Issued by risk management committee to the Accounting Officer on the 30 th of June 2024	04 Quarterly risk maturity reports issued by risk management committee submitted to the accounting officer on the 30 th of June 2024	One Signed Risk Maturity Reports to be Issued as at 30 th June 2023	02 Quarterly risk maturity reports were issued by risk management committee and submitted to the accounting officer during the period under review: <ul style="list-style-type: none"> Q2 Q4 	Risk Maturity Reports	Non sitting of meeting	Risk Management committee to adhere to the schedule of meetings and submit the report as per the charter	
171.	Number of risk assessment conducted on the 30 th of June 2024	04 Risk assessment to be conducted on the 30 th of June 2024	01 risk assessment was conducted as at 30 th June 2023	03 Risk assessment conducted during the period under review: <ul style="list-style-type: none"> Q2 Q3 Q4 	Signed off risk registers and reports submitted to council structures	Delay in the submission of reports by management	Management will be encouraged through Municipal manager to submit the requested progress so that a consolidated risk management report can be developed and submitted to municipal manager 10 days after the end of each quarter.	
172.	Number of risk management Committee Meetings Held on the 30 th of June 2024	04 Risk management Committee Meetings to be held on the 30 th of June 2024	02 Risk management Committee Meetings were held as at 30 th June 2023	04 Risk management Committee Meetings convened during the period under review: <ul style="list-style-type: none"> 22 Aug 2023 25 Oct 2023 20 Feb 2024 19 Apr 2024 	Invitation, Agenda, Attendance Register and Minutes	None	None	
			3	2	-			

IDP & PMS

NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
173.	Submission of 2024/2025 IDP Process Plan to Council on the 31 st of Aug 2023	2024/2025 IDP Process Plan to be submitted to Council on the 30 th of Aug 2023	2022/2023 IDP Process Plan submitted to Council as at 31 st Aug 2023	2024/2025 IDP Process Plan was submitted to Council on the 27 th of July 2023	Council Resolutions and process plan	None	None	
174.	Submission of 2022/23 Draft Annual Report to Auditor General on the 31 st of Aug 2023	2022/23 Draft Annual Report to be submitted to Auditor General on the 31 st of Aug 2023	2022/23 Draft Annual Report submitted to Auditor General as at 31 st Aug 2022	2022/23 Draft Annual Report was submitted to Auditor General on the 31 st of Aug 2023	Stamped date on e-mail	None	None	

175.	Tabling of 2022/23 Draft Annual Report to Council on the 31 st of Jan 2024	2022/23 Draft Annual Report to be tabled to Council on the 31 st of Jan 2024	2022/23 Draft Annual Report submitted to Council as at 31 Jan 2023	2022/23 Draft Annual Report was tabled to Council on the 31 st of Jan 2024	Copy of Annual report & Council resolutions	None	None	
176.	Submission of Final 2022/23 Annual Report to council on the 31 st of Mar 2024	Final 2022/23 Annual Report to be submitted to council on the 31 st of Mar 2024	Final 2022/23 Annual Report submitted to council on the 31 st Mar 2023	Final 2022/23 Annual Report was submitted to council on the 27 th of Mar 2024	Copy of 2022/23 Annual Report & Council Resolutions	None	None	
177.	Tabling of 2024/25 Draft IDP on the 31 st of Mar 2024	2024/25 Draft IDP to be tabled to council on the 31 st of Mar 2024	2022/23 Draft IDP tabled before council on the 31 st Mar 2023	2024/25 final IDP was tabled before council on the 27 th of Mar 2024	Copy 2024/25 final IDP & Council Resolutions	None	None	
178.	Signing of Final 2024/2025 SDBIP 28 Days After the Adoption of Final 2024/25 Budget	Final 2024/2025 SDBIP to be signed 28 Days After the Adoption of Final 2024/25 Budget	Final 2023/2024 SDBIP was signed within 28 Days After Adoption of 2022/23 final Budget	Final 2024/2025 SDBIP to be signed 28 Days After the Adoption of Final 2024/25 Budget	Copy of signed 2024/25 SDBIP	None	None	
179.	Number of District IDP Managers Fora held on the 30 th of June 2024	04 District IDP Managers Fora to be held on the 30 June 2024	04 District IDP Managers Fora were held as at 30 th June 2023	03 District IDP Managers Fora convened during the period under review: <ul style="list-style-type: none"> 21-22Sep 2023 19-19Mar 2024 18-19Apr 2024 	Invitation; Agenda; Minutes & Attendance Register	Local Municipality IDP Managers were not available due to Auditor General visit	Assurance of all quarterly required meetings to be conducted in the next financial year	
			6	1	-			

DISTRICT DEVELOPMENT MODEL

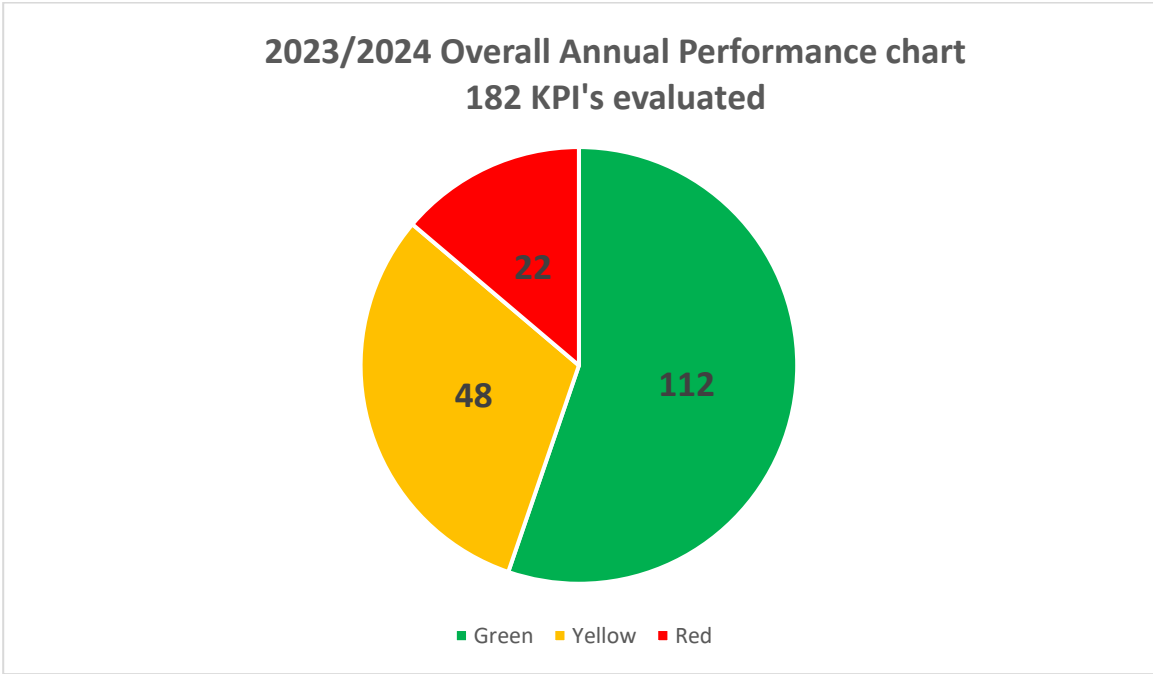
NO.	KPI	Annual Target	2022/2023 comparative year	Annual Actual achievements	Actual Portfolio of Evidence	Reason for deviation	Remedial action	Legend/ Rating
180.	Number of DDM meetings with Sector Departments held on the 30 th of June 2024	04 DDM meeting with Sector Departments were to be held as on the 30 th of June 2024	04 DDM meetings with Sector Departments held as at 30 th June 2023	03 Meetings with Sector Departments were convened during the period under review: <ul style="list-style-type: none"> 10 Aug 2023 05 Dec 2023 05 Mar 2024 	Invitation; Agenda; Minutes & Attendance Register	DDM presentation and matters were discussed at the District Technical IGR meeting, on the 06 November 2023. At this meeting the same members of the DDM Technical	Number of DDM Technical meeting should be reduced as they are duplicated in the Technical IGR, Political IGR and the standard DDM Technical meeting,	


						Committee form part of the Technical IGR.	where the same people are part.	
181.	Number of DDM Meetings with Mayors held on the 30 th of June 2024	04 DDM Meetings with Mayors were to be held as on the 30 th of June 2024	02 DDM meetings with sector departments and Mayors held as at 30 th June 2023	02 Meetings with Mayors was convened during the period under review: <ul style="list-style-type: none"> 12 Sep 2023 13 Feb 2024 	Invitation; Agenda; Minutes & Attendance Register	A compulsory meeting was conducted by SALGA national wherein all Mayors were part and normal standard DDM matters were discussed and presented upon on 31 August 2023.	Number of DDM meetings for Mayors should be reduced as they are duplicated in the Political IGR and the standard Mayors Forum meetings, where the same people are part.	
182.	Number of conversations-dialogues on implementation of DDM meetings with Business communities conducted on the 30 th of June 2024	02 Dialogues with Business communities for implementation of DDM were to be conducted as on the 30 th of June 2024	01 DDM meetings with Business communities conducted as at 30 th June 2023	02 Dialogue with Business communities for implementation of DDM was convened during the period under review: <ul style="list-style-type: none"> 30 Nov 2023 	Invitation; Report; Photos & Attendance Register	None	None	
183.	Number of DDM Mayoral Imbizos conducted on the 30 th of June 2024	04 Mayoral Imbizos were to be conducted as on the 30 th of June 2024	01 DDM Mayoral Imbizo was conducted as at 30 th June 2023	03 Mayoral Imbizos were convened during the period under review: <ul style="list-style-type: none"> 12 Oct 2023 15 Mar 2024 19 Mar 2024 	Invitation; Reports; Photos & Attendance Register	On the 10 November 2023 a joint Imbizo was held with the Office of the Premier and MECs for SRAC and Public Works, where government services were invited, and build-up programs were held led by MECs and Mayors.	Better management of targets against those led by the provincial government will be implemented to ensure none of our targets are replaced.	
			1	3	-			

Annual Summary for all the Departments:

Achieved 112	Partially 48	Not Achieved 22	KPI's Evaluated 182 and 01 Not evaluated because it's been duplication
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Overall performance





The annual performance for the municipality for the year 2023/2024 with 182 overall KPI's, as illustrated in the chart above, shows a promising outcome. A total of 112 Key Performance Indicators (KPIs) have been successfully achieved, indicated by the green colour, reflecting strong performance across various departments. Additionally, 48 KPIs were partially achieved, represented in yellow, suggesting that these areas were progressing but still require some attention to fully meet the targets. However, 22 KPIs have not been achieved, marked in red, highlighting areas where departments need significant improvement. These insights offer a clear path for strategic focus in the upcoming year [2024/2025].

Directorates 7

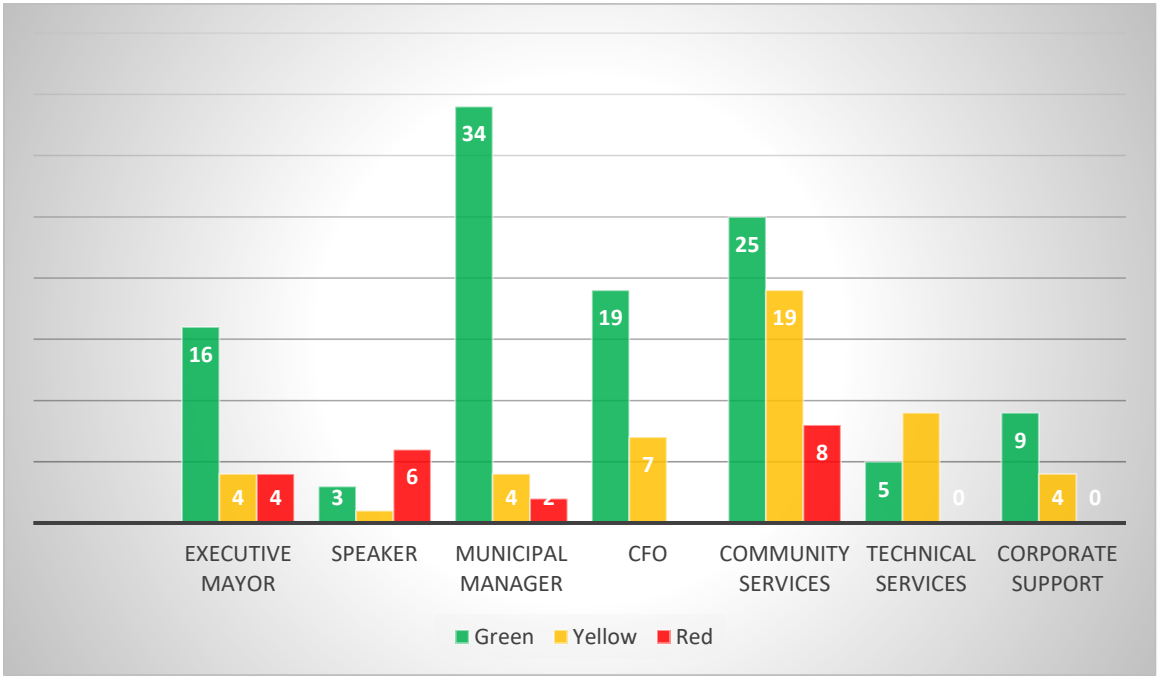
Units 28

Executive Mayor	Speaker	Municipal Manager	Chief Financial Officer	Community Services	Technical Services	Cooperate Services
HIV & AIDS	Public Participation	Internal Auditing	SCM	Agriculture	Infrastructure	Human Resource
Youth Development	Stakeholder Engagement	Risk	Assets	LED	Laboratory	Corporate Support
Poverty Alleviation	Ward Committee Training	IDP & PMS	Budgeting	Tourism		
Gender & Disability	Civil education	ICT	Payments	Sports		
Moral Regeneration	Council Support	Communications		Arts & Culture		
		Security		DDM		
				Emergency Services		




				Municipal Health Services		
--	--	--	--	---------------------------	--	--

7 DIRECTORATE WITH 28 UNITS



The above chart illustrates the performance across 7 directorates, encompassing 28 departmental units. The Green colour in the chart indicates the number of departmental units that have successfully achieved their KPIs.



The Yellow colour represents the departmental units that have partially achieved their KPIs, reflecting progress that still requires improvement.

Lastly, the red colour highlights the units that have not achieved their KPIs, signalling areas in need of significant attention. This visual breakdown helps to clearly distinguish the varying levels of performance across the departments.

CHAPTER FOUR

4. Organizational Development Performance

4.1 Component A: Introduction to the municipal personnel

Employees					
Description	2021/2022	2022/2023	2023/2024		
	Employees No	Employees no.	Employees no.	Vacancies no.	Vacancies Percentage
Office of Municipal Manager	39	41	33	4	12%
Community Services & Local Economic Development	32	34	34	2	5.9%
Corporate Services	23	23	24	1	4.1%
Finance	12	12	13	2	15.3%
Political offices	11	12	13	4	30.7%
Infrastructure	4	4	15	2	13.3%
Total	136	129	132	15	11.36%

Vacancy rate 2022/2023			
Designations	Total approved posts No.	Vacancies No	Vacancies %
Municipal Manager	1	0	0%
CFO	1	1	100%
Other S57 managers (excluding Finance posts)	3	2	66.7%
Total	5	3	60%

Total No of approved posts : 167 (Percentage formula) $V/TA \times 100$

Total No. of filled Posts : 147

Total No. of vacant Posts : 20

Vacancy Rate % : 11.6 %

4.2 Component B Managing the municipal workforce

4.2.1 Policies

HR Policies and Plans			
Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
1.Subsistence & Travel	Completed	Reviewed	31 May 2024
2.Budget Related Policies	Completed	Reviewed	31 May 2024

4.2.2 Injuries, sickness and suspensions

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

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

Number and Period of suspension	None			
Nature of Misconduct	Date Suspensions	Details of disciplinary hearing	Details of charge	Date finalized
None				

Performance rewards (process to Cascade of PMS to lower levels has started no performance awarded to employees in the current year)

Performance awards by Gender					
Designation	Beneficiary Profile				
	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

4.3 COMPONENT C: Capacitating the Municipal workforce

4.3.1 Comments on Performance Awards

Not done for the period under review

4.3.2 Introduction to workforce capacity

Skills development and Training

NO.	COURSE	TOTAL NO. BENEFITED
1.	Sage 300 People	3
2.	Handle and use of handgun and legally armed competency	13
3.	GRAP/IFSA Financial Reporting	3
4.	Accounts Payables	2

4.4 MUNICIPAL FINANCE MANAGEMENT PROGRAM: OFFICIALS

Full Qualification

Qualification	Total No. Benefited	Institution
MFMP	5	University of Pretoria
MFMP	1	Manape Private Technical College

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	Consolidated total number of officials that meet prescribed competency levels

				Regulation 16 (regulation 14 (4)(f))	Regulation 16 (regulation 14 (4)(e4))
Minimum Competency Level Regulation 16.	147	N/A			
N/A	N/A	N/A	NA	N/A	

Total Skills Development Expenditure –R 337 972.00

Component D: Managing the workforce expenditure.

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

There were no positions upgraded except for those who were appointed on higher positions.

Employees whose salary levels exceed the grade determined by job evaluation.

The municipality has ensured that all officials are paid in accordance with correct level, and none is exceeding the grade determined by job evaluation.

Employees appointed to posts not approved.

The municipality ascertain before advertising any post that it is the approved organogram and budget for

Disclosure of financial interest

The municipality circulated the declaration of interest forms on yearly basis for official and politicians to complete and thus the disclosure.

CHAPTER FIVE

5 Financial Performance

5.1 Report of the Chief Financial Officer

5.1.1 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 2023/2024 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.

5.1.2 Key performance areas:

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

5.1.3 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:

- (i) Advertised before 16 January 2023 should be finalized in terms of the Preferential Procurement Regulation of 2017.
- (ii) Advertised on or after 16 January 2023 be finalized in terms of new tender Preferential Procurement Regulation of 2022.

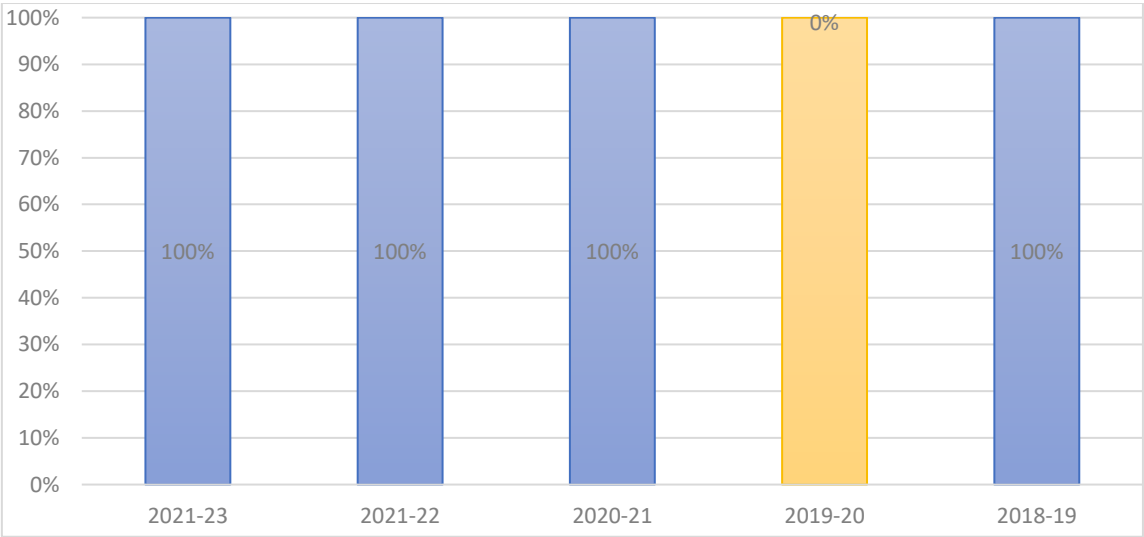
The year under review of 2023 financial period saw expiry of senior manager fixed five (5) year contracts. This resulted in skills gaps in the Municipality, a major part of the financial period municipality had key vacant positions.

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 2023/2024 are summarised as follows, but not limited to:

- 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.
- 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.
- 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.
- 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 2022/23 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:

- Implementation of audit action plan based on Auditor-General's findings and recommendations.
- Implementation of the FMCMM
- Implementation of the Financial Ratios
- Consistent training of staff on Generally Accounting Practice and the Accounting Board updates.
- Preparation of half-yearly annual financial statements.
- Consistent training of staff on SCM rules and regulations as well as on contract management.
- Performing assets reconciliation and updating the assets register in the Assets Management System.
- Ensure compliance with laws, regulations, and guidelines.
- There is an urgent need to beef up the budget and treasury unit.
- Staffing of the budget and treasury office with capacitated officials.

5.1.4 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 assts 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.

5.1.5 Ethical issues

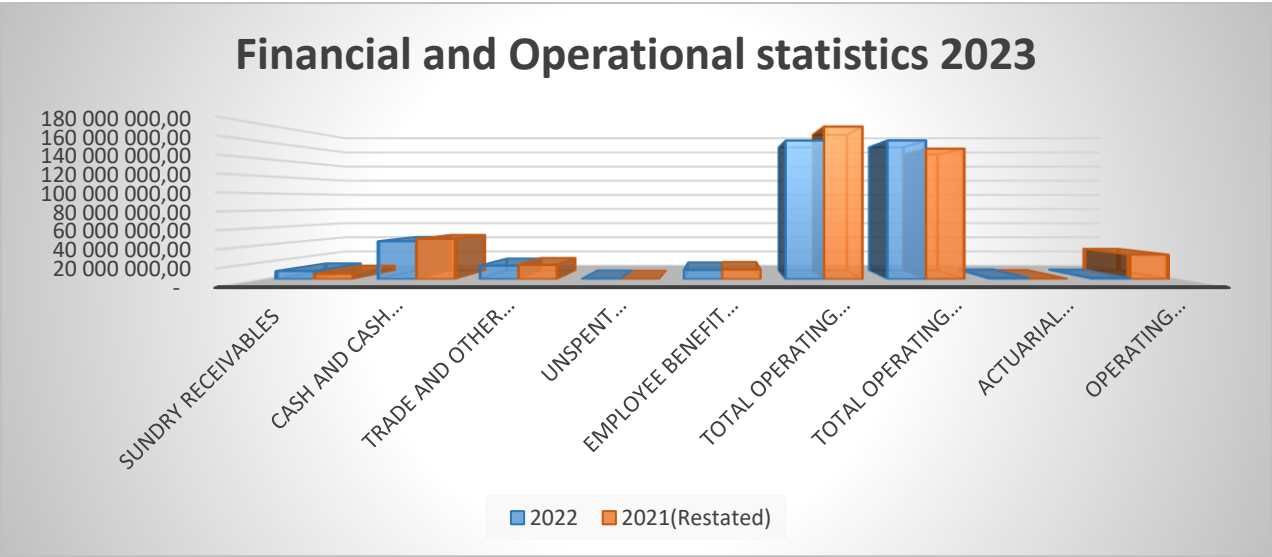
The municipality has a code of conduct for its councilors in terms of the Municipal Structures Act and a code of conduct for its employees in terms of the Municipal Systems Act. The codes are encouraging and discouraging certain behaviours and ensures that councillors and officials

conduct themselves that do not compromise the integrity municipality in the face of the communities they are serving.

5.2 FINANCIAL PERFORMANCE

1. Audited Statement and Related Financial Information

Table 6



5.2.1 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.

5.1.2 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 2023/2024 was R43 262 426 (showing a decrease of R1 002 271 compared to a closing balance of R44 264 697 at end of the financial previous financial year).

5.1.3 Operating expenditure and revenue

The total operating expenditure increased from previous year's figure by R2 513 174 and total operating revenue decreased from previous year's figure by R2 967 465.

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.

5.2. Financial status

5.2.1 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 R147 872 118 in 2023/24 (R148 350 787 in 2022/23), a decrease of 7% 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%

	-0.6%
CPI	
Total Revenue (Previous)	161,376,021
Total Revenue (Current)	160,443,588

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	-

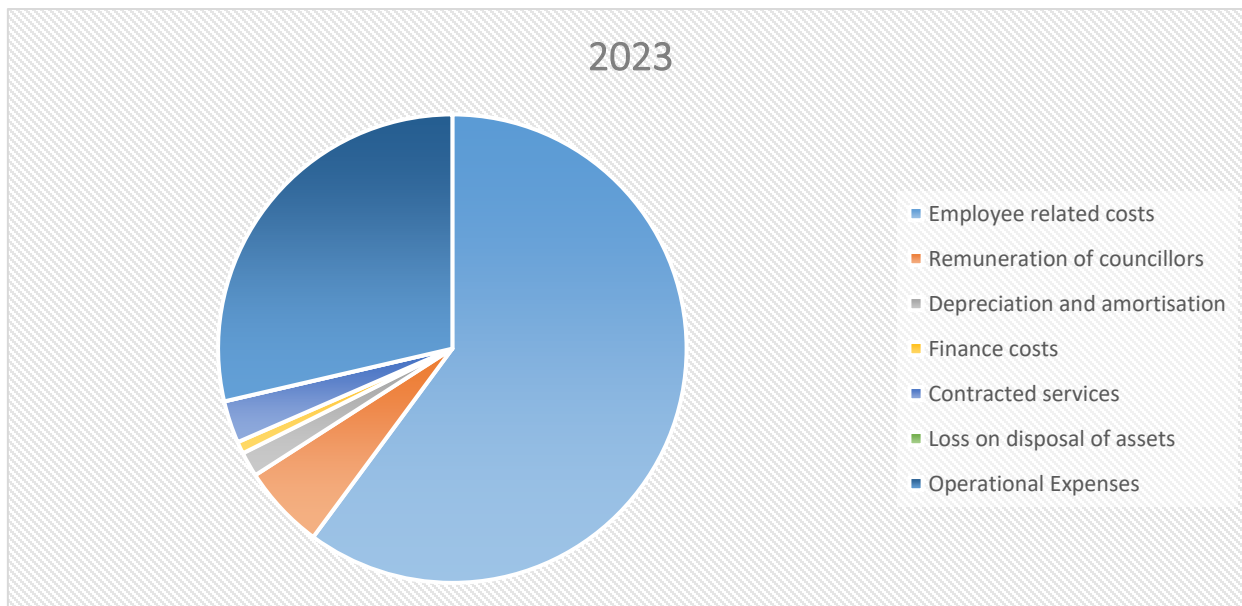
Expenditure management - Irregular, Fruitless and Wasteful and Unauthorized Expenditure / Total Operating Expenditure

	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 2023/2024 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 deficit of R 4 125 627 in 2023/2024 and operating surplus of R 1 355 012 in 2022/2023. The operating budget indicated a moderate increase for the next three years.

5.2.2 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 R43 890 899 in 2023/2024 (R48 016 525 in 2022/23), which indicates a decline in financial position by 9,4% increase between the two years (2021/22 and 2023/2024)

5.2.3 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 2023/2024 financial year.

Implementation of projects in local municipalities during the year 2023/2024

MUNICIPALITY	PROJECT	EXPENDITURE
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

5.3. 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, Councilors, 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.

CHAPTER SIX

6.AUDITOR-GENERAL FINDINGS

6.1 Audit Report Year ending June 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 R3169 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 extent & 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

28. 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 skepticism 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	<p>Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure</p> <p>Section 1 - Definition: service delivery and budget implementation plan Sections 11(1), 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), 13(2), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(6)(a), 14(1), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), 62(1)(f)(ii), 32(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 34(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)</p> <p>Sections</p> <p>Sections 32(7), 53(1)</p> <p>Sections 62(1)</p> <p>Sections</p> <p>Sections</p> <p>Sections 127(2),</p> <p>Sections 133(1)</p>
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	<p>Regulations 5, 12(1), 12(3), 13(b), 13(c), 16(a), 17(1), 17(1)</p> <p>Regulations 17(1), 19(a), 21 (b), 22(1), 22(2),</p> <p>Regulations 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a) and (b), 29(5)(a)(ii), 29(5)(b)(ii),</p> <p>Regulations 32, 36(1), 36(1), 38(1), 38(1)(d)(ii), 38(1)(e), 38(1), 38(1), 46(2)(e), 46(2)(f)</p> <p>Regulations 38(1), 38(1), 43, 44,</p>
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Sections 1, 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)

6.1.2 Action Plan Year ended June 2023

ANNEXURE ATTACHED (1)

6.1.3 Audit Report Year ending June 2024

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 2024, 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 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for 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 30 to the financial statements, irregular expenditure of RIO 158 359 (2023: R 16 090 700) 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 29 to the financial statements unauthorised expenditure of R1 085 589 (2023: R1 497 133) was incurred, due to overspending of the budget.

Restatement of corresponding figures

9. As disclosed in note 44 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024.

Material uncertainty relating to claims against the municipality

10. With reference to note 24 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 notes 4 and 5 to the financial statements, receivables from exchange transactions and receivables from non-exchange transactions were impaired by R3 746 877 (2023: R3 169 146).

Other matters

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. This description, which is located at page xx, forms part of our 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 information 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 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

- Development of rural road asset management system — the extent & conditions of the road network & RRAMS system implementation on the 30th June 2024.
- Construction of a culvert bridge in Maluti-A-Phofung (MAP) local municipality on the 30th June 2024.
- Retrofitting of high mast & streetlights with the LED tubes on the 30th June 2024.
- Number of water samples taken on the 30th June 2024.
 - Number of water treatment plants inspected on the 30th June 2024.
- Number of food premises inspected on the 30th June 2024.
- Number of milk samples taken on the 30th June 2024.
- Number of food labelling inspections on the 30th June 2024.
- Number of childcare facilities inspected under different categories on the 30th June 2024.
 - Number of learning institutions inspected (schools and colleges) on the 30th June 2024.
 - Number of accommodation establishments (Hotels, BnBs and Guest Houses) inspected on the 30th June 2024.
- Number of old age homes and disability centers inspected on the 30th June 2024.
- Number of police stations and correctional services centers inspected on the 30th June 2024.
- Number of beauty salons and hair salons inspected on the 30th June 2024.
- Number funeral parlors inspected on the 30th June 2024.
- Number of health care risk waste generators inspected on the 30th June 2024.

- Number of reports with specific focus on waste management activities performed in various areas across the 6 local municipalities on the 30th June 2024.
- Number of environmental services reports with specific focus on waste management activities performed in various areas across the 6 local municipalities on the 30th June 2024.
- Procurement of the tools of trade for eight youth SMMEs on the 30th June 2024.

20. I evaluated the 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
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for 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:

- Number of reports with specific focus on waste management activities performed in various areas across the 6 local municipalities on the 30th June 2024.
- Retrofitting of high mast & streetlights with the LED tubes on the 30th June 2024.

- Number of accommodation establishments (Hotels, BnBs and Guest Houses) inspected on the 30th June 2024.
- Number of environmental services reports with specific focus on waste management activities performed in various areas across the 6 local municipalities on the 30th June 2024.

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

Development of rural road asset management system — the extent & conditions of the road network & RRAMS system implementation on the 30 June 2024

25. An achievement of "0% completion of development of rural road asset management system on the extend & conditions of the road network & RRAMS system (non-achievements) during the period under review" was reported against a target of "100% completion of development of rural road asset management system on the extend & conditions of the road network & RRAMS system implementation by the 30th of June 2024". I could not determine whether the reported achievement was correct, as the indicator was not well defined, and I could not verify the methods and processes used to measure the achievements. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target has been achieved.
26. Furthermore, the target in the annual performance report differed from what was committed to in the approved revised planning documents. The reported target was "100% completion of development of rural road asset management system on the extend & conditions of the road network & RRAMS system implementation by the 30th of June 2024", while the planned target was "POE changed to number of major progress project and RRAMS evaluation report". This change was made without obtaining the required approval, which undermines transparency and accountability.
27. Moreover, the target of 'POE changed to number of major progress project and RRAMS evaluation report' does not relate directly to the indicator which measures "development of rural road asset management system - The extend & conditions of the road network & RRAMS system implementation on the 30th June 2024". This makes it difficult to plan for the achievement of the indicator. Consequently, the reported achievement does not provide useful information on the indicator's achievement.
28. In addition, the target set for this indicator did not express a specific level of performance. No reason for this was provided by the accounting officer. Consequently, the target is not useful for measuring and monitoring progress against the municipality's planned objectives.
29. Additionally, "the specifications submissions will be made earlier than November to accommodate worst case scenario regarding SCM processes" was reported as a measure aimed at improving performance against the target of "100% completion of development of rural road asset management system on the extend & conditions of the road network & RRAMS system implementation by the 30th of June 2024." However, I could not determine if the measure was actually implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed taken.
30. Lastly, the approved planning documents included a commitment to "POE changed to number of major progress projects and RRAMS evaluation report". However, an achievement of "0% completion of development of rural road asset management system on the extend & conditions of the road network & RRAMS system (non-achievements) during the period under review" was reported in the annual performance report. This discrepancy highlights misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability.

Procurement of the tools of trade for eight youth SMMEs on the 30 June 2024.

31 . "Youth SMMEs were identified, and those qualified were listed, submissions for Procurement were made by the office of LED", was reported as a measure aimed at improving performance against the target of "procurement of tools of trade for 8 SMME's on 30 June 2024". However, I could not determine if the measure was actually implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed taken.

Construction of a culvert bridge in MAP local municipality on the 30th June 2024.

32. The target in the annual performance report differed from what was committed to in the approved revised planning documents. The reported target was "100% completion of culvert bridge in MAP local municipality by 30th of June 2024", while the planned target was "procurement process time frames". This change was made without obtaining the required approval, which undermines transparency and accountability.

33. In addition, the approved planning documents included a revised commitment, however, it was inconsistent with the achievement of "0% completion of culvert bridge during the period under review" reported in the annual performance report. This discrepancy highlights misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability.

34. Furthermore, the target had not been clearly defined during the planning process. The target is not specific to what level of outcome is expected to be achieved at the end of the financial year. The type of outcome and method calculation of the procurement time frames is not clear in the target. Consequently, the target is not useful for measuring and reporting on progress against the municipality's planned objectives.

35. Moreover, the revised target does not relate directly to the indicator. This makes it difficult to plan for the achievement of the indicator. Consequently, the reported achievement does not provide useful information on the indicator's achievement.

36. Lastly, the target set for this indicator did not express a specific level of performance. No reason for this was provided by the accounting officer. Consequently, the target is not useful for measuring and monitoring progress against the municipality's planned objectives.

Number of water samples taken on the 30th June 2024.

37. An achievement of 70 water samples across multiple locations was reported against a target of 240 water samples across multiple locations. 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.

38. Lastly, "payment of invoices on time and communicate results with stakeholders", was reported as a measure aimed at improving performance against the target of 240 water samples across multiple locations. However, I could not determine if the measure was actually implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed taken.

Number of food labelling inspections on the 30th June 2024

39. An achievement of 108 food selling inspections across multiple locations was reported against a target of 408 food selling inspections across multiple locations. 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.

40. Moreover, the target of 408 food selling inspections across multiple locations does not relate directly to the indicator which measures "number of food labelling inspections on 30 June 2024. This makes it difficult to plan for the achievement of the indicator. Consequently, the reported achievement does not provide useful information on the indicator's achievement.
41. Lastly, "requested national department of health food control unit to provide training", was reported as a measure aimed at improving performance against the target of 408 food selling inspections across multiple locations. However, I could not determine if the measure was actually implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed taken.

Number of milk samples taken on the 30th of June 2024

42. Measures taken to improve performance against the underachieved target of 204 milk samples across multiple locations were not reported in the annual performance report. Information was thus not provided to help with understanding the actions taken by the accounting officer to address performance gaps and with assessing the effectiveness of strategies to improve future performance against the target.

Various indicators

43. Measures taken to improve performance against underachieved targets were not reported in the annual performance report. Information was thus not provided to help with understanding

the actions taken by the accounting officer to address performance gaps and for assessing the effectiveness of strategies to improve future performance against targets.
44. I could also not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicators	Targets	Reported achievements
Number of health care risk waste generators inspected on the 30th June 2024	48 inspections	60 inspections
	Dihlabeng 12 inspections	15
	Setsoto 8 inspections	14
	Mantsopa 8 inspections	12
	Nketoana 4 inspections	2
	Phumelela 4 inspections	5
	Maluti A Phofung 12 inspections	12
Number of childcare facilities inspected under different categories on the 30 th of June 2024.	240 inspections	349 inspections
	Dihlabeng 60 inspections	64
	Setsoto 48 inspections	60
	Mantsopa 24 inspections	32
	Nketoana 24 inspections	20

	Phumelela 24 inspections	24
	Maluti A Phofung 72 inspections	149

Various indicators

45. The targets below do not relate directly to their indicators. This makes it difficult to plan for the achievement of the indicator. Consequently, the reported achievements do not provide useful information on the achievement of the indicators and the irrelevant targets hinder appropriate planning for the achievement of the indicators.

46. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicators	Targets	Reported achievements
Number of water treatment plants inspected on the 30 th June 2024	22 inspections of water treatment plant were to be inspected as on the 30th of June 2024	12 inspections
	Dihlabeng 04 inspections	0
	Setsoto 04 inspections	5
	Mantsopa 02 inspections	2
	Nketoana 04 inspections	2
	Phumelela 04 inspections	3
	Matuti A Phofung 04 inspections	0
Number of food premises inspected on the 30 th June 2024	1 080 food inspections were to be inspected as on the 30th of June 2024	1 321 inspections
	Dihlabeng 300 inspections	313
	Setsoto 180 inspections	266
	Mantsopa 120 inspections	135
	Nketoana 60 inspections	68
	Phumelela 60 inspections	100

	Matuti A Phofung 360 inspections	439
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Various indicators

47. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicators	Targets	Reported achievements
Number of learning institutions inspected (schools and colleges) on the 30 th June 2024.	160 inspections	100 inspections
	Dihlabeng 24 inspections	0
	Setsoto 24 inspections	26
	Mantsopa 04 inspections	13
	Nketoana 08 inspections	03
	Phumelela 16 inspections	16
	Maluti A Phofung 84 inspections	42
Number of old age homes and disability centers inspected on the 30 th June 2024.	40 inspections	47 inspections
	Dihlabeng 12 inspections	12
	Setsoto 12 inspections	17
	Mantsopa 02 inspections	03
	Nketoana 04 inspections	04
	Phumelela 04 inspections	06
	Maluti A Phofung 06 inspections	16
Number of police stations and correctional services centers inspected on the 30 th June 2024.	33 inspections	16 inspections
	Dihlabeng 60 inspections	0
	Setsoto 48 inspections	03
	Mantsopa 24 inspections	07
	Nketoana 24 inspections	02
	Phumelela 24 inspections	03
	Maluti A Phofung 72 inspections	01
Number funeral parlors inspected on the 30 th June 2024.	100 inspections	121 inspections
	Dihlabeng 16 inspections	20
	Setsoto 12 inspections	24
	Mantsopa 12 inspections	15
	Nketoana 12 inspections	12
	Phumelela 12 inspections	16

	Maluti A Phofung 36 inspections	38
Number of beauty salons and hair salons inspected on the 30 th June 2024.	164 inspections	107 inspections
	Dihlabeng 48 inspections	22
	Setsoto 24 inspections	26
	Mantsopa 12 inspections	11
	Nketoana 24 inspections	13
	Phumelela 24 inspections	27
	Maluti A Phofung 32 inspections	08

Other matters

48. I draw attention to the matters below.

Achievement of planned targets

49. 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.

50. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

<p>Targets achieved: 48%</p> <p>Budget spent: Undeterminable</p> <p>The budget spent is not available as the municipality's actual spending is not aligned with the key performance areas</p>		
Key indicators not achieved	Planned targets	Reported achievements
100% development of rural road asset management system - The extend & conditions of the road network & RRAMS system implementation by the 30 th of June 2024	100% completion of development of rural road asset management system on the extend & conditions of the road network & RRAMS system implementation by the 30th of June 2024	0% completion of development of rural road asset management system on the extend & conditions of the road network & RRAMS system. (Non-achievements) during the period under review.
Construction of a culvert bridge in MAP local municipality by the 30 th of June 2024	100% completion of culvert bridge in MAP local municipality by 30th of June 2024	0% completion of culvert bridge during the period under review.

Number of Environmental Services reports with specific focus on waste management activities performed in various areas across the 6 local municipalities on the 30th of June 2024.	04 quarterly report on waste management activities performed per local municipality on the 30th of June 2024	Waste management activities performed during the period under review dates: Q1 Ju-Sep 2023 Q3 Jan- Mar 2024 Q4 Apr-Jun 2024
Procurement of tools of trade for 8 Youth SMMEs on the 30th of June 2024	Procurement of tools of trade for 8 Youth SMMEs on the 30th of June 2024	No procurement of tools of trade for eight Youth SMMEs during the period under review
Number of beauty salons and hair salons inspected on the 30th June 2024.	164 inspections	107 inspections
	Dihlabeng 48 inspections	22
	Mantsopa 12 inspections	11
	Nketoana 24 inspections	13
	Maluti A Phofung 32 inspections	08
Number of police stations and correctional services centers inspected on the 30th June 2024.	33 inspections	16 inspections
	Dihlabeng 60 inspections	0
	Setsoto 48 inspections	03
	Mantsopa 24 inspections	07
	Nketoana 24 inspections	02
	Phumelela 24 inspections	03
	Maluti A Phofung 72 inspections	01
Number of learning institutions inspected (schools and colleges) on the 30th June 2024.	160 inspections	100 Inspections
	Dihlabeng 24 inspections	0
	Nketoana 08 inspections	03
	Maluti A Phofung 84 inspections	42

Number of water treatment plants inspected on the 30th June 2024	22 inspections	12 Inspections
	Dihlabeng 04 inspections	0
	Nketoana 04 inspections	2

	Phumelela 04 inspections	3
	Maluti A Phofung 04 inspections	0
Number of accommodation establishments (Hotels, B&Bs and Guest Houses) inspected on the 30th of June 2024.	128 inspections	68 inspections
	Dihlabeng 48 inspections	7
	Nketoana 16 inspections	04
	Phumelela 16 inspections	09
	Maluti A Phofung 24 inspections	10
Number of milk samples taken on the 30th of June 2024.	204 samples	157 samples
	Dihlabeng 48 samples	24
	Mantsopa 24 samples	14
	Nketoana 24 samples	20
	Maluti A Phofung 48 samples	28
Number of water samples taken on the 30th of June 2024.	240 Water samples	70 samples
	Dihlabeng 48 samples	10
	Setsoto 72 samples	07
	Mantsopa 24 samples	12
	Nketoana 24 samples	5
	Phumelela 24 samples	11
	Maluti A Phofung 48 samples	25
Number of food labelling inspections	408 inspections	108 Inspections
	Dihlabeng 120 inspections	06

on the 30th of June 2024.	Setsoto 60 inspections	59
	Nketoana 60 inspections	03
	Phumelela 24 inspections	02
	Matuti A Phofung 120 inspections	7
Number of childcare facilities inspected under different categories on the 30th of June 2024.	Nketoana 24 inspections	20
Number of health care risk waste generators inspected on the 30th June 2024	Nketoana 4 Inspections	2

Material misstatements

51. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic services. Management did not correct all of the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

52. 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.
53. 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.
54. 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.
55. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

56. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets, liabilities 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

57. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, as required by section 65(2)(b) of the MFMA.

58. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The value of R10 158 359 as disclosed in note 30, 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 supply chain management regulations.

59. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R1 085 589, as disclosed in note 29 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

Assets management

60. Capital assets were disposed of without the municipal council having, in a meeting open to the public, decided on whether the assets were still needed to provide the minimum level of basic municipal services and considered the fair market value of the assets and the economic and community value to be received in exchange for the assets, as required by sections 14(2)(a) and 14(2)(b) of the MFMA.

Human resource management

61. 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 (MSA) and regulation 31 of municipal staff regulations.

Utilisation of conditional grants

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

Consequence management

63. 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.

64. 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.

Procurement and contract management

65. Some of the goods and services within the prescribed transaction values for formal written price quotations 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.

66. Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).

67. Some of the contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
68. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.
69. Some of the quotations were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of section 2(1)(a) of the preferential procurement policy framework act 5 of 2000 (PPPFA) and its regulations.
70. 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.
71. 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.

Strategic planning and performance management

72. The service delivery and budget implementation plan (SDBIP) for the year under review did not include monthly operational expenditure projections by vote, as required by section 1 of the MFMA.
73. The performance management system and related controls were inadequate as established processes for performance planning, monitoring, measurement, review and reporting were not implemented as required by municipal planning and performance management regulation 7(1).

Other information in the annual report

74. 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 in the scoped-in key performance area (KPA) presented in the annual performance report that have been specifically reported on in this auditor's report.
75. 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.
76. 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 in the scoped-in KPA presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
77. 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

78. 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.

79. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and, the material findings on the selected material indicators included in the annual performance report and the material findings on compliance with legislation included in this report.

80. Council did not adequately monitor the implementation of action plans to address internal control deficiencies that were raised as part of the prior year audits due to slow response in dealing with audit matters.

81. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance reporting resulting in material misstatements on several selected material indicators.

82. 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 material misstatements that had to be corrected.

83. 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 2024



SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

1. The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

2. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected 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	Sections 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), Sections 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b),

Legislation	Sections or regulations
	Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), Sections 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), Sections 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), Sections 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), Regulations 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MSA: Municipal Staff Regulations	Regulations 7(1), 31
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), Regulations 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), Regulations 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), Regulations 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), Sections 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 54A(1)(a), 56(1)(a), Sections 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), Regulations 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of	Regulations 17(2), 36(1)(a)

Legislation	Sections or regulations
Senior Managers, 2014	
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Division of Revenue Act 5 of 2023	Sections 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 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(1), 6(2), 6(3), 6(6), 6(8), 7(1), Regulations 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

6.1.4 Action Plan year end 30 June 2024

ANNEXURE (ii)



APPENDICES

Councilors; Committee Allocation and Council Attendance

**COUNCILLORS ATTENDANCE TO COUNCIL MEETINGS FROM 01 JULY 2023 TO 30
JUNE 2024**

[illegible]

FINANCE									
8. A. FUME (F) MMC IDP & PMS	✓	✓	✓	✓	✓	✓	✓	✓	8
Name of Councillor	27/07/23	31/10/23	13/12/23	31/01/24	27/03/24	30/04/24	22/05/24	Special Council 1 20/06/24	Total No.
9. TJ. MOHLAMBI (M) MMC INFRASTRUCTURE AND TRANSPORT	✓	✓	✓	X	✓	✓	A	✓	6
10. ES. CHABELI (F) MPAC CHAIRPERSON	✓	✓	✓	✓	✓	✓	✓	✓	8
11. BAS. CHAPBELL-CLOETE (F)	✓	✓	✓	✓	A	✓	A	✓	6
12. MD. MARAIS (M)	✓	✓	✓	✓	A	✓	✓	✓	7
13. A. OATES (F)	A	✓	✓	✓	A	✓	A	A	4
14. VB. MAKHANYA (F)	✓	✓	✓	✓	✓	✓	✓	✓	8
15. J. TWALA (F)	A	✓	✓	✓	✓	✓	A	✓	6
16. ML. NCHOCHO (F)	✓	✓	✓	✓	✓	✓	✓	✓	8
17. MB. BOHLALE (F)	A	✓	✓	✓	✓	✓	✓	✓	7
18. HD. DLAMINI (M)	A	A	✓	✓	×	A	✓	✓	4
19. L MIYA (M)	×	×	X	X	A	×	✓	✓	2
20. TP. MOTSOANE (F)	×	×	×	×	×	X	X	X	0
21. LG. MOKOAKOE (M)	✓	A	✓	✓	✓	×	✓	✓	6
22. MV. MOLWELWE (M)	✓	✓	×	✓	✓	✓	×	✓	6
23. SM. MKHWANAZI (F)	×	X	×	×	X	X	X	X	0
24. C.	A	✓	A	✓	✓	×	A	×	3

KALAMER (M)									
Name of Councillor	27/07 /23	31/10 /23	13/12 /23	31/01 /24	27/03 /24	30/04 /24	22/05 /24	Special Council 1 20/06 /24	Total No.
25. EL. MOHANOE (F)	✓	A	✓	✓	✓	A	✓	✓	6
26. PA. MOTHIOA (M)	✓	✓	✓	✓	✓	A	✓	✓	7
27. MJ. MPHAFI (M)	✓	x	✓	✓	✓	✓	✓	✓	7
28. SL. RAKOLOTI (F)	✓	A	✓	✓	✓	✓	✓	✓	7
29. A. NHLAPO (M)	A	✓	✓	A	✓	✓	✓	✓	6
30. TJ. MOTAUNG (M)	✓	✓	✓	✓	✓	✓	✓	✓	8
31. MJ. LEBESA (M)	A	✓	✓	✓	✓	✓	✓	A	6
32. TE MOTLOUNG (M)	A	A	✓	✓	A	✓	A	✓	4
32. TSIMATSIMA							✓	✓	2
Dates	27/07 /23	31/10 /23	13/12 /23	31/01 /24	27/03 /24	30/04 /24	22/05 /24	Special Council 1 20/06 /24	
Total No. Apology	9	4	2	3	6	5	7	2	38
Total No. of no apology submitted	3	4	4	5	2	5	4	3	30
Total No. Councillors Attendance	20	22	27	23	22	21	22	27	184
Total Number	32								

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

- ✓= **SIGNIFY MEETING ATTENDED**
- A= **SIGNIFY APPLICATION FOR LEAVE OF ABSENCE**
- X= **SIGNIFY MEETING NOT ATTENDED**
- D= **SIGNIFY DECEASED**
- R= **SIGNIFY REPLACE/RESIGNED**

b. Councilors Committee Allocations

COUNCILLORS ATTENDANCE TO SECTION 80 COMMITTEE AND MPAC MEETINGS FROM 01 JULY 2023 TO 30 JUNE 2024

COMMUNITY SERVICES						
		26/09/2023	28/02/2024			
NAME OF COUNCILLORS	CHAIRPERSON: MMC MALEFU VILAKAZI	✓	✓			
Cllr VANGILE MAKHANYA		✓	✓			
Cllr HLABATHE DLAMINI		A	✓			
Cllr ELAINE MOHANOE		A	✓			
Cllr LEBOHANG MOKOAKOE		✓	A			
Cllr MARAIS MARIUS		✓	✓			

LED						
NAME OF COUNCILLORS	CHAIRPERSON: ACTING MMC MALEFU VILAKAZI					
		01/03/2024				
Cllr Hlabathe Dlamini		✓				
Cllr Mapule Nchocho		✓				
Cllr Pule Mothijoa		✓				
Cllr Mphara Mphafi		✓				

FINANCE		14/08/23	20/09/23	22/11/23	01/03/24	25/04/24
NAME OF COUNCILLORS	CHAIRPERSON: MMC MOKUWANE MOSIA	✓	✓	✓	✓	✓
	14/07/23	14/08/23	20/09/23	22/11/23	01/03/24	25/04/24
Cllr Tlokotsi Motaung	✓	✓	✓	✓	✓	✓
Cllr Bohlale Mamorena	✓	✓	✓	✓	✓	✓
Cllr Allison Oates	A	✓	✓	A	A	✓
Cllr Kalamer Charl	✓	✓	✓	A	✓	✓

CORPORATE SERVICE		17/08/23	26/09/23	28/11/23	27/02/24	23/04/24
NAME OF COUNCILLORS	CHAIRPERSON: MMC THANDI MASITENG	✓	✓	✓	✓	✓
		17/08/23	28/11/23	28/11/23	27/02/24	23/04/24
Cllr Tshwanelo Motsoane		x	x	x	x	x
Cllr Mapule Nchocho		✓	A	✓	✓	✓
Cllr Eric Motloung		✓	✓	✓	✓	✓
Cllr Seatile Rakoloti		A	✓	✓	✓	✓

IDP&PMS		05/03/24				
NAME OF COUNCILLORS	CHAIRPERSON: MMC FUME ANNA	✓				
		05/03/24				
Cllr Miya Lefaso		x				
Cllr Tlokotsi Motaung		✓				
Cllr Mohau Molwelwe		x				
Cllr Marius Marais		✓				

INFASTRUCTURE AND	19/10/23	22/11/23	28/02/24	14/06/24	
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TRANSPORT						
NAME OF COUNCILLORS	CHAIRPERSON: MMC Thembinkosi Mahlambe	✓	✓	✓	✓	
Cllr Mapule Nchocho		✓	✓	✓	✓	
Cllr Jane Twala		✓	✓	✓	✓	
Cllr Shirley Mkhwanazi		✓	x	x	x	
Cllr Azael Nhlapo		✓	✓	✓	✓	
Cllr Eric Motlounq		✓	✓	✓	✓	

MPAC		10/10/23	21/11/23	14/02/23	21/02/24	19/03/24
NAME OF COUNCILLORS	CHAIRPERSON: SETSHWANA CHABEDI	✓	✓	✓	✓	✓
	24/07/23	10/10/23	21/11/23	14/02/23	21/02/24	19/03/24
Cllr Tlokotsi Motaung	✓	✓	✓	✓	✓	✓
Cllr Hlabathe Dlamini	✓	✓	✓	A	✓	A
Cllr Moeketsi Lebesa	✓	A	✓	✓	A	✓
Cllr Lebohang Mokoakoe	✓	✓	✓	✓	✓	✓
Cllr Mamorena Bohlale	✓	✓	✓	✓	✓	✓
Cllr Cloete Campell	✓	A	✓	✓	✓	✓

Appendix B

Committee and Committee Purpose

Municipal committees	Purpose of committee
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		
Directorate	Unit or Department	Manager
Office of the Municipal Manager	Internal Audit	W. Nhlapo
Office of the Municipal Manager	Risk Management	M.Phoofole
Office of the Municipal Manager	ICT	B. Mdakane
Office of the Municipal Manager	Communications	M.Moshugi
Office of the Municipal Manager	Security	T. Kubheka
Office of the Municipal Manager	Compliance	P Mpele
Office of the Municipal Manager	IDP and PMS	M. Mokoena
Technical Services	Director	M. Nkomo
Technical Services	Infrastructure	B. Mphahlele
Technical Services	Laboratory	M Mofubetsoana
Corporate Services	Director	R Mokoena
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
Finance	Chief Financial Officer	D. Mhlahlo
Finance	Financial Manager	T. Lephoto
Finance	Supply Chain	S. Thamaha
Office of Executive Mayor	Chief of Staff	>. Mbhele

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 at Thabo Mofutsanyana

Appendix F Ward Information

Not applicable at Thabo Mofutsanyana

Appendix G Recommendations of the Municipal Audit Committee

FOREWORD BY THE CHAIRPERSON

We are pleased to submit our report to the Council of Thabo Mofutsanyana District Municipality covering the period 01 July 2023 to 31 December 2023. This report gives an account of work performed by the Committee during the period under review.

During this period, the Committee held its five (5) meetings as follows to discuss matters relating to the Municipality's risk Management, internal controls, governance, financial reports and Auditor-General's report, internal audit and municipal performance reports:-

No	Meeting Number	Date held	Nature/Type of meeting
1.	01-2023/2024	11 August 2023	Ordinary
2.	02-2023/2024	25 August 2023	Special
3.	03-2023/2024	29 September 2023	Special
4.	04-2023/2024	03 November 2023	Ordinary
5.	05-2023-2024	28 November 2023	Special

The Committee also reports that it has adopted the Audit Committee Charter as its formal Terms of Reference

and has regulated its affairs per this Charter.

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

My thanks go to members of this Committee for their hard work and dedication during these meetings and for making sure that they are always ready and prepared to engage on matters presented before the Committee for consideration, their contribution is highly valued. Furthermore, the Committee thank municipality's staff for their sterling support to ensure that the Committee perform its functions efficiently and effectively.

I accordingly submit this report on behalf of the Committee to the Council of Thabo Mofutsanyana District Municipality in terms of section 166(2) of the Municipal Finance Management Act and regulation 14(4) of the Local Government Planning and Performance Management Regulations of 2001.

MR. G A NTSALA
CHAIRPERSON:
AUDIT AND PERFORMANCE COMMITTEE

1. Introduction

In accordance with section 166(2) of the Municipal Finance Management Act, 56 of 2003, the Audit Committee hereby submits its report to the Council of Thabo Mofutsanyana District Municipality for consideration.

This report gives an account of the work performed by the committee during the period 01 July 2023 to 31 December 2023.

The Committee reports that it has discharged its responsibilities as contained in the Audit Committee Charter. The Committee comprises of the following four members and all members are neither employees nor councillors of the municipality.

Mr. G A Ntsala (Chairperson)

Ms. M V Ntipe

Ms. N P Mdaka

Mr. M K Mojatau

2. Summary of meetings held by the committee for period under review

The following table depicts a summary of meetings held by the Committee during the period under review.

Meeting Type	Date of Meeting	Purpose of the Meeting - Agenda items processed by the Committee
Ordinary meeting	11 August 2023	<ul style="list-style-type: none">Internal Audit and Audit Committee evaluation by Provincial TreasuryAudit Committee Charter 2023/2024, Internal Audit Charter 2023/2024, Internal Audit Methodology 2023/2024 and Quality assurance and improvements program 2023/2024.Schedule of Audit Committee Meetings for 2023/2024Internal Audit Plans (three-year risk- based plan 2023/2024, 2024/2025, 2025/2026

Meeting Type	Date of Meeting	Purpose of the Meeting - Agenda items processed by the Committee
		<p>and Annual coverage Internal audit plans 2023/2024)</p> <ul style="list-style-type: none"> • Progress on Risk Management • Finance reports for Quarter 4 of 2022/2023 (MFMA section 52(d) and Supply Chain reports) • Annual Financial Statements preparation process plan 2022/2023. • Performance reports for Quarter 4 of 2022/2023 • Progress on action plan on issues raised by AG for the year ended 30 June 2022, as at 31 July 2023 • Alleged fraud incident register for quarter 4 of 2022/2023
Ordinary meeting	25 August 2023	<ul style="list-style-type: none"> • Review of the draft annual financial statements for the year ended 30 June 2023 • Review of draft the annual performance report for the year ended 30 June 2023 • Internal Audit report on the Review of Annual Financial Statements 2022/2023
Special meeting	29 September 2023	<ul style="list-style-type: none"> • Discussion of Engagement Letter 2022/2023 with AGSA • Discussion Audit strategy 2022/2023 with AGSA • Discussions of Auditor-General letter to the Accounting Officer-The audit process and the submission of the AFS for 2022/2023
Ordinary meeting	03 November 2023	<ul style="list-style-type: none"> • Progress reports on Internal Audit plan Quarter 1 for the financial year 2023/2024 (Quarter 1 Overall Internal Audit reports 2023/2024) • Risk Management matter: Risk Management report by Chairperson to Municipal Manager for quarter 1 financial year 2023/2024 • Quarter 1 Performance results on the SDBIP approved for 2023/2024 • Finance Reports Quarter 1 of 2023/2024 (Section 52(d)) • Finance Report: Quarter 1 of 2023/2024 SCM report)

Meeting Type	Date of Meeting	Purpose of the Meeting - Agenda items processed by the Committee
		<ul style="list-style-type: none"> Fraud Considerations: Alleged fraud incident register Quarter 1 of 2023/2024
Special meeting	28 November 2023	<ul style="list-style-type: none"> Discussion of draft Management report and Draft Audit Report 2022/2023 with AG. Risk Management matter: Risk Management report by Chairperson to Municipal Manager for quarter 1 financial year 2023/2024

3.Executive summary of work performed by the committee for period under review

The paragraphs below summarize the work performed by the Committee during the period under review. Details are in the minutes attached to this report as annexures A, B, C, D and E.

3.1 INTERNAL AUDIT AND AUDIT COMMITTEE STRATEGIC DOCUMENTS

The Committee reviewed and approved the following strategic documents for the effective functioning of both the Audit and Performance Committee and the Internal Audit Unit to add value to the municipality's operations.

- Schedule of Audit and Performance Committee meetings for 2023/2024 financial year.
- The Audit and Performance Committee Charter 2023/2024, (recommended for approval by Council)
- The Internal Audit Charter 2023/2024,
- Internal Audit Methodology 2023/2024
- Internal Audit Quality Assurance and Improvement Programme 2023/2024
- Detailed Internal Audit Plans for 2023/2024 financial year, and three-year rolling plan 2023/2024, 2024/2025 and 2025/2026

All the above-mentioned documents were approved by the Committee and recommended for final Council approval.

3.2 RISK MANAGEMENT AND RISK MANAGEMENT COMMITTEE STRATEGIC DOCUMENTS

The Committee considered the presented reviewed Risk Management strategic documents mentioned below and recommended them for approval and adoption by both Municipal Manager and Council respectively.

- Risk Management Implementation Plan 2023/2024
- Reviewed Risk Management Committee Charter 2023/2024
- Reviewed Risk Management Policy 2023/2024
- Reviewed Risk Management Strategy and Risk Assessment Methodology 2023/2024
- Reviewed Fraud Risk Management Plan and Whistle Blowing Policy 2023/2024
- Reviewed Business Continuity Plan 2023/2024

3.3 INTERNAL AUDIT AND AUDIT AND PERFORMANCE COMMITTEE EVALUATION FOR 2022/2023 BY PROVINCIAL TREASURY

The Committee discussed the evaluation report presented by Provincial Treasury and accepted the outcome of the evaluation and the recommendations made by the Provincial Treasury to both the Internal Audit and the Audit Committee.

3.4 PROGRESS ON THE INTERNAL AUDIT PLAN 2022/2023, FOURTH QUARTER OVERALL INTERNAL AUDIT REPORTS FOR 2022/2023

The Committee discussed the following internal audit reports as presented before it by the Manager: Internal Audit: -

- Expenditure Management (Final report)
- Review of Supply Chain Management (Draft report)
- Fleet Management (Draft report)
- Evaluated Progress on audit action plan for the year ended 30 June 2022 as at 31 July 2023 (Final report)
- Payroll Management (Final report)
- Auditing of predetermined objective (AOPO Q3) (Final report)
- Auditing of predetermined objective (AOPO Q4) (Final report)

3.5 PROGRESS ON RISK MANAGEMENT (2022/2023 FINANCIAL YEAR Q4 RISK MANAGEMENT REPORT BY THE RISK MANAGEMENT COMMITTEE CHAIRPERSON)

The Committee could not discuss the above-mentioned report due to the request by the Chairperson of the Risk Management Committee to withdraw the item from the agenda.

In granting the Chairperson of the Risk Management Committee the permission to withdraw the items, the Committee reiterated the importance of ensuring that the Risk Management Committee meetings are convened on time before the meetings of the Audit Committee to ensure that the RMC is able to prepare proper and comprehensive progress reports on risk management activities for tabling before the Audit and Performance Committee.

3.6 PROCESS PLAN FOR PREPARATION OF ANNUAL FINANCIAL STATEMENTS 2022/2023

The Committee considered the process plan on the preparation of the annual financial statements for 2022/2023. The Committee urged management to adhere to submission dates as per the process plan by submitting credible draft annual financial statements and annual performance report to Internal Audit and Audit Committee for reviewing purposes as per the process plan timeframes, as well as to Auditor General for auditing purposes.

3.7 FINANCE REPORTS FOR QUARTER 4 OF 2022/2023 (MFMA SECTION 52(D) AND SUPPLY CHAIN MANAGEMENT REPORTS)

The Committee after deliberations and discussions took note of the MFMA Section 52(d) report.

The Committee took note that the quarter 4 Supply Chain Management report for 2022/2023 financial year was not submitted and granted management the request to submit the report that complies with the format proposed by the Committee in the ensuing meeting of the Committee.

The proposed format of the SCM Reports by the Committee was to include details of all procurements made during the quarter, including procurements through quotations and procurement through competitive bidding processes, and the report should also include details of any deviations and reasons for such deviations, to enable the Committee to effectively advise Management, Council and MPAC on matters of Supply Chain Management for the Municipality.

3.8 FOURTH QUARTER SDBIP PERFORMANCE REPORTS OF 2022/2023

After having discussed the above-mentioned report, the Committee made the following recommendations to Management

- Appropriate audit evidence be made available by management for audit purposes where targets and KPIs are achieved.
- Reasons for deviations and corrective measures be provided by management where target is partially or not achieved.
- Municipal Manager must ensure that all outstanding information and evidence for quarter 4 of financial year 2022/2023 is submitted to ensure preparation of the credible annual performance report 2022/2023.
- Municipal manager must implement consequence management for non-submission of information required to compile the annual report.
- management should address all shortcomings identified by both Internal Audit and Audit Committee in this regard.

3.9 ALLEGED FRAUD INCIDENT REGISTER 2022/2023

The Committee took note of the verbal progress report provided by management regarding pending cases.

The Committee requested management to provide a proper written report indicating each case and detailed progress in the next meeting of the Committee.

3.10 PROGRESS ON AUDIT ACTION PLAN AS AT 31 JULY 2023.

The Committee after deliberations and discussions took note that the municipality had 73 findings identified, and the resolution status of 43 findings were at 100%. There were 22 findings that was between 80%-95% and 8 findings that was between 60%-75% in terms of their resolution statuses.

The Committee recommended that management should work together to ensure all possible material findings raised by Auditor General are addressed before the submission of 2022/23 draft annual financial statements.

3.11 REVIEW OF THE DRAFT ANNUAL FINANCIAL STATEMENTS 2022/2023

The Committee performed a high-level review on the Draft Annual Financial Statements 2022/2023 as presented before it by Management on 25 August 2023.

During the review of the Draft Annual Financial Statements, the Committee made the following observations and recommendations to management for implementation.

- The Committee recommended that all inputs made by the Committee during discussion should be incorporated into the draft annual financial statements as agreed upon before submission of the Annual Financial Statements to Auditor General on 31 August 2023 as well as the findings of the Internal Audit on their review of the draft Annual Financial Statements.
- The Committee further recommended that, the draft annual financial statements 2022/2023 that has incorporated both inputs from the Audit Committee and Internal Audit be submitted to the Committee for noting before submitted to Auditor General for auditing.

3.12 REVIEW OF THE DRAFT ANNUAL PERFORMANCE REPORT 2022/2023

The Committee performed a high-level review on the Draft Annual Performance report 2022/2023 as presented before it by Management on 25 August 2023.

During the review of the Draft Annual Performance report by the Committee, the Committee made the following observations and recommendations to management for implementation.

- The Committee recommended that all inputs made by the Committee during the discussions should be incorporated into the draft annual performance report as agreed upon before submission made to Auditor General on 31 August 2023 (within legislated timeframe) as well as the findings of the Internal Audit on their review of Draft Annual Performance report.
- The Committee recommended to management that, quality review meeting be held by management for quality checks on the draft annual performance report and to address all shortcomings and concerns raised by the Audit Committee before it is submitted to Auditor General for auditing.
- The Committee further recommended that, final draft annual performance report 2022/2023 that has incorporated both inputs from the Audit Committee and Internal Audit be submitted to the Committee for noting before submitted to Auditor General for auditing.

3.13 AUDITOR-GENERAL ENGAGEMENT LETTER FOR 2022/2023

The Committee discussed and noted the 2022/2023 AG Engagement Letter as presented by Auditor-General. The Committee further noted that the Engagement Letter was discussed with the Management Team of the Municipality and signed off before submission to the Committee.

The Committee urged Management to comply with the terms of the engagement letter till the end of audit and where there are challenges during the time of the audit, there must be communication between two parties on how to resolve those challenges and the Audit Committee must be informed well in advance of any unresolved issues/findings that may lead to a dispute.

3.14 AUDITOR-GENERAL AUDIT STRATEGY FOR 2022/2023

The Audit and Performance Committee acknowledged the presentation and contents of the Audit Strategy for 2022/2023 as presented by the Auditor-General and that it also served before Management Committee before submitted to the Audit Committee.

The Audit and Performance Committee resolved that where Management and Auditor General are not in agreement Audit Committee should be immediately involved to avoid unnecessary disputes.

3.15 DISCUSSIONS OF AUDITOR GENERAL LETTER TO THE ACCOUNTING OFFICER-THE AUDIT PROCESS AND THE SUBMISSION OF THE AFS FOR 2022/2023

The Audit and Performance Committee discussed and noted the Auditor General Letter to the Accounting Officer regarding the audit process and the submission of the AFS for 2022/2023. The Committee also noted that the draft annual financial statements and the draft annual performance report were submitted to the Auditor General within legislated timeframe and applauded management for submitting the abovementioned documents on time to Auditor General.

3.16 PROGRESS ON THE INTERNAL AUDIT PLAN 2023/2024, FIRST QUARTER OVERALL INTERNAL AUDIT REPORTS FOR 2023/2024

The following internal audit reports were presented before the Audit and Performance Committee for discussion.

- Internal Audit Report on the review of Draft Annual Financial Statements ended 30 June 2022 (Final report) (Project no. 12 of 2023/2024)
- Ad-hoc Assignment-Employee verification: Direct Assistance AG (Final reports) (Project no. 16 of 2023/2024)
- Review of ICT (Final report) (Project no. 02 of 2023/2024)
- Review of Risk Management (Final report) (Project no. 01 of 2023/2024)
- Evaluation of Progress on audit action plan on issues raised by Auditor General for the year ended 30 June 2023 as at 31 July 2023 (Project no. 15 of 2023/2024)

The following audit projects were reported to be at report writing phase by Internal Audit Unit.

- Auditing of Performance Information Q1 2023/2024 (Reporting stage) (Project no. 14 of 2023/2024)
- Administration of Municipal Assets 2023/2024. (Reporting stage) (Project no. 04 of 2023/2024)

The Committee deliberated and discussed progress on internal audit plan, progress to date, first quarter overall internal audit reports and requested management to submit requested information and the responses addressing the concerns raised by Internal Audit within the indicated timeframe. The Committee further urged management to address all the reported challenges (shortage of computers and electricity problem) affecting the effective functioning of the Internal Audit Unit.

3.17 PROGRESS REPORT ON RISK MANAGEMENT FUNCTION Q1 2023/2024

The Committee after discussions and deliberation on the progress report on risk management for quarter 1 of 2023/2024 financial year indicated that risk management function should mainly focus, amongst others, on risk identification, mitigations, monitoring and reporting to ensure that, the municipality achieve its goals and objectives.

3.17 FIRST QUARTER SDBIP PERFORMANCE REPORT 2023/2024

The Committee after discussing the report, took note that the report served before Council within legislated timeframe.

As part of the recommendations to management, the Committee advised that the report should include reasons for deviation and corrective measures for targets which are partially achieved or not achieved to assist those charged with Governance and Oversight to properly discharge their responsibilities.

3.18 FIRST QUARTER FINANCIAL REPORTS 2023/2024:

(a) MFMA SECTION 52 (D) REPORT

The Committee after the presentation of the report, took note of the first quarter finance report 2023/2024, and the fact that the report served before Council within legislated timeframe. Furthermore, the Committee noted that the spending is still within the budget.

(b) SCM REPORT

The Committee after the presentation of the report, took note of the first quarter supply chain management report for 2023/2024, and the fact that the report served before Council within legislated timeframe.

The Committee noted that quarter 1 SCM report 2023/2024 that should be comprehensive to include all SCM activities performed during the quarter under review was not ready, but it will be presented with quarter 2 SCM report of 2023/2024 financial year in the ensuing meeting of the Committee.

3.19 MANAGEMENT LETTER/REPORT DRAFT AUDITOR'S REPORT 2022/2023

The Committee discussed the draft AG's report 2022/2023. However, the Committee could not discuss the final management report 2022/2023 as management indicated that this report still needed to be finalised with Auditor General.

The Committee applauded management for maintaining status quo and not regressing (unqualified audit opinion with matters) and further recommended that management should immediately start with the process of compiling/preparing the Audit Action plan to address issues raised by Auditor General to ensure all findings raised by AGSA are adequately addressed.

3.20 FRAUD CONSIDERATIONS: ALLEGED FRAUD RISK REGISTER 2023/2024

The Committee took note of the Alleged Fraud Incident register and that there are two cases that are still under investigations and urged management to speed up processes to avoid incurring high costs for investigations.

The Committee recommended to management that, the reporting on alleged fraud incidents incurred in the municipality and the progress thereof be discussed In-Committee henceforth.

4. AUDIT AND PERFORMANCE COMMITTEE OVERALL RECOMMENDATIONS TO COUNCIL

In line with the provisions of section 166(2) of the MFMA, the Committee recommends the following to Council for consideration.

4.1 INTERNAL AUDIT FUNCTION

- 4.1.1 Management should timely submit requested information within indicated timeframe and respond to both internal and external audit findings to ensure that issues raised by auditors are resolved on time.
- 4.1.2 Management should also address the challenges indicated by Internal Audit related to tools of trade (Computers) so that internal audit can properly execute its mandate.

4.2 PERFORMANCE MANAGEMENT SYSTEM

- 4.2.1 The municipality should establish Performance management system that is in line with Chapter 6 of Municipal Systems Act, Act No 32 of 2000 as amended to avoid future qualifications from Auditor General.
- 4.2.2 The municipality must improve on monitoring, evaluation and reporting of performance results by establishing quality review Committee to perform this function to ensure that performance results are measured efficiently against the approved set targets of the municipality and credible reports and compiled.
- 4.2.3 The Committee further recommend that Consequence management should be implemented as a tool to ensure accountability more especially for poor performance and non-submission of required evidence and documents to both internal and external auditors by responsible departments.

4.3 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

- 4.3.1 Council should ensure during oversight responsibilities that register for unauthorised, irregular, fruitless and wasteful expenditure is kept, updated regularly and all UIF&W expenditures are subjected to MFMA Section 32 processes.
- 4.3.2 The Municipality should avoid deviations from SCM processes by ensuring that proper planning is maintained and adhered to avoid the deviations by the municipality that do not meet the qualifying criteria for a 'deviation' which might result in irregular expenditures.

4.4 SUPPLY CHAIN MANAGEMENT

- 4.4.1 Supply chain management processes should be strictly followed, in terms of law and regulations, by the municipality in every procurement of goods and/or services Non-compliance should result in the implementation consequence management.
- 4.4.2 The format of the quarterly SCM Reports should include details of all procurements made during the quarter, including procurements through quotations and procurement through competitive bidding processes, and the report should also include details of any deviations and reasons for such deviations, to enable the Committee to effectively advise Management, Council and MPAC on matters of Supply Chain Management for the Municipality.

4.5 ACTION PLAN TO ADDRESS FINDINGS RAISED BY AUDITOR GENERAL 30 JUNE 2023

- 4.5.1 The Committee recommended that management prepare action plan to address findings raised by Auditor General on a sustainable basis to ensure that the Municipality obtain better and improved audit outcomes.
- 4.5.2 The Committee recommended that progress on implementation of the audit action plan must be submitted timely to Municipal Manager, evaluated by Internal Audit and reported to relevant Committees of the Council including the Audit and Performance Committee and ultimately be submitted to Council on quarterly basis.
- 4.6 RISK MANAGEMENT**
- 4.6.1 The Committee recommend that management should put more efforts on risk management function to ensure that all key risks are identified during risk assessment process and effective mitigation strategies are developed to enable the municipality to achieve its goals and objectives (Service delivery and Good Governance).
- 4.6.2 The Committee recommended that Risk Management Committee should develop schedule of meetings with dates at least two weeks before the Audit Committee meetings to enable the Chairperson of Risk Management Committee (RMC) enough time to prepare the report and other items that must serve before the Audit Committee. Once the schedule is adopted by the RMC, it should be strictly adhered to.

5. CONCLUSION

In conclusion, this 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 of 2001.

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

This report is duly submitted to Council for consideration and approval.

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 2023/ 2024)					
Name of the service provider	Description of service rendered	Start date of contract	Expiry date of the contract	Project Manager	Contract value

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

Not applicable at Thabo Mofutsanyana

Appendix K (i)

Revenue Collection Performance by Vote

See annual financial statements

Appendix K (ii)

Revenue Collection Performance by Source

Not Applicable to TMDM &

See annual financial

Appendix L

Conditional Grants Received: Excluding MIG

See annual financial statements

Appendix M

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

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 Program 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 at TMDM

Appendix R

Declaration of Loans and Grants Made by the Municipality

Thabo Mofutsanyana 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.

Annual Financial Statements for the year ended 30 June 2024

VOLUME II AUDITED Annual Financial Statements



THABO MOFUTSANYANA DISTRICT MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2024

Annual Financial Statements for the year ended 30 June 2024

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 2024

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. TJ Mokoena (Speaker)
Cllr. LU Makhalema (Chief Whip)
Cllr. ES Chabeli (MPAC Chairperson)
Cllr. SM Visagie (MMC - LED & Tourism) Resigned 31 December 2023
Cllr. TN Masiteng (MMC - Corporate Services)
Cllr. A Fume (MMC - IDP & PMS Services)
Cllr. TJ Mahlambi (MMC - Infrastructure Services)
Cllr. MJ Vilakazi (MMC - Community Services & Acting MMC - LED)
Cllr. SM Mosia (MMC - Financial Services)

Councillors

Cllr. MD Marais
Cllr. MJ Lebesa
Ilr. AM Oates
Cllr. MS Mkhwanazi
Cllr. HD Dlamini
Cllr. TE Mokoena
Cllr. TJ Motsoane
Cllr. T Mosia
Cllr. TJ Motaung
Cllr. LG Mokoakoe
Cllr. BAS Campbell-Cloete
Cllr. PA Mothijoa
Cllr. VB Makhanya
Cllr. LF Miya
Cllr. TP Motsoane
Cllr. MJ Mphafi
Cllr. LE Mohanoe
Cllr. SL Rakoloti
Cllr. MV Molwelwe
Cllr. AM Nhlapo
Cllr. MB Bohlale
Cllr. J Twala
Cllr. ML Nchocho
Cllr. C Kalamer

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

General Information

Grading of local authority	11
Accounting Officer	Ms. TPM Lebenya (Appointed 08 February 2023)
Chief Financial Officer	Mr. MD Mhlahlo (Appointed 1 August 2023)
Registered office	1 Mampoi Street Old Parliament Building Witsieshoek South Africa 9870
Postal address	Private Bag X810 Witsieshoek South Africa 9870
Bankers	ABSA NEDBANK
Auditors	Auditor General of South Africa (AGSA)
Attorneys	Sibeko Attonerys Inc.
Website	www.tmdm.gov.za

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

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 2024 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 20 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 6.

The annual financial statements set out on pages 7 to 74, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024.

TPM Lebenya

Municipal Manager

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Audit Committee Report

We are pleased to present our report for the year ended 30 June 2024. 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)	9
Ms MV Ntipe (Member)	9
Mr MK Mojatau (Member)	9
Ms NP Mdaka (Member)	9

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 2024

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Report

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

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 2024, the municipality had a deficit of R 4 125 627 and that the municipality's total assets exceed its total liabilities by R 43 890 899 . 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 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	4	434 860	1 588 085
Receivables from non-exchange transactions	5	3 608 655	3 557 252
VAT receivable	41	4 532 896	4 902 739
Cash and cash equivalents	6	43 262 426	44 264 697
		51 838 837	54 312 773
Non-Current Assets			
Property, plant and equipment	7	20 206 411	20 899 277
Intangible assets	8	129 565	182 229
		20 335 976	21 081 506
Total Assets		72 174 813	75 394 279
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	6 967 105	7 209 870
Unspent conditional grants and receipts	10	889 882	337 122
Employee benefit obligation	11	11 515 927	11 418 762
		19 372 914	18 965 754
Non-Current Liabilities			
Employee benefit obligation	11	8 911 000	8 412 000
Total Liabilities		28 283 914	27 377 754
Net Assets		43 890 899	48 016 525

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Commission income (Agency services (CETA))	23	-	160 280
Recoveries (Gains on debt impairment provision adjustment)	4	-	357 252
Sundry income	16	275 126	590 017
Interest received - investments	14	5 528 654	4 501 199
Total revenue from exchange transactions		5 803 780	5 608 748
Revenue from non-exchange transactions			
Donations, bequests and in-kind revenue			
Service in kind revenue	15	6 767 690	6 237 502
Transfer revenue			
Government grants and subsidies	12	146 992 118	148 350 878
Donations received (Property, Plant and Equipment)	7	-	1 178 893
Other transfer revenue	13	880 000	-
Total revenue from non-exchange transactions		154 639 808	155 767 273
Total revenue	35	160 443 588	161 376 021
Expenditure			
Employee related costs	20	(104 610 596)	(97 151 139)
Remuneration of councillors	20	(9 355 370)	(9 354 345)
Depreciation and amortisation	17	(2 585 613)	(2 767 090)
Debt impairment	4	(577 731)	-
Finance costs	18	(1 269 000)	(1 348 000)
Contracted services	34	(4 490 434)	(4 716 181)
Loss on disposal of assets	7	(185 522)	-
Operational Expenses	19	(42 067 916)	(47 292 254)
Total expenditure		(165 142 182)	(162 629 009)
Deficit for the year from continuing operations		(4 698 594)	(1 252 988)
Actuarial gains/(losses)		572 968	2 608 000
(Deficit) surplus for the year		(4 125 626)	1 355 012

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

	Accumulated surplus and fund reserves	Total net assets
Figures in Rand		
Balance at 01 July 2022 as restated	46 661 514	46 661 514
Changes in net assets		
Surplus / (Deficit) for the year	1 355 012	1 355 012
Total changes	1 355 012	1 355 012
Restated* Balance at 01 July 2023	48 016 525	48 016 525
Changes in net assets		
Surplus / (Deficit) for the year	(4 125 626)	(4 125 626)
Total changes	(4 125 626)	(4 125 626)
Balance at 30 June 2024	43 890 899	43 890 899
Note(s)		

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Grants		148 424 878	148 350 878
Interest income		5 439 481	4 501 199
Other receipts		275 126	160 280
Cash receipts from receivables		397 202	590 017
		<u>154 536 687</u>	<u>153 602 374</u>
Payments			
Employee costs		(113 919 904)	(105 534 764)
Suppliers		(39 991 404)	(49 310 820)
		<u>(153 911 308)</u>	<u>(154 845 584)</u>
Net cash flows from operating activities	21	<u>625 379</u>	<u>(1 243 210)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	<u>(1 627 650)</u>	<u>(1 395 455)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(1 002 271)</u>	<u>(2 638 665)</u>
Cash and cash equivalents at the beginning of the year		44 264 697	46 903 362
Cash and cash equivalents at the end of the year	6	<u>43 262 426</u>	<u>44 264 697</u>

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand					actual	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sundry income	41 182 016	(919 046)	40 262 970	275 126	(39 987 844)	38.1
Interest received - investment	4 131 384	1 308 098	5 439 482	5 528 654	89 172	
Total revenue from exchange transactions	45 313 400	389 052	45 702 452	5 803 780	(39 898 672)	
Revenue from non-exchange transactions						
Other revenue						
Service in kind revenue	5 813 998	-	5 813 998	6 767 690	953 692	38.2
Transfer revenue						
Government grants & subsidies	148 082 000	-	148 082 000	146 992 118	(1 089 882)	38.3
Other transfer revenue	-	880 000	880 000	880 000	-	
Total revenue from non-exchange transactions	153 895 998	880 000	154 775 998	154 639 808	(136 190)	
Total revenue	199 209 398	1 269 052	200 478 450	160 443 588	(40 034 862)	
Expenditure						
Employee related costs	(102 325 341)	(2 483 828)	(104 809 169)	(104 610 596)	(198 573)	38.4
Remuneration of councillors	(9 196 504)	(12 086)	(9 208 590)	(9 355 370)	(146 780)	
Depreciation and amortisation	(4 357 498)	648 500	(3 708 998)	(2 585 613)	1 123 385	38.5
Impairment loss/ Reversal of impairments	-	-	-	(577 731)	(577 731)	
Finance costs	-	-	-	(1 269 000)	(1 269 000)	37.9
Contracted Services	(11 914 831)	200 000	(11 714 831)	(4 490 434)	7 224 397	38.6
Operational Expenses	(56 613 216)	(3 249 956)	(59 863 172)	(42 067 916)	17 795 256	38.7
Total expenditure	(184 407 390)	(4 897 370)	(189 304 760)	(164 956 661)	24 348 100	
Operating deficit	14 802 008	(3 628 318)	11 173 690	(4 513 073)	(15 686 762)	
Gain on disposal of assets	-	-	-	(185 522)	(185 522)	
(Deficit) / Surplus	14 802 008	(3 628 318)	11 173 690	(4 698 595)	(15 872 284)	
Deficit for the year from continuing operations	14 802 008	(3 628 318)	11 173 690	(4 698 595)	(15 872 284)	
Actuarial gains/(losses)	-	-	-	572 968	572 968	
	14 802 008	(3 628 318)	11 173 690	(4 125 627)	(15 299 316)	

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	6 377 556	(4 760 468)	1 617 088	434 860	(1 182 228)	38.8
Receivables from non-exchange transactions	55 896	326 906	382 802	3 608 655	3 225 853	38.9
VAT receivable	-	4 760 468	4 760 468	4 532 896	(227 572)	38.10
Cash and cash equivalents	197 857 031	(171 000 000)	26 857 031	43 262 426	16 405 395	38.11
	204 290 483	(170 673 094)	33 617 389	51 838 837	18 221 448	
Non-Current Assets						
Property, plant and equipment	29 874 828	(5 535 876)	24 338 952	20 206 411	(4 132 541)	38.12
Intangible assets	585 552	(453 323)	132 229	129 565	(2 664)	38.13
	30 460 380	(5 989 199)	24 471 181	20 335 976	(4 135 205)	
Total Assets	234 750 863	(176 662 293)	58 088 570	72 174 813	14 086 243	
Liabilities						
Current Liabilities						
Payables from exchange transactions	224 083 995	(212 352 903)	11 731 092	6 967 105	(4 763 987)	38.14
Unspent conditional grants and receipts	-	-	-	889 882	889 882	38.15
Employee benefit obligation	906 000	763 000	1 669 000	11 515 927	9 846 927	38.16
	224 989 995	(211 589 903)	13 400 092	19 372 914	5 972 822	
Non-Current Liabilities						
Employee benefit obligation	25 026 324	(800 000)	24 226 324	8 911 000	(15 315 324)	38.16
Total Liabilities	250 016 319	(212 389 903)	37 626 416	28 283 914	(9 342 502)	
Net Assets	(15 265 456)	35 727 610	20 462 154	43 890 899	23 428 745	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus and fund reserves	(15 265 456)	35 727 610	20 462 154	43 890 899	23 428 745	38.17

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Grants	138 645 920	10 316 080	148 962 000	148 424 878	(537 122)	38.3
Interest income	-	5 439 482	5 439 482	5 439 481	(1)	
Other receipts	110 004	263 333	373 337	275 126	(98 211)	38.1
Cash receipts from receivables	-	-	-	397 202	397 202	
	138 755 924	16 018 895	154 774 819	154 536 687	(238 132)	

Payments

Employee costs	(39 525 681)	(149 777 670)	(189 303 351)	(113 919 904)	75 383 447	38.4
Suppliers	-	-	-	(39 991 404)	(39 991 404)	38.7
	(39 525 681)	(149 777 670)	(189 303 351)	(153 911 308)	35 392 043	

Net cash flows from operating activities	99 230 243	(133 758 775)	(34 528 532)	625 379	35 153 911	
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Cash flows from investing activities

Purchase of property, plant and equipment	-	11 174 383	11 174 383	(1 627 650)	(12 802 033)	38.12
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Net increase/(decrease) in cash and cash equivalents	99 230 243	(122 584 392)	(23 354 149)	(1 002 271)	22 351 878	
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Cash and cash equivalents at the beginning of the year	43 718 028	(7 673 000)	36 045 028	44 264 697	8 219 669	
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Cash and cash equivalents at the end of the year	142 948 271	(130 257 392)	12 690 879	43 262 426	30 571 547	
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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 2024

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.

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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).

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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Accounting Policies

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.

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

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.3 Property, plant and equipment (continued)

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.

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.

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Accounting Policies

1.4 Intangible assets (continued)

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

Intangible assets are derecognised:

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

1.5 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.

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:

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.5 Impairment of cash-generating assets (continued)

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.

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.

1.6 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.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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Accounting Policies

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

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

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

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

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

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

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

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

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

Useful life is either:

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

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.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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Accounting Policies

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

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.

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Accounting Policies

1.7 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.

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Accounting Policies

1.7 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

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Accounting Policies

1.7 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

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Accounting Policies

1.7 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

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Accounting Policies

1.8 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating deficit.

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of 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 24.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.8 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.

1.9 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 2024

Accounting Policies

1.9 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

1.10 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 2024

Accounting Policies

1.10 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 2024

Accounting Policies

1.10 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.

1.11 Investment income

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

1.12 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 2024

Accounting Policies

1.13 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 it 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 2024

Accounting Policies

1.13 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.

1.14 Comparative figures

When the presentation or classification of an item in the annual financial statements are amended, comparative amounts are reclassified.

1.15 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.

1.16 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.

1.17 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 2024

Accounting Policies

1.17 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.

1.18 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

1.19 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.

1.20 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 2024

Accounting Policies

1.21 Budget information

The approved budget is prepared on a 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 2023/07/01 to 2024/06/30. 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 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.

1.22 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.

1.23 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 2024

Accounting Policies

1.24 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.

1.25 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.

1.26 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.

Cddddarrying 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 2024

Accounting Policies

1.26 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.

1.27 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 had an arrangement with CETA where the municipality is responsible for paying learner stipends, CETA had 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 2024

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 however the contract came to an end.

(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 2024

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Figures in Rand	2024	2023
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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 2024 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 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
3. Financial assets by category		
The accounting policies for financial instruments have been applied to the line items below:		
June 2024	Financial assets at amortised cost	Total
Receivables	4 932 131	4 932 131
Cash and cash equivalents	43 262 426	43 262 426
	48 194 557	48 194 557
June 2023	Financial assets at amortised cost	Total
Receivables	5 456 222	5 456 222
Cash and cash equivalents	44 264 697	44 264 697
	49 720 919	49 720 919
4. Receivables from exchange transactions		
Sundry debtors	1 402 136	1 977 630
Suspense account - unidentified payment	304 143	304 143
Impairment provision	(1 271 419)	(693 688)
	434 860	1 588 085
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 2024, R 3, 746, 877 (2023: R 3, 169, 146) 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		
0 to 3 months	434 860	345 687
Over 6 months	7 355 531	7 968 795
	7 790 391	8 314 482
Reconciliation of impairment of receivables from exchange and non-exchange transactions		
Opening balance	3 169 146	3 526 398
Provision for impairment adjustments	577 731	(357 252)
	3 746 877	3 169 146

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
4. Receivables from exchange transactions (continued)		
5. Receivables from non-exchange transactions		
Unsolicited debit orders	3 000	3 000
Pension fund receivable	3 174 449	3 174 449
Overpayment to Municipal Officials	117 217	29 814
Seconded councillors salaries over payment	1 784 288	1 784 288
Councillors over payment	691 170	691 170
Municipal Manager overpayment	313 989	349 989
Impairment	(2 475 458)	(2 475 458)
	3 608 655	3 557 252

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	2 813 980	12 655 110
Short-term deposits	40 448 446	31 609 587
	43 262 426	44 264 697

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
ABSA BANK - Cheque Account - 770-150-841	2 813 980	12 655 110	13 651 947	2 813 980	12 665 110	13 651 947
ABSA BANK - Liquidity Plus - 932-530-0160	5 307 060	63	63	5 307 060	63	63
ABSA BANK - Fixed Deposit - 409-474-0923- Account Type	3 596 684	3 313 049	3 185 318	3 596 684	3 313 049	3 185 318
ABSA BANK - Fixed Deposit - 935-501-3452	10 044 895	18 339 570	17 025 866	10 044 895	18 339 570	17 025 866
ABSA BANK - Fixed Deposit - 935-762-5891	14 266 237	3 292 446	6 789 401	14 266 237	3 292 446	6 789 401
NEDBANK - FIXED DEPOSIT - 3788-1151-676/000002	7 233 571	6 664 459	6 250 767	7 233 571	6 664 459	6 250 767
Total	43 262 427	44 264 697	46 903 362	43 262 427	44 274 697	46 903 362

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment

	2024			2023		
	Cost /	Accumulated	Carrying value	Cost /	Accumulated	Carrying value
	Valuation	depreciation and accumulated impairment		Valuation	depreciation and accumulated impairment	
Buildings	14 340 767	(1 418 857)	12 921 910	14 340 767	(956 051)	13 384 716
Machinery and Equipment	1 967 893	(755 940)	1 211 953	1 923 007	(567 276)	1 355 731
Furniture and fixtures	4 720 489	(3 646 856)	1 073 633	4 605 582	(3 311 621)	1 293 961
Motor vehicles	5 809 321	(3 509 161)	2 300 160	5 080 504	(3 031 194)	2 049 310
IT equipment	13 809 741	(11 110 986)	2 698 755	12 858 269	(10 042 710)	2 815 559
Total	40 648 211	(20 441 800)	20 206 411	38 808 129	(17 908 852)	20 899 277

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	13 384 717	-	-	(462 806)	12 921 911
Machinery and Equipment	1 355 731	751 347	(706 460)	(188 664)	1 211 954
Furniture and fixtures	1 293 961	147 745	(32 839)	(335 235)	1 073 632
Motor vehicles	1 995 172	783 710	(755)	(477 966)	2 300 161
IT equipment	2 815 559	1 114 039	(162 568)	(1 068 276)	2 698 754
	20 845 140	2 796 841	(902 622)	(2 532 947)	20 206 412

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers received	Revaluations	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
	21 492 624	1 395 458	(1 055 091)	1 055 091	670 830	(2 713 772)	20 845 140

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

Motor Vehicles	54 602	25 126
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THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

8. Intangible assets

	2024			2023		
	Cost /	Accumulated	Carrying value	Cost /	Accumulated	Carrying value
	Valuation	amortisation and accumulated impairment		Valuation	amortisation and accumulated impairment	
Computer software	5 041 208	(4 911 643)	129 565	5 041 208	(4 858 979)	182 229

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software	182 229	(52 664)	129 565

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software	235 548	(53 319)	182 229

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 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
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9. Payables from exchange transactions

Trade payables	6 766 972	7 009 737
UIF over deducted from employees	193 496	193 496
Councillors salaries under payments	6 637	6 637
	6 967 105	7 209 870

10. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Rural Roads Assets Management System Grant	843 380	337 122
Energy Efficiency Demand-Side Management Grant	46 502	-
	889 882	337 122

Movement during the year

Balance at the beginning of the year	337 122	-
Additions during the year	12 267 000	18 229 000
Income recognition during the year	(11 377 118)	(17 891 878)
Deducted from equitable share grant	(337 122)	-
	889 882	337 122

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 - 2024

	Opening Balance	Additions	Reversed during the year	Total
Employee benefit obligation - current	1 617 000	-	(929 000)	688 000
Accrued leave provision	7 948 104	858 958	-	8 807 062
Accrued bonus provision	1 853 658	167 207	-	2 020 865
Employee benefit obligation - non-current	8 412 000	499 000	-	8 911 000
	19 830 762	1 525 165	(929 000)	20 426 927

Reconciliation of employee benefit obligation - 2023

	Opening Balance	Additions	Reversed during the year	Total
Employee benefit obligation - current	906 000	711 000	-	1 617 000
Accrued leave provision	7 112 178	835 926	-	7 948 104
Accrued bonus provision	1 494 651	359 007	-	1 853 658
Employee benefit obligation - non-current	10 558 000	-	(2 146 000)	8 412 000
	20 070 829	1 905 933	(2 146 000)	19 830 762

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
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11. Employee benefit obligation (continued)

Long service awards

Valuation method

The Projected Unit Credit Method is used to determine the present value of the defined benefit obligation.

The defined benefit obligation

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 60% 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 60% 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 60% 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 60% 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 2024:

	Long-service leave benefits	Post-retirement health care benefits	Total
Balance as at 30 June 2023	(4 946 000)	(5 076 000)	(10 022 000)
Current service cost	(525 000)	(36 000)	(561 000)
Interest cost	(631 000)	(638 000)	(1 269 000)
Actuarial (loss) - experience variance	188 000	384 968	572 968
Benefits payments	1 348 000	332 032	1 680 032
	(4 566 000)	(5 033 000)	(9 599 000)

The amount recognised in the statement of financial position are as follows for 30 June 2023:

	Long-service leave benefits	Post-retirement health care benefits	Total
Balance as at 30 June 2022	(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	2 175 000	2 608 000
Benefits payments	637 000	222 000	859 000
	(4 953 000)	(5 076 000)	(10 029 000)

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
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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 2024 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:

	2024	2023
Current employees		
- Number of current employees		
Males	3	4
Females	1	1
- Average age of employees		
Males	64,2	63,6
Females	58,0	57,0
- Average years of past service		
Male	28,80	29,60
Female	25,70	24,70
- Average total monthly premium of Principal members (R)		
Male	R 5, 160	R 4, 680
Female	R 2, 120	R 1, 980
- Average total monthly premium of Adult dependants (R)		
Male	R -	R -
Female	R -	R -
Continuation members		
- Number of continuation members		
Male	4	3
- Average age of continuation members		
Male	74,1	74,1
- Actual percentage married		
Male	100%	100%
Female	0%	0%
- Average total monthly premium of Principal members (R)		
Male	R 6, 170	N/A
Female	N/A	R 0,00
- Average total monthly premium of Adult dependants (R)		
Male	R -	R -
Female	R -	R -

Breakdown of Defined Benefit Obligation

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
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11. Employee benefit obligation (continued)

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 2024	30 June 2023	30 June 2022
Active members	2 804	3 225	4 225
Continuation members	2 229	1 851	2 358
	5 033	5 076	6 583

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	(4 649)	(5 033)	(5 466)
Service cost (next financial year)	(545)	(592)	(645)
Interest cost (next financial year)	(37)	(71)	(46)
	(5 231)	(5 696)	(6 157)

Assumptions used

The economic assumptions for the 30 June 2024 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	(4 372)	(4 566)	(4 766)
Current service cost	(514)	(530)	(548)
Interest cost	(437)	(459)	(482)
	(5 323)	(5 555)	(5 796)

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 2024 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 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
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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 2024 of 5.1%. The next salary increase was assumed to take place on 01 July 2025.

In addition to the normal salary inflation rate, we assumed the following promotional salary increases:

Promotional Salary Increase Rates

Age Band	2024 Promotional Increase %	2023 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 2024 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 2023 & 2024
SA85-90 mortality tables
used. No explicit assumption
was made about additional
mortality or health care costs
due to AIDS.

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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Notes to the Annual Financial Statements

	2024	2023 Restated*
11. Employee benefit obligation (continued)		
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.

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Withdrawal assumption age	Males	Females
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* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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	2024	2023 Restated*
11. Employee benefit obligation (continued)		
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	135 615 000	130 459 000
Financial Management Grant	2 300 000	2 300 000
Expanded Public Works Programme Integrated Grant	3 384 000	5 356 000
Rural Roads Assets Management System Grant	1 739 620	2 235 878
Energy Efficiency and Demand Side Management Grant	3 953 498	8 000 000
	146 992 118	148 350 878

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	11 377 118	18 229 000
Unconditional grants received	135 615 000	130 459 000
	146 992 118	148 688 000

Equitable Share

Current-year receipts	135 615 000	130 459 000
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* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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Notes to the Annual Financial Statements

	2024	2023 Restated*
12. Government grants and subsidies (continued)		
Conditions met - transferred to revenue	(135 278 000)	(130 459 000)
Other	(337 000)	-
	-	-

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	337 122	-
Current-year receipts	2 583 000	2 573 000
Conditions met - transferred to revenue	(1 739 620)	(2 235 878)
Other	(337 122)	-
	843 380	337 122

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	3 384 000	5 356 000
Conditions met - transferred to revenue	(3 384 000)	(5 356 000)
	-	-

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	4 000 000	8 000 000
Conditions met - transferred to revenue	(3 953 498)	(8 000 000)
	46 502	-

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

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)
	-	-

The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the MFMA

13. Other Transfer revenue

South African National Biodiversity (SANBI) Grant	550 000	-
Agricultural Sector Education Training Authority (AgriSETA) Grant	330 000	-

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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Notes to the Annual Financial Statements

	2024	2023 Restated*
	880 000	-
14. Interest received - investments		
Interest revenue		
Bank	5 528 654	4 501 199
15. Service in Kind revenue		
The building that TMDM operates in is owned but the Department of Public Works and the department leases the building to the municipality at no charge. The services in kind are as follows;		
Service in kind revenue	6 767 690	6 237 502
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		
16. Sundry Income		
Tender documents	50 000	13 000
Other income	225 126	577 017
	275 126	590 017
17. Depreciation and amortisation		
Property, plant and equipment	2 532 948	2 713 771
Intangible assets	52 665	53 319
	2 585 613	2 767 090
18. Finance costs		
Actuarial interest costs	1 269 000	1 348 000

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
19. Operational expenses		
Advertising	1 020 404	1 657 237
Auditors remuneration	4 253 003	3 511 374
Awareness campaign -Energy efficiency programme	-	128 522
Bank charges	114 723	122 419
Bursary fund	698 490	1 525 965
Cleaning and consumables	214 705	92 013
Catering	2 325 913	2 338 601
Disaster intervention	265 560	-
Disaster recovery services	733 853	990 000
District audit committee	368 866	335 012
District Development Model	200 175	-
Donations	717 101	1 055 091
Electricity	2 400	-
Events management,PA system hire & event decorations	1 853 792	1 415 147
Internet services	1 194 476	636 922
Installation of energy efficient lights	2 120 955	5 775 826
Insurance	1 225 425	999 297
IT infrastructure support & maintenance	237 551	479 563
Legal Fees	744 664	2 016 419
District tourism	-	63 562
Magazines, books and periodicals	221 300	314 510
Motor vehicle expenses	1 691 195	1 987 889
Operating lease (Equipment rental)	940 236	-
Personal Protective Equipment, sanitizers and sanitizer stands	-	112 700
Printing and stationery	605 061	1 077 737
Repairs and maintenance	1 154 980	1 866 714
Rural community support	767 348	578 966
RRAMS Programme - Disbursement expenses	269 250	580 087
Sampling of food and water	144 434	230 702
Service in kind expenditure (Rental expense)	6 767 690	6 237 502
Software and licenses	2 238 017	2 749 986
Subscriptions and membership fees	1 287 613	2 374 941
Sports development programme	149 376	-
Telecommunication expenses	1 719 175	1 358 513
Training	607 743	264 525
Transport	1 196 671	1 637 543
Travel and subsistence	2 115 524	1 950 679
Uniform and protective clothing	1 873 247	17 000
Rental: Vehicles	-	786 990
Youth development programme - Entrepreneur support	27 000	22 300
	42 067 916	47 292 254

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
20. Remuneration related cost		
Acting allowances	185 878	520 734
Basic	60 809 861	55 342 134
Bargaining council levies	253 076	629 681
Bonus	4 393 919	4 161 730
Car allowance	13 697 766	11 707 824
Cell phone allowance	1 122 800	937 350
Current service costs	561 000	684 000
EPWP Wages	4 781 159	5 789 769
Housing benefits and allowances	517 643	346 554
Leave redemption and provision	2 682 989	2 260 966
Medical aid - company contributions	4 862 484	4 602 041
Overtime payments	72 522	60 446
Pension fund contributions	8 933 293	8 177 552
SDL	844 285	775 516
UIF	308 899	285 457
Shift allowance	1 661 790	1 345 323
Long-service awards	601 264	379 062
Less: Post Retirement Healthcare Subsidy and Long service benefits	(1 680 032)	(855 000)
	104 610 596	97 151 139

Remuneration of Accounting Officer - Ms. TPM Lebenya

Annual Remuneration	1 226 887	896 297
Car allowance	258 188	185 314
Contributions to UIF, Medical and Pension Funds	14 936	12 561
Travel, motor car, accommodation, subsistence and other allowance	62 660	41 503
Cell phone allowance	30 000	23 250
Leave paid out	-	292 730
	1 592 671	1 451 655

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
Car allowance	-	77 333
Acting allowance	-	7 691
Contributions to UIF, Medical and Pension Funds	-	6 061
Leave paid out	-	328 094
Cellphone allowance	-	10 000
	-	867 131

Mr. Khote was appointed from 1 December 2017 and his term ended 30 November 2022.

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
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20. Remuneration related cost (continued)

Remuneration of Executive Manager Corporate Service

Mr RS Mokoena

Annual Remuneration	811 746	-
Car allowance	219 485	-
Housing allowance	55 000	-
Contributions to UIF, Medical and Pension Funds	11 043	-
Travel, motor car, accommodation, subsistence and other allowance	68 841	-
Cell phone allowance	20 000	-
	1 186 115	-

Mr Mokoena RS was appointed as the Director Corporate Services from 01 August 2023

Mr Ngwenya MGB

Annual Remuneration	64 415	61 115
Car allowance	19 324	18 334
Contributions to UIF, Medical and Pension Funds	16 740	16 435
Cell phone allowance	1 500	1 500
Housing allowance	1 066	1 012
Acting allowance	8 052	16 423
	111 097	114 819

Mr. MGB Ngwenya was appointed as the acting Director Corporate Services for July 2023 and the remuneration paid to him for acting amounts to R8 051.86.

Ms Ngobese NE

Annual Remuneration	-	366 688
Car allowance	-	110 007
Contributions to UIF, Medical and Pension Funds	-	90 427
Travel, motor car, accommodation, subsistence and other allowance	-	24 357
Cell phone allowance	-	9 000
Backpay on acting allowance	-	132 020
Acting allowance	-	98 538
	-	831 037

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

Remuneration of Director Community Services - Mr. S Lengoabala

Annual Remuneration	961 817	1 096 700
Car allowance	239 198	210 000
Travel, motor car, accommodation, subsistence and other allowance	62 511	82 449
Contributions to UIF, Medical and Pension Funds	14 924	16 878
Housing allowance	60 000	60 000
Cell phone allowance	24 000	24 000
Acting allowance	15 057	85 226
	1 377 507	1 575 253

Mr. Lengoabala was appointed on the 01 March 2020 to 28 February 2025.

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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Notes to the Annual Financial Statements

	2024	2023 Restated*
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20. Remuneration related cost (continued)

Remuneration of Chief Financial Officer - Ms. NL Gqoli

Annual remuneration	-	478 390
Car allowance	-	121 215
Contributions to UIF, Medical and Pension Funds	-	104 614
	-	17 742
Cell phone allowance	-	14 000
Annual bonus	-	57 838
Leave paid out	-	189 982
	-	983 781

Ms. Gqoli was appointed as the Chief Financial Officer from 1 February 2018 to the 31 January 2023.

Remuneration of Chief Financial Officer - Mr. MD Mhlahlo

Annual Remuneration	759 673	352 434
Car allowance	271 558	105 730
Contributions to UIF, Medical and Pension Funds	14 148	79 883
Travel, motor car, accommodation, subsistence and other allowance	14 387	4 899
Cell phone allowance	22 000	7 500
Housing allowance	55 000	5 059
Annual bonus	-	70 486
Acting allowance	9 287	59 771
Leave paid out	164 565	-
	1 310 618	685 762

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 amounted to R 59 770.60.

He was appointed as the acting Chief Financial Officer from 01 July 2023 to 31 July 2023 and the remuneration paid to him for acting amounts R 9 287.64.

He was subsequently appointed as the Chief Financial Officer on 01 August 2023.

Remuneration of Director Technical Services - Mrs. MM Nkomo

Annual remuneration	738 999	-
Car allowance	198 494	-
Housing allowance	50 000	-
Cellphone allowance	20 000	-
Travel, motor car, accommodation, subsistence and other allowance	96 516	-
Contributions to UIF, Medical and Pension Funds	10 298	-
	1 114 307	-

Mrs Nkomo MS was appointed as the Director: Technical Services on 01 September 2023

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
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20. Remuneration related cost (continued)

Remuneration of councillors

Executive Mayor - Cllr. AC Msibi	995 566	987 297
Chief Whip - Cllr. L Makhalema	113 993	816 596
Speaker - Cllr. TJ Mokoena	804 146	421 751
Chairperson MPAC - Cllr. ES Chabeli	739 372	676 275
Mayoral Committee Members	3 114 025	3 161 427
Councillors	3 588 268	3 290 999
	9 355 370	9 354 345

Exec. Mayor, Speaker, Chief Whip and MPAC Chairperson	Basic salary	Travel, motor car and other allowance	Cell phone allowance	Pension and medical aid	Skills development levy	Total
Cllr. AC Msibi	707 990	235 997	42 400	-	9 180	995 567
Cllr. LU Makhalema	104 707	8 073	-	-	1 113	113 893
Cllr. TJ Mokoena	566 389	188 799	42 400	-	6 558	804 146
Cllr. ES Chabeli	492 819	198 375	42 400	-	5 778	739 372
Subtotal	1 871 905	631 244	127 200	-	22 629	2 652 978
	1 871 905	631 244	127 200	-	22 629	2 652 978

Mayoral committee members	Basic salary	Travel, motor car and other allowance	Cell phone allowance	Pension and medical aid	Skills development levy	Total
Cllr. SM Visagie	163 156	62 826	-	28 195	2 128	256 305
Cllr. TN Masiteng	315 287	129 547	-	-	4 066	448 900
Cllr. A Fume	531 071	206 832	42 400	-	6 272	786 575
Cllr. TJ Mahlambi	290 638	116 639	-	-	3 725	411 002
Cllr. MJ Vilakazi	519 753	202 024	42 400	11 318	6 482	781 977
Cllr. MS Mosia	293 621	132 254	-	-	3 391	429 266
Subtotal	2 113 526	850 122	84 800	39 513	26 064	3 114 025
	2 113 526	850 122	84 800	39 513	26 064	3 114 025

	Basic salary	Travel, motor car and other allowance	Cell phone allowance	Skills development levy	Sitting allowance	Total
Other councillors	2 298 861	715 951	339 200	24 841	209 515	3 588 368
Subtotal	2 298 861	715 951	339 200	24 841	209 515	3 588 368
	2 298 861	715 951	339 200	24 841	209 515	3 588 368

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.

In-kind benefits

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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	2024	2023 Restated*
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20. Remuneration related cost (continued)

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

21. Cash (used in) generated from operation

(Deficit) surplus	(4 125 626)	1 355 012
Adjustments for:		
Depreciation and amortisation	2 585 613	2 767 090
Finance costs	1 269 000	1 348 000
Leave provision	858 958	835 927
Post Retirement Healthcare Subsidy and Long service benefits	(1 680 032)	-
Movements in Employee benefit provisions	(463 318)	414 000
Bonus provision	167 207	359 007
Non-cash donations	717 101	(123 802)
Actuarial gain/loss	(572 968)	(2 608 000)
Gain / loss on sale of assets and liabilities	185 522	-
Interest received	(434 859)	(345 687)
Gains on impairment provision adjustment	-	(357 252)
Rental: Vehicles	-	(54 138)
Changes in working capital:		
Receivables from exchange transactions	1 153 225	580 187
Receivables from non-exchange transactions	(51 403)	(3 360 728)
Payables from exchange transactions	(242 765)	(1 905 362)
VAT	369 843	(484 586)
Unspent conditional grants and receipts	889 882	337 122
	625 379	(1 243 210)

22. Financial liability by category

The accounting policies for financial instruments have been applied to the column items below:

2024	Financial liabilities at amortised cost	Total
Payables from exchange transactions	6 967 105	6 967 105
2023	Financial liabilities at amortised cost	Total
Payables from exchange transactions	7 209 870	7 209 870

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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Notes to the Annual Financial Statements

	2024	2023 Restated*
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23. CETA agency fees

Commission income [Agency services (CETA)]	-	160 280
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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.

In the 2022-2023 financial year, 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. Whereas in the current year the municipality did not receive nor pay any amount in relation to CETA therefore no commission income was received.

The municipality did not have liability held on behalf of learner stipends as at 30 June 2024, there is no corresponding reimbursement for year under review.

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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	2024	2023 Restated*
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24. Provisions, contingent assets and contingent liabilities

Contingent liabilities

Ktravel agency vs Thabo Mofutsanyana

Demand for payment in execution. Default judgment rescinded on 05 August 2022.
Agency has applied for an appeal.

153 262	153 262
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The timing and/or the amount of the outflow in relation to this matter is uncertain to the municipality.

Ex-Employees vs Thabo Mofutsanyana

Claim pro rata bonus and accrued Leave annual leave days

248 083	248 083
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The timing and/or the amount of the outflow in relation to this matter is uncertain to the municipality

Maluti-A-Phofung seconded Councillors vs Thabo Mofutsanyana

Civil claim for councillors remuneration.

5 497 850	5 497 850
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The timing and/or the amount of the outflow in relation to this matter is uncertain to the municipality

Podbeilski Mhlambi Attorneys vs Thabo Mofutsanyana

RSC levies collections. Matter is defended and pending in Bloemfontein
HighCourt.

36 423 638	36 423 638
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The timing and/or the amount of the outflow in relation to this matter is uncertain to the municipality

DW Wessels and 6 others vs Thabo Mofutsanyana

Veld fire that destroyed farms. Matters is defended and pending.

4 432 501	4 432 501
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The timing and/or the amount of the outflow in relation to this matter is uncertain to the municipality

Financial Guarantees

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.

The obligations (or possible obligations) arising from the issue of financial guarantee contracts are recognised, measured and/or disclosed in accordance with GRAP 19. Contingent balance amounting to 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 settle their bond / default on payment.

The Municipality has provided housing guarantees to the employees listed below. The maximum amount each qualifying employee may receive is R17 000.

Name of employee	Effective date		
Ngobese Malefu	22/03/2006	17 000	17 000
Moloi Khesa	25/05/2005	17 000	17 000
Moloi Materonko	08/10/2002	13 000	13 000
Motloun Sylvia	30/01/2007	17 000	17 000
Mthombeni Sthembiso	01/10/2004	14 000	14 000
Mani Koahela	01/07/2009	17 000	17 000
		95 000	95 000

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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2024	2023 Restated*
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25. 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 20 for detailed disclosure of remuneration.

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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Notes to the Annual Financial Statements

2024	2023 Restated*
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26. 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.

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

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
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26. Risk management (continued)

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.

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	4 749 412	2 158 191	-	-
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	4 367 786	2 608 453	-	233 631
At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Receivables from exchange transactions	434 860	1 271 419	-	-
• Receivables from non-exchange transactions	-	6 084 112	-	-
At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Receivables from exchange transactions	345 687	1 936 086	-	-
• Receivables from non-exchange transactions	-	6 032 709	-	-

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	2024	2023
ABSA Bank - Cheque account	2 813 980	12 655 110
ABSA Bank - Liquidity plus	5 307 060	63
ABSA Bank - Fixed deposit 2	3 596 684	3 313 049
ABSA Bank - Fixed deposit 3	10 044 985	18 339 570

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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	2024	2023 Restated*
26. Risk management (continued)		
ABSA Bank - Fixed deposit 4	14 266 237	3 292 446
Nedbank - Fixed deposit	7 233 571	6 664 459
Receivables from exchange transactions	434 860	1 588 085
Receivables from non-exchange transactions	3 174 449	3 194 449

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	434 860	345 687
3 to 6 months	-	-
Over 6 months	7 355 531	7 968 795
Less: Provision for Impairment	(3 746 877)	(3 169 146)
	4 043 514	5 145 336

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	3 169 146	3 526 919
Adjustments for impairment	577 731	(357 773)
	3 746 877	3 169 146

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

The ageing of receivables from exchange and non-exchange not impaired but passed due

Over 6 months	3 169 146	3 737 631
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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.

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
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27. 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 2024, the municipality incurred a deficit of (R 4 125 627) and the municipality's total assets exceed its total liabilities by R 43 890 899, in addition the municipality has a possible obligation of R46 850 334 pending the court ruling as disclosed in note 24. These conditions and events do not cast doubt on the municipality's ability to continue as a going concern.

28. Events after the reporting date

There were no material events to report after the reporting date.

Event after the reporting period is favorable or unfavorable event that occurs between the end of the reporting period and the date that the financial statements are authorized for issue. The outcome of the MPCA UIFW investigation report tabled in council on irregular expenditure raised during prior year audit. The council resolved to write off amounting to R11,160,024 of irregular expenditure and consequence management was recommended..

- The end of the reporting period and
- The date that the financial statements are authorized for issue.

Adjusting events

Adjusting event is the event that arose after the end of the reporting period, but provides further evidence of conditions that existed at the end of the reporting period.

Accounting treatment: financial statements should be adjusted for adjusting events.

29. Unauthorised expenditure

Opening balance as previously reported	2 830 568	1 333 435
Opening balance as restated	2 830 568	1 333 435
Add: Unauthorized Expenditure - Current period	1 085 589	1 497 133
Closing balance	3 916 157	2 830 568

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.

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
30. Irregular expenditure		
Opening balance as previously reported	25 905 892	34 494 668
Opening balance as restated	25 905 892	34 494 668
Add: Irregular Expenditure - current period	10 158 359	16 090 703
Less: Amount written off - current	(11 160 024)	(24 679 479)
Closing balance	24 904 227	25 905 892

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

Irregular expenditure is always calculated inclusive of VAT while the figures disclosed above have been presented in this set of AFS exclusive of VAT and the full extent of the irregular expenditure is still under investigation.

Irregular expenditure arising from:		
Three quotations not sourced	198 460	274 682
Payment made without a valid invoice	64 140	-
Bid adjudicated by committee not in line with the regulation	-	2 929 507
PPPF Framework not considered	157 177	84 200
SCM Reg 5 not considered	264 623	-
Non-tax compliant supplier appointed	952 753	1 277 700
Advertisement not placed on on notice board for 7 days SCM Reg 18	85 401	-
Regulation 38 not applied	-	822 366
Regulation 17, 18, and 19 not considered	6 125 720	-
Regulation 36 not applied	2 310 085	-
Unapproved contract extensions	-	5 235 719
Competitive bidding not followed SCM Reg 19	-	5 466 532
	10 158 359	16 090 706

31. Fruitless and wasteful expenditure

Opening balance as previously reported	48 278	3 626
Opening balance as restated	48 278	3 626
Add: Fruitless and wasteful Expenditure - current period	6 177	44 652
Less: Amount written off - current	-	-
Closing balance	54 455	48 278

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 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
32. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	1 209 384	2 288 768
Amount paid - current year	(1 209 384)	(2 288 768)
	-	-
Audit fees		
Current year subscription / fee	4 253 003	3 510 499
Amount paid - current year	(4 253 003)	(3 510 499)
	-	-
PAYE, SDL and UIF		
Current year subscription / fee	20 549 109	19 649 438
Amount paid - current year	(20 549 109)	(19 649 438)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	13 835 290	12 866 689
Amount paid - current year	(13 835 290)	(12 866 689)
	-	-
VAT		
VAT receivable	4 532 896	4 902 739
VAT payable	-	-
	4 532 896	4 902 739
33. 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.		
34. Contracted services		
Consultants and Professional Services		
System support consultancy	2 206 491	2 167 187
Professional fees on Grant expenditure	2 209 303	2 491 994
Actuarial Valuation fees	27 000	22 000
Review of annual financial statements	47 640	35 000
	4 490 434	4 716 181

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
35. Revenue		
Agency services (CETA)	-	160 280
Recoveries (gains on impairment adjustment)	-	357 252
Sundry income	275 126	590 017
Interest received - investment	5 528 654	4 501 199
Service in Kind revenue	6 767 690	6 237 502
Government grants & subsidies	146 992 118	148 350 878
Public contributions and donations	-	1 178 893
Other transfer revenue	880 000	-
Gain on disposal of assets	-	63 458
	160 443 588	161 439 479
The amount included in revenue arising from exchanges of goods or services are as follows:		
Agency services (CETA)	-	160 280
Debt impairment recovered	-	357 252
Interest received - investment	5 528 654	4 501 199
	5 528 654	5 018 731
The amount included in revenue arising from non-exchange transactions is as follows:		
Donations, bequests and in-kind revenue		
Service in Kind revenue	6 767 690	6 237 502
Transfer revenue		
Government grants & subsidies	146 992 118	148 350 878
Public contributions and donations	-	1 178 893
Other transfer revenue	880 000	-
36. Sundry income		
Recoveries (gains on impairment provision adjustment)	-	357 252
Sundry income	275 126	590 017
	275 126	947 269
37. Auditors' remuneration		
Fees	4 253 003	3 511 374

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

2024	2023 Restated*
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38. Budget differences

Budget and actual amounts Variances (Reasons provided in cases where the difference exceeds 10%)

38.1 Sundry Income - Budgeted amount is higher than actual due to cash backed reserves, capital replacement reserves which are budgeted for with municipality's surplus cash.

38.2 Services in kind - the budgeted amount is less than actual due to projection on inflation rate instead of market related rate

38.3 Governments grants - the budgeted is higher than actual due to conditional grants not utilised, application for a rollover will be made to treasury.

38.4 Employee related cost - the actual is higher than the budgeted amount due to EPWP budget allocated under the general expenses whereas the actual spending is under employee related cost

38.5 Depreciation & asset impairment - The budgeted is higher than actual due to less procurement of Property, Plant and Equipment.

38.6 Contracted services - the budgeted is higher than actual due to differences in application of Mscoa and GRAP and other grants not utilised in the current financial year.

38.7 Operational Expense (Cost) - actual is less than budgeted due to EPWP expenditure accounted under employee related cost and other projects not executed in the current financial year.

38.8 Receivables from exchange transactions - There is increase due to repayment not received from pension fund receivable which was anticipated to be collected in the current year..

38.9 Receivables from non-exchange transactions - The budget is less than actual due to refunds from employees and councillors not received in the current year.

38.10 VAT receivables - actual is less than the budgeted due to non-execution of anticipated projects.

38.11 Cash and cash equivalents - decrease in cash and cash equivalent actual against the budget is due to more capital investments made during the year.

38.12 Property, Plant and Equipment - There is a decrease in actual PPE against the budget due to non procurement of some capital assets that were projected for

38.13 Intangible assets - The variance is less than 10%

38.14 Payables from exchange transaction - The actual payables from exchange transaction is higher than the budget due to suppliers not submitting invoices timeously at the end of the year.

38.15 Unspent conditional grants - the actual is higher than the budget due to conditions of the grants not met at the end of the financial year as the DORA allocation exceeded the contract amount.

38.16 Employee benefit obligation - The actual is as per the work of the actuaries taking into account various assumptions which led to the actual being higher than the budget.

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

		2024	2023 Restated*
39. Deviations			
Deviations from normal supply chain procedures.			
Category	Supplier	2024	2023
Price: R2 000 to R10 000	Bongani Mkhonza (Ubuntu Be Africa Theatre)	-	8 000
	Draadloze (Broadband Internet Service)	-	9 947
	Setsoto FM	10 000	-
	Kevcor Safety (Pty) Ltd	8 834	-
Price: R10 000 to R30 000	Kwavulamehlo Arts & Ideas	-	19 288
	Baha Mofokeng Genrral Trade	28 000	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
	Mornpard Molake Supply	673 268	-
	Mabolela Construction and Mechanical	547 092	-
	Mornpard Molake Supply	621 725	-
	Kaho Ya Sechaba Holdings	421 130	-
	Monoceros Electrical	224 825	-
	Rara N Phapz	305 394	-
		2 840 268	374 459

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.

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
41. VAT receivable		
VAT	4 532 896	4 902 739
Opening balance	4 902 739	4 418 153
Vat input declared	4 186 599	5 173 252
	-	-
Refunds received from SARS	(4 556 442)	(4 688 666)
	4 532 896	4 902 739

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. Changes in Accounting Estimate

New information was apparent at the beginning of the year which indicated that the Property, Plant and Equipment was 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 202 is as follows:

Statement of financial position

Property, plant and equipment

Previously stated	19 952 719	20 555 794
Adjustment	253 692	269 667
	20 206 411	20 825 461

Intangible assets

Adjustment	-	182 884
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Statement of Financial Performance

Depreciation

Previously stated	2 786 641	2 353 754
Adjustment	(253 692)	(286 667)
	2 532 949	2 067 087

Amortization

Previously stated	-	236 202
Adjustment	-	(182 884)
	-	53 318

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
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43. Operating lease

The municipality entered into an agreement with Konica Minolta to lease office automation machinery rental of which is payable on a monthly basis.

Minimum lease payment due

- no later than one year	1 222 312	-
- later than one year no later than five years	1 222 312	-
	2 444 624	-

44. Prior period errors

44.1. Payables from exchange transactions

Payables from exchange transactions were erroneously overstated by R 9 801 762 and the current portion of employee benefit obligations was understated by 9 801 762 due to a presentation error.

The correction of the error resulted in adjustment as follows;

Statement of Financial Position (30 June 2023)

Payables from exchange transactions	-	(9 801 762)
Employee benefint obligations - current portion	-	9 801 762
	-	-

44.2. Operational costs.

Operating expense (Insurance, legal expenses and software license expenses) relating to 2022/2023 erroneously accounted for in the 2023/2024 accounting period. The correction has impacted the financials in the following manner:

Statement of Financial Performance (30 June 2023)

Insurance General	-	140 631
Legal expenses	-	897 490
Software licenses	-	83 876
	-	1 121 997

Statement of Financial Position (30 June 2023)

Payables from exchange transactions	-	1 121 997
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44.3. Receivables from exchange transactions

Pension fund receivable was erroneously classified as a receivables from exchange transaction and therefore a correction to the class of receivables from non exchange transactions had the followinf impact on the financial;

Statement of Financial Position (30 June 2023)

Receivables from exchange transaction	-	(3 174 449)
Receivables from non-exchange transactions	-	3 174 449
	-	-

* See Note 42 & 44

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

	2024	2023 Restated*
44. Prior period errors (continued)		
44.4 Vehicle rental expense		
Additional text		
Expendure relating to vehicle aquisition costs was erroneously accounted for as vehicle rental expense. The vehicle rental expense was overstated by R54 137 and theVehicle acquisition costs were understated by R54 137 in the prior year.		
The effect of this correction is:		
Statement of Financial Performance (30 June 2023)		
Operational expenses	-	(54 137)
Statement of Financial Position (30 June 2023)		
Property, plant and equipment	-	54 137
44.5 Employee benefit obligations		
During the current financial period management reviewed actuarial valuation report assumptions on post medical health subsidy, the actuaries employer contritbution was 70% instead of 60%, change occurred on 25 January 2023, this resulted in prior period error note.		
Statement of Financial Position (30 June 2023)		
Employee benefit obligation	-	(846 000)
Statement of Financial Performance (30 June 2023)		
Retained earnings	-	846 000

* See Note 42 & 44