



# MOPANI DISTRICT MUNICIPALITY

ANNUAL REPORT 2021 - 22



## Local Municipalities



Greater Letaba Municipality



Greater Giyani Municipality



Maruleng Municipality



Ba-Phalaborwa Municipality



Greater Tzaneen Municipality

## CHAPTER 1: EXECUTIVE MAYOR`S FOREWORD AND EXECUTIVE SUMMARY

### 1. COMPONENT A: EXECUTIVE MAYOR`S FOREWORD



It is my singular honour and privilege to present the Annual Report for the financial year 2021/22. This council took over mid-way in the context of the Fifth Democratic Local Government Administration. It is against this background that we want to credit the fourth council for having laid the foundation for this work around building better communities.

This Annual Report helps us to account to the people of this District on the performance level achieved against the targets which we have agreed to through the IDP and SDBIP. This is of course guided in the main by the mandate as clearly defined in the Constitution, summarized in the objects of local government.

There are areas where we have met the targets, but there are also areas of under-performance. However, what is key is that we should develop mechanisms to help us improve going forward. The areas of immediate focus will be around improving the record management system, which becomes key in performance information management.

The effects of the covid-19 pandemic is still felt to this day, and has dictated that we do things differently. At the level of operations, we have as a Municipality adapted to the demands imposed by the pandemic, but we also acknowledge that it has worsened the socio-economic conditions of our people.

It is against this background that we applaud the efforts of council in reaching out to small businesses. We have put in a lot of effort in reaching out to SMMEs during the 2021/22 financial year in trying to mitigate the impact of the pandemic. We have awarded vouchers to thirty SMMEs - this in the categories of agriculture, tourism, trade and manufacturing.

During the financial year under review, we started hosting the Pop-up Market campaigns in support of SMMEs. We are hosting the campaign in partnership with the Small Enterprise Development Agency (seda). It's their concept which we have fully embraced at this level. In the main, through mall activations, the campaign seeks to assist our SMMEs and cooperatives to take their services and products closer to where people are.

The campaign is also key in encouraging our people in the district to purchase locally produced products and services in support of our SMMEs, and contribute to job creation. It's also an important networking platform for our SMMEs and cooperatives who are able to learn best practices from each other.

Together with the Council for Scientific and Industrial Research (CSIR), we hosted a business opportunity workshop for SMMEs. At least 60 SMMEs attended and were trained on opportunities in recycling and value chain.

Working with SANDF and the Department of Agriculture, we have launched the Koba-Tlala Campaign here in the district. Through this project, the SANDF will procure agricultural produce from local commercial and small-scale farmers. Central collection points have been established in the five local municipalities where SANDF will collect the agricultural product. We have also reached out to our people through the Expanded Public Works Programme, which is key in providing temporary work opportunities for our communities.

We have also recorded serious achievements on our township establishment programme. Through this programme which in the main to support our efforts around building integrated human settlement we have recorded progress which is clearly highlighted in the report. Working with our traditional leaders, we are trying to ensure that our communities are located in well-situated land closer to economic opportunities.

Consistent with our commitment to expand on the provision of basic services to address in particular the backlog on water supply to our communities as well as provision of sanitation, we have continued with the rollout of infrastructure projects in the period under review. But, we must also register our disappointment in not meeting the targets around MIG spending.

In our efforts to enhance and promote democracy, public participation and good governance, we have continued with our programme of communicating key council decisions through the post-council media briefings. We have established good relations with the community radio stations, and this is a platform that we use to engage with our communities on matters of governance.

This report is the reflection of the work as left the fourth council, but also the work carried forward by the fifth council. We take collective responsibility for the achievements, but also areas of under-performance. We have identified areas that need our immediate attention, and we commit to address that as we continue on this journey of building better communities together.

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**CLLR PJ SHAYI**

## **EXECUTIVE MAYOR**



## **2. COMPONENT B: EXECUTIVE SUMMARY**

### **MUNICIPAL MANAGER'S OVERVIEW**

Section 46 (1) and (2) of the Local Government: Municipal Systems Act, No. 32 of 2000 requires municipalities to prepare for each year a performance report reflecting, the performance of the municipality and each service provider during the financial year. The annual performance report must reflect a comparison of performance with targets set for the year under review and performances in the previous financial year.

Section 121 (2) (c) of the Local Government: Municipal Finance Management Act, No. 56 of 2003 further states that the annual performance report should form part of the municipality's annual report. Mopani District Municipality's 2021/22 Annual Performance Report has been prepared in line with the provisions of the Municipal Systems Act , No. 32 of 2000 and the Municipal Finance Management Act, No 56 of 2003.

The 2021/22 Approved Service Delivery and Budget Implementation Plan was approved by the Executive Mayor, Cllr. PJ Shai on the 22nd of June 2021 and it captured the performance targets of the municipality for the year under review. The 2021/22 Approved SDBIP gave effect to the 2021/22 Integrated Development Plan's objectives and performance targets and the tabled Budget of the municipality into an implementable quarterly performance monitoring tool that was used to measure the performance of the municipality. The 2021/22 Approved SDBIP was reviewed and submitted to Council for approval on the 31st March 2021. Council noted the adjusted SDBIP through a Council.

The SDBIP was adjusted during March after considering section 72 report. The 2021/22 Annual Performance Report was compiled using the approved Service Delivery and Budget Implementation Plan. The SDBIP enables the municipality to compile quarterly institutional performance reports, mid-year performance reports and annual performance report.



Different mechanisms were employed to monitor and assess the achievement of general key indicators, performance targets that are consistent with development priorities, objectives and strategies as set out in the IDP. It is therefore imperative to reflect on improvements made to service delivery performance and achievements, challenges which will subsequently determine the corrective actions taken to improve performance in 2022/23 financial year.

#### **i) Municipal Transformation & Organizational Development**

The municipality operated with a total of seven (7) functional departments, namely, Water Services, Technical Services, Budget & Treasury, Planning and Development, Community Services, Corporate & Shared Services, Office of the Executive Mayor and Office of the Municipal Manager. The staff establishment was amended and adopted by council in May 2021. The IDP was approved within the legislated timeframe and community was consulted through public participation in all Local Municipalities. Mopani District Municipality complied in terms municipal reporting, quarterly reports were compiled and adopted by council. In the year under review, the Municipal Manager resigned in February 2022. The position of Senior Manager Corporate & Shared Services has been vacant since July 2021, the incumbent passed on in June 2021, council has appointed. Mr TJ Mogano(CFO) was appointed on an acting capacity for five months from february 2022 to June 2022 when he was appointed on the post which made the post for the Chief Financial Officer to be vacant. Issues of Labour were successfully dealt with and the long outstanding issue of danger allowance was amicable resolved. Council approved the danger allowance policy. Labour case were not fully resolved and the case have been outstanding for two previous financial years.

#### **ii) Basic Service Delivery**

In fulfilling the constitutional mandate, it was imperative that the municipality align services to the IDP indicators and council priorities. The municipal strategic objectives were reviewed in such a way that they are in line with the IDP analysis phase. Proposed programmes, projects and IDP Key Performance Indicators are in line with the municipal strategic objectives as outlined in the table of strategic guidelines of the IDP document. Municipal Infrastructure Implementation plan was developed and approved by council before the start of the financial year. Monthly MIG reports were compiled and submitted to CoGHSTA through Municipal Infrastructure system. The municipality managed to give access to water to 6446 Households in Mopani District which improved service delivery. The municipality targeted to give 6852 households with sanitation but due to late appointment of service providers, the municipality achieved 1075 and the remaining units of 5 777 will be carried over into the 2022/23 financial year.

### **iii) Local Economic Development**

The third key performance area for the municipality is Local Economic Development which mandate the municipality to promote economic growth within the district. Growing the economy is government's utmost priority. The municipality contributed to growing the economy by creating 2806 job opportunities within the District through municipal capital projects and EPWP. The municipality supported 198 SMME' s to market their products and also assist to exhibits their product. In the year under review, the municipality coordinated market pop-ups in all the five local municipalities for SMME' s to market and sell their products.

### **iv) Municipal Financial Viability**

The municipality adopted the 2021/22 budget in May 2021 as per legislation. The Revenue Enhancement strategy was approved by council for implementation in 2020/21 Financial year. The municipality did not perform well in terms of performance of conditional grants i.e MIG and RBIG. Supply Chain Management Committees were in place throughout the financial year and bids were evaluated and adjudicated. The municipality managed to spent 100% on EPWP and FMG budget. The municipality did not fulfil its obligation of preparing the quarterly Financial Statements (AFS) and the audit was conducted which resulted in a disclaimer audit opinion which was a regress from the 2020/21 Qualified Audit year. The municipality failed to compile quarterly financial statements due to capacity issues. Section 71 reports were not fully submitted within 10 working days due to electricity cut offs and load shedding which affected the financial systems.

### **v) Good Governance and Public Participation**

All governance structures, namely, Council, Mayoral Committee, Section 80, MPAC and Audit committee were fully functional during the year under review. The Municipality had a functional Audit Committee for 2021/22 financial year. The Risk Management Committee has been constituted and risk assessment was conducted and culminated in the development of the risk register. The IDP representation forum were not held as per the approved IDP/Budget/PMS process plan due to council being dissolved in the year under review. Various mandatory structures such as Local Labour Forum, Municipal Public Accounts Committee and Portfolio committees were established and functional. The municipality regressed and obtained a disclaimer Audit opinion.

### **Key Challenges for the 2021/22 Financial year**

Despite the achievements alluded above, there were challenges cutting across the key performance areas that had impacted negatively on service delivery in the year under review. The challenges amongst others include the following:

- The municipality has not achieved some of the Service Delivery Budget Implementation Plan (SDBIP) planned targets;
- Failure to appoint service providers timeously;
- Non-adherence to the Procurement plan;
- PMS not cascaded to lower levels of the workforce;
- Internal Audit and Auditor General finding were not fully implemented;
- Audit Committee, Portfolio Committee and Council resolutions were not fully implemented;
- District Fire Plan, Water demand & conservation management plan and Waste water risk abatement plans not developed due to financial constraints
- Individual assessments not conducted for Senior Managers

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**Mr TJ Mogano**

**ACTING MUNICIPAL MANAGER**

## **1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW**

The powers and functions of the Mopani District Municipality, tabled in terms of sections 83 and 84 of the Municipal Structures Act, 1998, the Limpopo Provincial Notice No. 309 of 2000, Government Gazette No. 615 of 1st October 2000 and Notice no 356, Gaz. No. 1195 of 14th October 2005, are as follows:

- a) Integrated Development Planning for the district municipality, including a framework for integrated development plans for the local municipalities within the area of the district municipality, taking into account the integrated developments plan on those local municipalities.
- b) Bulk supply of water that affects a significant proportion of municipalities in the district.
- c) Bulk supply of electricity that affects a significant proportion of municipalities in the district.
- d) Bulk sewerage purification works and main sewage disposal that affects a significant proportion of the municipalities in the district.
- e) Solid waste disposal sites serving the area of the district municipality as a whole.
- f) Municipal roads which form integral part of a road transport system for the area of the district municipality.
- g) Regulation of passenger transport services.
- h) Municipal Airport serving the area of the district municipality as a whole.
- i) Municipal Health Services serving the area of the district municipality as a whole.
- j) Fire Fighting services serving the area of the district municipality as a whole.
- k) The establishment conducts and control of fresh produce markets and abattoirs serving the area of the district municipality as a whole.
- l) The establishment conduct and control of cemeteries and crematoria serving the area of the district municipality as a whole.
- m) Promotion of local Tourism for the area of the district municipality as a whole.
- n) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.
- o) The receipt, allocation and if applicable, the distribution of grants made to the district municipality
- p) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation.

It should be noted that the division of powers and functions between the district municipality and local municipalities were adjusted by the MEC for Local Government and Housing in terms of sections 16 and 85 of the Municipal Structures Act, 1998 and published in the Provincial Gazette No. 878, dated 07 March 2003.

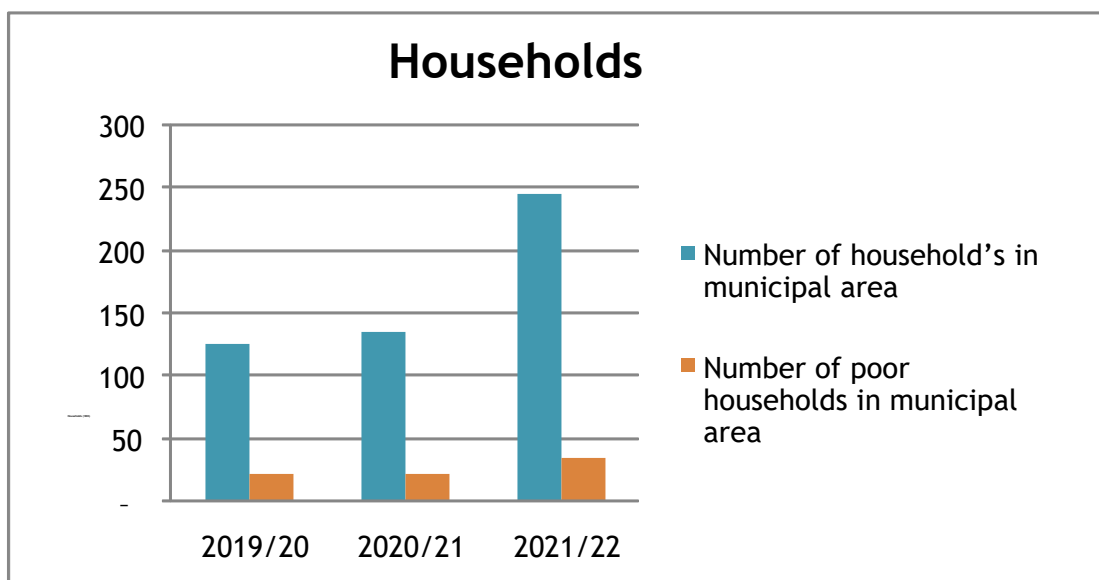
The following District municipal powers and functions were thus transferred to Local Municipalities:



- Solid waste disposal;
- Municipal roads which form an integral part of a road transport system of the municipal area;
- The establishment, conduct and control of cemeteries and crematoria serving the municipal area;
- Promotion of local tourism for the municipal area;
- Municipal works relating to any of the above functions or any other functions assigned to the local municipality.
- NB: The District has not yet taken over on the Municipal Airports function. Study has been commissioned.

The reconciled total population of the Mopani District Municipality has increased from 1 061 107 (Census 2001) to 1 068 569 (Community Survey 2007) to 1 092 507 (Census 2011). The population for each municipality within Mopani District is presented in **Table 1.1** Out of the entire district population, 81% reside in rural areas, 14% in urban areas and 5% stay on farms. The population densities vary from municipality to another, but the average is 23 people/ ha. It shows that people are sparsely populated with sufficient land around them. The problem of land shortage for economic development is perpetrated by the vast land occupied for dwelling purposes, leaving much little for economic growth.

Population Details									Population `000
Age	2019/20			2020/21			2021/22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0-4	59,508	54,117	113,625	59,508	54,117	113,625	69,381	69,379	138,760
5-9	67,455	62,576	130,031	67,455	62,576	130,031	57,589	58,160	115,749
10-19	138,750	143,807	282,557	138,750	143,807	282,557	124,410	120,182	244,592
20-29	83,343	93,447	176,790	83,343	93,447	176,790	96,846	106,670	203,516
30-39	58,485	71,977	130,462	58,485	71,977	130,462	55,074	76,330	131,404
40-49	36,292	57,474	93,766	36,292	57,474	93,766	39,715	61,682	101,397
50-59	25,861	34,207	60,068	25,861	34,207	60,068	28,323	41,855	70,178
60-69	17,016	26,422	43,438	17,016	26,422	43,438	17,922	25,925	43,847
70+	10,237	27,585	37,822	10,237	27,585	37,822	12,322	30,747	43,069
Source: Statistics SA IDP 21/22									T1.2.



Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment rate	Proportion of households with no income	Proportion of population in low-skilled employment	HIV/AIDS prevalence	Illiterate people older than 14 years
2019/20	32.3%	19.7%	48.0%	30.6%	24.8%	27.1%
2020/21	8.4%	10.4%	14.2%	30.6%	24.8%	27.1%
2021/22	8.4%	39.0%	43.0%	30.6%	24.6%	12.0%
						<b>T1.2.4</b>

Overview of Neighbourhoods within <i>Mopani District Municipality</i>		
Settlement Type	Households	Population
<b>Towns &amp; Townships</b>		
LIM331: Greater Giyani	8,097	25,643
LIM332: Greater Letaba	4,791	12,124
LIM333: Greater Tzaneen	14,227	40,570
LIM334: Ba-Phalaborwa	18,994	76,824
LIM335: Maruleng	1,187	2,182
<b>Sub-Total</b>	<b>47,296</b>	<b>157,343</b>
<b>Rural settlements</b>		
LIM331: Greater Giyani	55,451	218,576
LIM332: Greater Letaba	53,470	200,578
LIM333: Greater Tzaneen	94,699	349,528
LIM334: Ba-Phalaborwa	22,121	73,811
LIM335: Maruleng	23,283	92,673
<b>Sub-Total</b>	<b>249,024</b>	<b>935,166</b>

<b>Informal settlements</b>	0	0
Farming	0	0
LIM331: Greater Giyani	0	0
LIM332: Greater Letaba	0	0
LIM333: Greater Tzaneen	0	0
LIM334: Ba-Phalaborwa	0	0
LIM335: Maruleng	0	0
<b>Sub-Total</b>	<b>0.00</b>	
<b>Total</b>	<b>296,320.00</b>	<b>1,092,509.00</b>
<b>Source: Census 2011, 2020/21 IDP, IDP Department</b>		<b>T 1.2.6</b>

<b>Natural Resources</b>	
<b>Major Natural Resource</b>	<b>Relevance to Community</b>
Marula Fruit	Job creation through collection of fruit by community members and supply to marula producers
Mopani worms	Source of food
Tourism	Job creation and economic growth
Agriculture	Job creation. Food Source
Mining	Job creation and economic growth
<b>Source: 20/21 IDP</b>	
<b>T1.2.7</b>	

The reconciled total population of the Mopani District Municipality has increased from 1 068 569 (Stats SA CS 2007) to 1 092 507 (Stats SA Census 2011). Out of the entire district population, 81% reside in rural areas, 14% in urban areas and 5% stay on farms. The population densities vary from municipality to another, but the average is 23 people/ ha. It shows that people are sparsely populated with sufficient land around them. The problem of land shortage for economic development is perpetrated by the vast land occupied for dwelling purposes, leaving little for economic growth. Portion of Kruger National Park is mainly occupied by animals with very few people employed.

The average ratio male to female in Mopani District Municipality as a whole is 46% to 54% and the tendencies and trends are still prevalent. The age and gender structure is by and large influenced by levels of fertility, mortality and migration. These factors are also influenced by socio-economic circumstances such as education, level of affluence (income) and location. In almost all local municipalities there are more females than males. This is most significant in Greater Giyani and Greater Letaba municipalities which are primarily rural/ non-urban in nature. The scenario could be attributed to low levels of education and affluence in these municipalities, exacerbated by men seeking jobs elsewhere. Ba-Phalaborwa has comparable balance in numbers between females and males, however with more males than females at working age categories. That is ascribed to young men employed in the mining sector at Phalaborwa and Gravelotte. The Kruger National Park also has more males than females and that could be attributed to more men ready for field rangers' jobs than women, with the ratio men: women being 63%: 27%.

The other dimension is that the current highest population number exists in the age category 15 - 19 years whereas in the previous years the highest was in the category 10 – 14 years. These are school-going people who need support for them to be employable in the economic sectors. There is also proportional balance between boys and girls from age zero to 20. Ages 20 and above show females out-numbering males significantly. Further analysis of the demographics indicates that 49,4% of the residents are still at a young age (0-19 years). Population numbers decrease with age increase, i.e. the older generation is less than the young one.

It is also notable that population size of Mopani has grown steadily by 3% since the year 2000 to 2011, with absolute pick up in 2005 when Maruleng and part of Kruger National Park (KNP) got incorporated into Mopani. Redetermination of municipal boundaries in 2008 has not made significant change in this trend since it affected only nature conservation area, Kruger National Park. High population growth itself is a threat to the economic growth in terms of scarcity of prime land space. Since the main source of population growth is birth rate and emigration, programmes geared at combating children's pregnancies, women empowerment and those dealing with illegal emigration should be strengthened. As per the Census 2011, the overall population size of Mopani District stands at 1,092,507.

People in the Mopani district are employed in the following sectors: Farming, Industry, Mining, Trade, Government, Transport, Tourism, Manufacturing, Construction and Energy. The Government Sector is the largest employer in the district e.g., 39% of the employed in Greater Giyani work for government. The second largest employer in Mopani district is the farming sector with 25,9% of the employed people. This is, however, not the case when considering the municipalities separately with the mining sector employing the second largest portion of the Ba-Phalaborwa population (19,5%). Greater Giyani has the highest level of unemployment with 47% of the population not being employed. The number of people unemployed as a percentage of the total employable population of the District (287,405) is 39%. It is however important to note that of the unemployed people in the district, approximately 60% are women.

Income from employment determines the overall living standards of people and also the household's affordability levels. These levels should be taken into account when setting service level targets. The majority of people in the district (at least 81%) live in rural areas and most of these rural residents are poor. Income in rural areas is constrained by the rural economy that is unable to provide people with remunerative jobs or self-employment opportunities. A notable percentage of people in the district has no income. It should, however, be taken into account that these figures reflect the total population and not only the potentially economically active portion of the population. Economically inactive people, such as, children and pensioners are also included. It is disturbing to note that, even for the labour force alone, 89.1% of the population in the Greater Giyani Municipality earns less than R800 per



month. The situation is worse in Greater Letaba where 92.2% of the earning population earn less than R800 per month, while the situation is much better in Ba-Phalaborwa with only 75% of the labour force earning less than R800 per month. This can be attributed to the high level of urbanization in Ba-Phalaborwa and the presence of mines.

Mopani is also endowed with natural resources such as marula fruits which produce many products in the processing value chain. The name Mopani is loud enough to indicate our wealth in mopani worms, the most nutritious food which is good for health. The provincial economic development study of 2000, identified tourism, agriculture, mining and trade and manufacturing as sectors with a potential for growth in the Mopani district. Agriculture is one sector that yields much products, excelling in tomatoes that are exported throughout the world. Other sectors in Mopani are the red and white meat production. Mopani also boasts of the pool of cost-effective labour to work in labour intensive programmes such as agriculture and EPWP. The challenge may be skilling them for better production.

The Mopani District also enjoys the beneficiation economic programmes of Kruger National Park where citizens get jobs to conquer poverty. The district also has comparative advantages in agriculture, manufacturing and trade. Hereunder is an analysis of the district economy.

*Source: MDM IDP 21/22*

**T1.2.8**

### **1.3 SERVICE DELIVERY OVERVIEW**

#### **SERVICE DELIVERY INTRODUCTION**

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attributed to low levels of education and affluence in these municipalities, exacerbated by men seeking jobs elsewhere. Ba-Phalaborwa has comparable balance in numbers between females and males, however with more males than females at working age categories. That is ascribed to young men employed in the mining sector at Phalaborwa and Gravelotte. The Kruger National Park also has more males than females and that could be attributed to more men ready for field rangers' jobs than women, with the ratio men: women being 63%: 27%.

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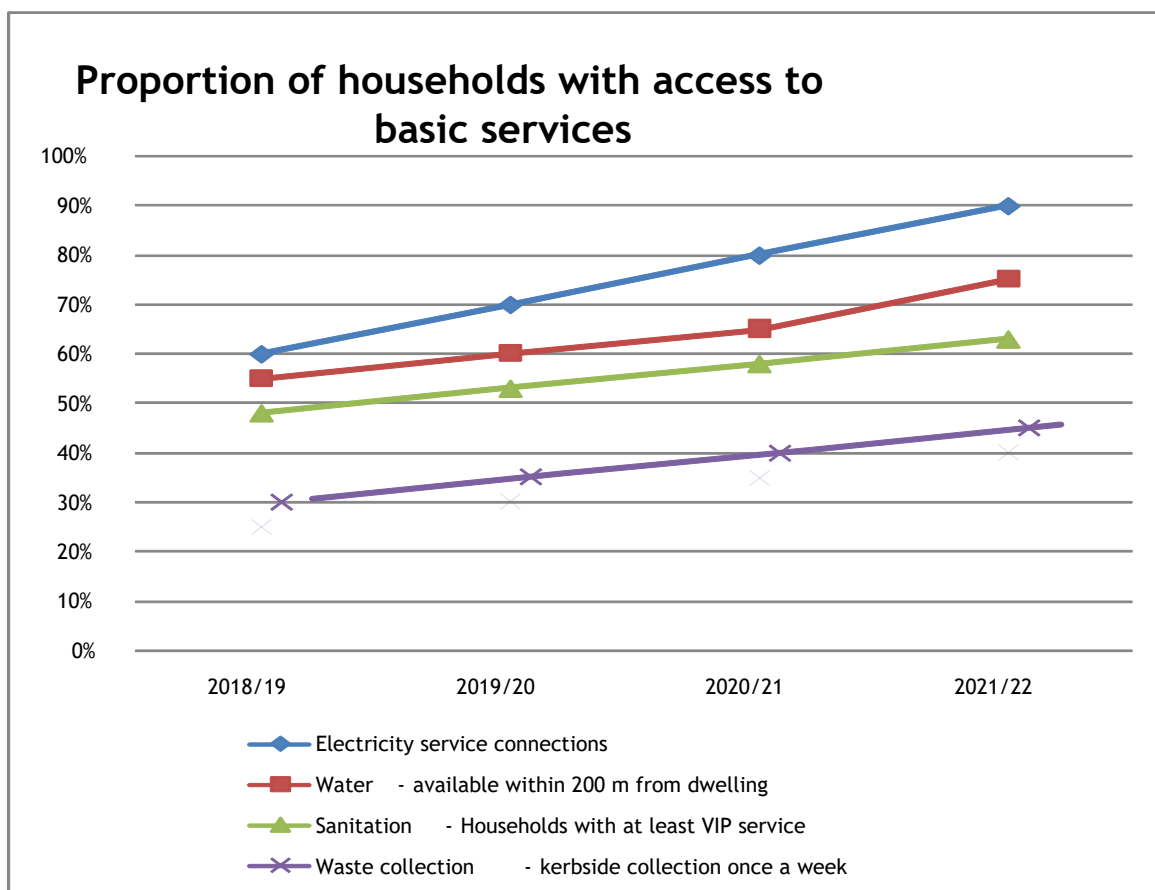
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The Mopani District also enjoys the beneficiation economic programmes of Kruger National Park where citizens get jobs to conquer poverty. The district also has comparative advantages in agriculture, manufacturing and trade. Hereunder is an analysis of the district economy.

**Source: MDM IDP 2021/22**

**T 1.3.1**



#### ACCESS TO BASIC SERVICES:

The success of local economic development is tied to the provision of basic and other types of infrastructure services to the people. All services under analysis in this section are located in a specific locality (as per SDF) and have potential to boost socio-economic development (as per LED). Infrastructure analysis focuses on the status quo regarding water supply, sanitation facilities, energy, housing provision, roads and public transport, waste management and telecommunications – all of which underpin socio-economic development and determine a people's quality of life. The provision of adequate municipal infrastructure remains a challenge throughout the district.



#### 1.4. FINANCIAL HEALTH OVERVIEW

##### FINANCIAL POSITION

Financial Overview – 2021/22			
			R`000
Details	Original Budget	Adjustment Budget	Actual
<b>Income</b>			
<b>Grants</b>	1 583 956 500	(25 667 500)	1 501 386 075
<b>Taxes, Levies &amp; Tariffs</b>			
Service charges	198 711 000	-	222 904 530
Investment revenue	13 701 996	(7 378 424)	3 621 608
Public contribution and donations	-	-	519 500
Interests received	41 215 428	-	74 140 892
Other Income	241 149 000	(99 450 000)	2 343 422
Total income	2 078 733 924	(132 495 924)	1 804 916 027
Less Expenditure	(1 712 475 320)	149 248 608	1 651 204 797
Net Total	366 258 604	16 752 684	153 711 230

Operating Ratios 2021/22	
Detail	%
Employee Cost	96%
Repairs & Maintenance	76%
Finance Charges & Impairment	88%

T1.4.3

Total Capital Expenditure 2019/20 – 2021/22			
			R`000
Detail	2019/20	2020/21	2021/22
<b>Original budget</b>	581 459	569 480	<b>2021/22</b>
<b>Adjustment budget</b>	722 153	486 180	567 412
<b>Actual</b>	<b>518 073</b>	<b>339 448</b>	761 301

T1.4.4

During the period under review, the municipality ended with an Actual Expenditure of **R1 606 852 357**.

#### 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

##### ORGANISATIONAL DEVELOPMENT PERFORMANCE

The total approved posts of the municipality are 964 for which 621 posts were filled during the year under review and 343 posts remained vacant. The water services directorate has the highest

vacancies at 166 due to the increasing number of retirements, death cases and resignations. For the period under review, a total of 4 employees have been terminated from the system. The total number of Councillors for the municipality is 53 and 2 passed on. The Organogram review was conducted in May for 2021/22 Financial year.

## 1.6. AUDITOR-GENERAL REPORT

### AUDITOR-GENERAL REPORT 2021/22

The municipality has received a Disclaimer audit opinion which state that Auditor General South Africa could not express opinion on the set of Annual Financial Statement submitted by the Municipality. The issues that lead to a disclaimer audit opinion was a result misstatement in the Annual Financial statements. No sufficient appropriate evidence for infrastructure assets, work in progress, other property, plant & equipment. Auditor General was unable to confirm infrastructure assets, work in progress and other property, plant and equipment by alternative means.

The municipality received a qualified audit opinion on the predetermined objectives. The reason for qualification was due to inaccurate and incomplete records on the number of households with access to water. The actual performance reported could not correspond with the evidence provided.

***The 2021/22 Auditor General report will be provided for in Chapter 6 of this report***

## 1.7. STATUTORY ANNUAL REPORT PROCESS

	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July 2021
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 <sup>th</sup> quarter Report for previous financial year	
4	Submit draft Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August 2021
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September – October 2021

12	Municipalities receive and start to address the Auditor General's comments	<b>January 2022</b>
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	<b>March 2022</b>
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	<b>January 2022</b>
		<b>T 1.7.1</b>

### THE ANNUAL REPORT PROCESS:

The above timeframes are legislated. It is great importance to distinguish between the Annual Performance Report (APR) and the Annual Report (AR). The content of the Annual Performance Report is the actual achieved in relation to targets set in the Service Delivery Budget and Implementation Plan (SDBIP) as approved for the specific financial year. This report, together with the Annual Financial Statements are submitted to the Auditor-General by the 31 August. Then comes the development of the Annual Report.

The Annual Report content will assist municipal councilors, municipalities, municipal entities, residents, oversight institutions and other users of Annual Reports with information and progress made on service delivery. It must align with the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP), and in year reports. The Annual Report is tabled before the Council on the 30<sup>th</sup> of January and after consideration by the MPAC, the MPAC will report to council by the 30<sup>th</sup> of March. These reports should be used as a decision-making tool by the municipalities.

Every municipality and municipal entity must prepare an annual performance report which must form part of the Annual Report for each financial year in accordance with the Municipal Systems Act 2000 (MSA) section 46, and the Municipal Finance Management Act 2003 (MFMA) section 121.

The purpose of the Annual Report is:

- i. to provide a record of the activities of the municipality or entity during the financial year to which the report relates;
- ii. to provide a report on performance in service delivery and budget implementation for the financial year;
- iii. to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity; and

- iv. to reduce the additional reporting requirements that will otherwise arise from Government Departments, monitoring agencies and financial institutions.

The annual report is thus a back-ward looking document to inform strategic planning and budgeting for the following year. For the year under review, the municipality submitted the Draft Annual report on the 28 February 2022 due to the Auditor General issuing a report late in January 2022.



## CHAPTER - 2:

### GOVERNANCE

## Political and Governance Administration

2021 - 2022

## **2. INTRODUCTION TO GOVERNANCE**

The Constitution section 151(3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

The municipal Structures Act defines a municipality among other as a structure with political office bearers and administration components, a geographic area and the community of the municipality.

### **Rights and duties of municipal Council (The Political Component)**

The council of a municipality has the right to govern, on its own initiative the local government affairs of our local communities; and to exercise the municipality's executive and legislative authority without interference. Council must respect the rights of citizens in the way in which they exercise their powers. Council has duties as well as rights that, amongst others include the duties to:

- Exercise their powers and use their resources in the best interests of our communities;
- Provide without favour or prejudice democratic and accountable government;
- Encourage the participation of the communities;
- Ensure that Municipal Services are provided to the communities in an equitable, financially and environmentally sustainable manner;
- Promote development in the municipality;
- Promote gender equity;
- Promote a safe and healthy environment in the municipality; and
- Contribute to the progressive realisation of the fundamental rights contained in the Constitution.

The Municipal Systems Act puts a responsibility on council to consult the local community about Municipal Services. The community has a say in which services are delivered; the quality of services the range and the level of services which are provided.

### **Duties of the Municipal administration (The Administrative Component)**

The Administrative component have responsibilities towards the communities amongst the responsibilities the following is outlined.

- Being responsible for the general administration and accounting of the functionaries of the municipality;
- Being responsive to the needs of the local community;
- Establishing clear channels of communication with all sectors of the society and governance;
- Informing the local communities about the services which they are entitled to receive; and
- Informing the local community how the municipality is managed, what it spends its money on, and who is in charge.

The Municipal administration has the responsibility to facilitate a culture of public service and accountability amongst staff and taking measures to prevent corruption. The municipality is obligated to perform these duties as far as possible, considering the capacity and the available budget.

The Municipality has approved and (partially) implemented its Delegations System – “Delegation of Authority and Accountability By-Law” – that seeks to decentralize and democratize decision-making within the institution and improve the pace at which services are delivered to the community. This is intended to maximize administrative and operational efficiency and provide for adequate checks and balances. In line with the delegations’ system, some decision-making powers have been cascaded from Council to the Executive Mayor, Mayoral Committee, its Portfolio Committees and the full-time Councillors. Other powers have been delegated to the Municipal Manager and Senior Managers.

Internal audit’s role is primarily one of providing independent assurance over the internal controls of the council. It contributes to quality services to our communities in terms of providing checks and balances in the services rendered.

The Municipality established the in-house Internal Audit unit in December 2008 and still functional. The unit is thus far staffed with five officials out of 8 posts.

The Municipal Manager Mr Q Kgatla resigned in February 2022 and Mr TJ Mogano (Chief Financial Officer) was appointed to act as an Accounting Officer from February 2022 until when he was appointed in the position in June 2022. The Deputy Manager (Expenditure) was appointed to act as the Chief Financial Officer.

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution section 151(3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

The municipal Structures Act defines a municipality among other as a structure with political office bearers and administration components, a geographic area, and the community of the municipality. The Mopani District Council comprises of the political and administrative components responsible for decision-making and implementation. The Executive Mayor, the Speaker, and the Chief Whip head the political component of the municipality. The Council had 55 members. There were 30 Traditional Authorities in Mopani District and each of the Local municipalities has at least one representative of Traditional leaders in the District Council.

**T2.1.0**

#### **Municipal Public Accounts Committee:**

The Municipal Public Accounts Committee (MPAC), heard evidence on and considered the contents of the Annual Report and the Report of the Auditor-General on the 2020/21 annual financial statements of the municipality. The Committee noted the Disclaimer audit opinion, highlighted areas which required urgent attention of the Accounting Officer and Council. During the 2021/22 Financial year, the Chairperson of the MPAC was Cllr MC Nkhwashu for the previous council and Mr Hlongwani MP was appointed after the new council.

2021/22 MPAC MEMBERS (OLD COUNCIL)	2021/22 MPAC MEMBERS (NEW COUNCIL)
Chairperson: Cllr Nkwashu	Chairperson: Cllr Hlungwani MP
Cllr Hlungwane I	Cllr Moroatshehla MC
Cllr Maluleke MPT	Cllr Maake MW
Cllr Moshole SP	Cllr Bokisi GN
Cllr Mashele G	Cllr Hlungwane MP
Cllr Zandamela NH	



## 2.1 POLITICAL GOVERNANCE

### 2.1.1. INTRODUCTION TO POLITICAL GOVERNANCE

The Mopani District Council has established Portfolio Committees in terms of Municipal Structures Act 117 of 1998. These committees recommend policy issues to Council via Mayoral committee. They serve as interface engine rooms between the political and administrative structures of Council. It is in these committees where policy issues are debated thoroughly prior to their submission to the Mayoral Committee that, in turn, consider and forward them to Council for adoption. Through Portfolio Committees, Councillors are able to give political direction to the administrative component on the programmes of Council, Portfolio Heads (Councillors) are also responsible for different Clusters, e.g., Economic, Social and Infrastructure and Governance and Administration.

**Portfolio Committees and Cluster are depicted underneath:**

Name of Committee	Support Department	Cluster
Finance	Finance Directorate	Governance and Admin
Governance & Admin.	Corporate Services	Governance and Admin
Social Services	Community Services	Social and Infrastructure
Strategy, Planning & IDP	Planning & Development	Economic Development
Roads and Transport	Technical Directorate	Social and Infrastructure
Water	Technical Services	Social and Infrastructure
Infrastructure	Technical Services	Social and Infrastructure
Sports, Arts and Culture	Community Services	Social and Infrastructure
Agriculture	Agricultural Services	Social and Infrastructure

The municipality has a total of seven Portfolio Committees and their meetings are conducted on monthly basis prior to the Mayoral Committee meetings. The attendance in the Portfolio Committee meetings became a serious challenge after the municipality received a circular which explained the need to avoid having members of the Municipal Public Accounts Committee (MPAC) also sitting in different portfolios.



**Executive Mayor  
Cllr Pule Shayi**



**Cllr Maswanganyi M  
Speaker**



**Cllr Lewele M  
Chief Whip**



**Cllr Baloyi NN**  
MMC Economic Development  
Housing and Spatial Planning



**Cllr Mohlala ML**  
MMC Governance  
and Shared Services



**Cllr Khandlela MR**  
MMC Finance



**Cllr Sefufi MH**  
MMC Water Services



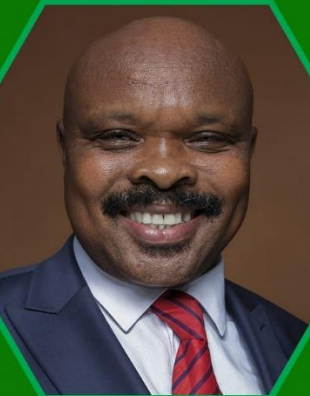
**Cllr Moloko M**  
MMC Infrastructure  
Development Services



**Cllr Magomane MS**  
MMC Public Transport  
and Roads



**Cllr Mmetle DJ**  
MMC Community  
Services



**Cllr Maripe MG**  
MMC Agriculture and  
Environmental Management  
Services



**Cllr Makhananis MD**  
MMC Sport,  
Recreation, Arts and Culture

## **COUNCILLORS**

The Constitution section 151(3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community. The municipal Structures Act defines a municipality among other as a structure with political office bearers and administration components; a geographic area and the community of the municipality.

The Mopani District Council comprises of the political and administrative components responsible for decision-making and implementation. The Executive Mayor, the Speaker and the Chief Whip head the political component of the municipality. The Council had 55 members, and 21 of these were proportional representative Councillors. There were 10 Traditional Authorities in Mopani District and each of the Local municipalities has at least one representative of Traditional leaders in the District Council.

The Constitution section 151(3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community. The municipal Structures Act defines a municipality among other as a structure with political office bearers and administration components; a geographic area and the community of the municipality.

The Mopani District Council comprises of the political and administrative components responsible for decision-making and implementation. The Executive Mayor, the Speaker and the Chief Whip head the political component of the municipality. The Council had 55 members, and 21 of these were proportional representative Councillors. There were 10 Traditional Authorities in Mopani District and each of the Local municipalities has at least one representative of Traditional leaders in the District Council.

A total of eleven (11) Mayoral Committee meetings were held and the attendance by members of the Mayoral Committee stood at 100% except in instances where written applications of absence were received.

<b>Functions of the Mayoral Committee and Council</b>	
<b>Area</b>	<b>Detail</b>
Finance	Assist Council in the allocation of resources for service delivery and ensuring accountability and transparency
Governance	Support Council with Human Resources and General administration in terms of coordination of Council programmes
Roads and Public Transport	Provision of road infrastructure and coordination of public transport activities
Water and Sanitation	Ensures that the community have access to clean water and sanitation services

Functions of the Mayoral Committee and Council	
Area	Detail
Energy	Assist in the coordination of electricity distribution and any other form of energy
Planning and Development	Assist in the coordination of the development of the IDP, economic development and planning in general
Social Services	Ensures the provision of fire services to communities, coordination of all the social services including HIV / AIDS
Speaker	
Section 37 of Municipal Systems Act	Presides at meetings of Council;
	Ensure that Council meets once quarterly;
	Maintain order during Council meetings;
	And to ensure that Council meetings are conducted in accordance with the Rules of order
Full time Councillors	
	Ensuring that Portfolio Committee meetings are held monthly
	To serve as a communication link between the Executive Mayor and municipal Councillors in the district;
	Assisting the Executive Mayor in coordinating the activities of developing strategic plan for the Municipality
Municipal Manager	
Section 55 of the Municipal Systems Act	Formation and development of an economic, effective, efficient and accountable administration
	Management of the municipal administration
	Implementation of the municipal Integrated Development Plan and monitoring progress
	Management of the provision of services to the local communities in a suitable and equitable manner

## **POLITICAL DECISION-TAKING**

### **Rights and duties of municipal Council (The Political Component)**

The council of a municipality has the right to govern, on its own initiative the local government affairs of our local communities; and to exercise the municipality's executive and legislative authority without interference. Council must respect the rights of citizens in the way in which they exercise their powers.

Council has duties as well as rights that, amongst others include the duties to:

- Exercise their powers and use their resources in the best interests of our communities;
- Provide without favour or prejudice, democratic and accountable government;
- Encourage the participation of the communities;
- Ensure that Municipal Services are provided to the communities in an equitable, financially and environmentally sustainable manner;
- Promote development in the municipality;
- Promote gender equity;



- Promote a safe and healthy environment in the municipality; and
- Contribute to the progressive realisation of the fundamental rights contained in the Constitution.

The Municipal Systems Act puts a responsibility on council to consult the local community about Municipal Services. The community has a say in which services are delivered; the quality of services the range and the level of services which are provided.

## **2.2. ADMINISTRATIVE GOVERNANCE**

### **INTRODUCTION TO ADMINISTRATIVE GOVERNANCE**

The Mopani District municipality has an administrative component, which helps in carrying the Constitutional mandate, to deliver quality services and to afford local government to be developmental to its constituencies.

The Administrative component has the responsibility towards the communities, which include the following:

- Being responsible for the general administration and accounting of the functionaries of the municipality.
- Being responsive to the needs of local communities.
- Establishing clear channels of communications with all sectors of the society and governance.
- Informing the local communities about the services, which they are entitled to receive.
- Informing the public of how the municipality is managed.

**T2.2.1**

# TOP ADMINISTRATIVE STRUCTURE

# FUNCTION



**Mr TJ Mogano**  
Acting Municipal Manager

**FUNCTION**  
Accounting officer; Managing Internal Audit, IDP Risk Management; Monitoring and Evaluation and Legal Services



**Mr S Mangena**  
Chief Financial Officer

**FUNCTION**  
Manage Budget and reporting; Revenue Management



**Ms Ngoben SN**  
Director: Corporate Services

**FUNCTION**  
Manage Human Resource; Administration and information Technology.



**Mr P.J Shilowa**  
Director: Water & Engineering Services

**FUNCTION**  
Manage Infrastructure Development, Giyani, Letaba, Ba-Phalaborwa, Maruleng; Tzaneen and Ritavi water satellites, Maintenance and Operations



**Mrs F.T Maboya**  
Director: Planning and Development

**FUNCTION**  
Manage Local Economic Development, Spatial



**Mrs C Ntimbani**  
Director: Community Services

**FUNCTION**  
Manage Disaster Management, Giyani, Phalaborwa, Maruleng, Tzaneen and Letaba Fire Services, Traffic and Spots Arts and Culture



**Mr M Mahayi**  
Director: Technical Services

**FUNCTION**  
Manage municipal Infrastructure Grants Management technical services and capital projects

## **COMPONENT B: INTERGOVERNMENTAL RELATIONS**

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

Mopani District Municipality is responsible for facilitating inter-governmental relations within its area of intergovernmental engagements to ensure that proper inter-governmental planning guides public, private and jurisdiction. In line with the Intergovernmental Relations Framework Act, MDM has taken it upon itself to improve donor investment.

#### **2.3. INTERGOVERNMENTAL RELATIONS**

##### **NATIONAL INTERGOVERNMENTAL STRUCTURES**

The relationship between the district municipality, the local municipalities and sector departments in Mopani is improving. There are also inter-municipal structures (i.e. District Intergovernmental Forum, Speakers' Forum and District Managers' Forum) that discuss and resolve issues cutting across all municipalities and sector departments. There are, however, grey areas in how the hierarchical inter-municipal and inter-governmental structures should cross feed into each other's programmes and be measured in terms of performance. For example, it is still a challenge for MDM to hold any sector department accountable for the non-implementation of projects which are included in the IDP document.

The following are "political" and non-political inter-governmental structures that facilitate inter-governmental relations within the province, between the district, province and local municipalities:

##### **PROVINCIAL INTERGOVERNMENTAL STRUCTURE**

The relationship between the district municipality, the local municipalities and sector departments in Mopani is improving. There are also inter-municipal structures (i.e. District Intergovernmental Forum, Speakers' Forum and District Managers' Forum) that discuss and resolve issues cutting across all municipalities and sector departments.

The following are "political" and non-political inter-governmental structures that facilitate inter-governmental relations within the province, between the district, province and local municipalities:



Key Inter-Governmental Structures		
Intergovernmental structures	Participants	Responsibility
Intergovernmental Forum Premier /Mayors' Forum]	Premier/ Mayors, Heads of Departments and Municipal Managers	Co-ordination of inter-governmental relations (Provincial and Local Government)
District Intergovernmental Forum [Mayors' Forum]	Executive Mayor, Mayors, Traditional Leaders and Municipal Managers	Co-ordination of inter-municipal relations (District and Local Municipalities)
District Speaker's Forum	Speakers, Municipal Managers.	Co-ordinate public participation processes in the municipalities
District Ward Committee forum	District Speaker, representatives of Ward committees	Inputs in the IDP and its implementation
NON-POLITICAL STRUCTURES		
District Managers' Forum	Sector Departments' District Managers Municipal Managers Municipal Senior Managers (Directors)	Co-ordinate inter-governmental relations at district level between municipalities and sector departments
Clusters	Councillors Municipal Managers Municipal Senior Managers (Directors)	Co-ordinate policy issues affecting government at a district level (between sector departments and municipalities)
Technical Committees of Clusters	Sector Department Officials Municipal Senior Managers (Directors) Municipal Officials	Provide inter-governmental inputs into the work of Clusters
Provincial Planners Forum	Sector Departmental Planners IDP Managers Spatial Planners Town Planners	Provide for a coherent inter-governmental planning framework and alignment and integration of development plans in the province
District Development Planning Forum	Sector Depts, SOEs, MDM and LMs	Alignment the IDP planning progress
		T2.3.3

## RELATIONSHIPS WITH MUNICIPAL ENTITIES

The municipality has no entities

Appendix D.

## **DISTRICT INTERGOVERNMENTAL STRUCTURES**

The relationship between the district municipality, the local municipalities and sector departments in Mopani is improving. There are also inter-municipal structures (i.e. District Intergovernmental Forum, Speakers' Forum and District Managers' Forum) that discuss and resolve issues cutting across all municipalities and sector departments. All Municipalities have their different Councils which take decisions affecting each municipality. But through these different layers of interactions, Municipalities find the opportunity of working together, planning together.

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

### **OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION**

One of the Objectives of Local Government captured in section 152 of the Constitution is to encourage the involvement of communities and community organizations in the matters of local government. The white paper on local government expects the municipalities to be working with citizens and groups within the community to find sustainable ways to meet their economic, social and material needs and improve the quality of their lives. Therefore, the municipality is using a number of ways and systems to involve communities and improve governance.

Over and above the formal structure of MDM, the following are in place:

- Anti-corruption Strategy in place as enabler to deal with eradication of corruption.
- Risk Management Strategy in place: the unit is currently staffed with one person, namely the Chief Risk Officer and the Risk Officer position is still vacant.
- Financial control systems: Supply Chain Management, Audit committee, MPAC and financial policies are in place.
- HR policies are in place and some under review process.
- Program of meetings of House of Traditional leaders with Executive Mayor discussing issues of mutual interest.
- IDP Representative Forum to afford community involvement in issues of governance through IDP process.
- Communication forum: to communicate programmes and governance of the District to communities and employees.
- District Development Planning forum: An avenue for integration of Local municipalities and sector Departments (National and Provincial).
- District Managers' forum: Municipal Managers of District and Local municipalities, parastatals and District Managers of sector depts.

- Mayors' intergovernmental forum: Mayors of both District and Local municipalities meet quarterly to track progress on service delivery.
- Disaster Management unit that is linked to the office of the Municipal Manager for prompt response to disasters whenever they occur.
- Forums linking communities with formal structures of municipality (e.g. LED, Business, Energy, Health, Gender, Sanitation, Disability, etc.).

**The office of the Speaker is responsible for the following programmes and they are budgeted for annually:**

- Public participation: The platform that affords communities to raise issues of concern directly to the political leadership for effective response. There is also hotline for the Executive Mayor to assist at any given time when members of communities or anyone need his assistance.
- Imbizos
- District Ward Committees forum (five representatives from each Local Municipality)
- Speakers' forum.

Local Government Key Performance Areas	MDM Structures that involve members of communities in matters of governance
Transformation and Organisational Development	MPAC, Audit committee, Disability forum, Gender forum, Youth Council, House of Traditional leaders with Exec. Mayor; anti-corruption forum, Communication forum, Children' Advisory council, Men's forum, Council for the aged
Basic services	Water and Sanitation forum, Transport forum, Energy forum, Health Council, AIDS Council, Education forum, Sport and recreation council, Arts and Culture council, Environmental Management advisory forum, Heritage forum, Moral Regeneration Movement
Local Economic Development	LED Forum, Business forum
Financial Viability	Budget Steering committee (officials and Councillors)
Good Governance and Public participation	District Ward Committees forum, IDP Representative forum, Mayors' intergovernmental forum, Speakers forum

## 2.4. PUBLIC MEETINGS

### COMMUNICATION. PUBLIC PARTICIPATION AND FORUMS

The municipality has the following interactive mediums with the community

- Quarterly newsletters

- Mopani district Municipality website: [www.mopani.gov.za](http://www.mopani.gov.za)
- Complaints register
- Presidential and Premiers `s hotline

## **Community Engagements 2021/22**

**JULY 2020**

### **WARD COMMITTEES**

The District has no wards; wards belong to the Local municipalities. The municipality has a unit within the Office of the Executive Mayor a unit responsible for Public Participation, for communities to be awarded an opportunity to contribute to the development of the District. In order to provide support and effective engagement at grass-roots level the District established District Ward Committees forum, made up of 25 members, that is, five representatives from each local municipality. The District Speaker is responsible for coordination of the activities of the forum. Meetings of the District Ward Committees forum are often held concurrently with the Speakers' forum and are chaired by the District Speaker. Further support is provided in the form of funding the accommodation, venues, catering and traveling to the meetings. Workshops are also held to capacitate members with information and affording them opportunity to have a say in matters of District governance as well as service delivery issues.

The forum creates an appreciable platform for the communities to be able to understand the functioning of government and participate effectively in the strategic issues of municipalities. It is the base for building a better stakeholder capacity through programmes of public participation. It is also a mode to entrench democracy to ordinary members of communities. Again, the District as local government is able to relate better with communities, thus transforming the notion of "local authority" into "local governance", especially on services that are solely provided in terms of the District powers and functions. Every phase of the IDP process was presented to this forum for information and inputs.

#### **T2.4.2**

The municipality has the following interactive mediums with the community

- Quarterly newsletters
- Mopani district Municipality website: [www.mopani.gov.za](http://www.mopani.gov.za)
- Complaints register
- Presidential and Premiers `s hotline

## 2.5. IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	No
Are the above aligned and can they calculate into a score?	No
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	YES
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	
T2.5.1	

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

*“Good corporate governance can be equated to having clear corporate values which are stated and enacted and ensure that the company is governed in a way that is efficient, responsible, accountable, transparent and with probity. It furthermore, recognises the legitimacy of interest of defined key stakeholders, and engaging in long-term relationships.” (The King Report on Corporate Governance for South Africa, 2002).*

Principles of co-operative government and intergovernmental relations is that All spheres of government and all organs of state within each sphere must

- (a) preserve the peace, national unity and the indivisibility of the Republic;
- (b) secure the well-being of the people of the Republic;
- (c) provide effective, transparent, accountable and coherent government for the Republic as a whole;
- (d) be loyal to the Constitution, the Republic and its people;
- (e) respect the constitutional status, institutions, powers and functions of government in the other spheres;
- (f) not assume any power or function except those conferred on them in terms of the Constitution;
- (g) exercise their powers and perform their functions in a manner that does not encroach on the geographical, functional or institutional integrity of government in another sphere; and
- (h) co-operates with one another in mutual trust and good faith by

- (i) fostering friendly relations;
- (j) ii. assisting and supporting one another;
- (k) iii. informing one another of, and consulting one another on, matters of common interest;
- (l) coordinating their actions and legislation with one another;
- (m) adhering to agreed procedures; and
- (n) avoiding legal proceedings against one another.

In the municipal environment, corporate governance is all about how municipalities set their priorities (as per the IDP), conduct their business (through the performance management system and the SDBIP process), and relate to the community they serve (as per the IDP and performance management system). The Tripod Integrated Management System© ensures co-ordinated planning and development in the district. Data is collected, monitored, evaluated, assessed, audited and reported on, for informed decision-making and better service delivery - in other words, for better corporate governance.

## **2.6. RISK MANAGEMENT**

MFMA section 62(1)(c)(i) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The Chief Risk Officer as the head of risk management is responsible for co-ordinating, facilitating the risk management within the entire organisation as well as providing expertise on risk issues. Furthermore, she partly performs the functions of security management. The Risk Management unit has assisted management to identify and evaluate the effectiveness of council's risk management system and contribute to the improvement of risk management and control systems. That has been done by taking the identified risks, categorizing them into low, medium and high risks for management to develop actions for mitigation.

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

Mopani, like most institutions does experience corruption which requires corrective measures for the creation of sound administration of the institution.

The municipality has implemented its Anti-corruption and Fraud Prevention strategy and the results are beginning to show up.

Details of the developed anti-corruption strategy are briefly related below.

## **PURPOSE OF THE STRATEGY**

- ▶ Encouraging a culture within MDM where all employees, the public and other stakeholders continuously behave with, and promote integrity in their dealings with, or on behalf of the municipality.
- ▶ Improving accountability, efficiency and effective administration within MDM including decision-making and management conduct which promotes integrity.
- ▶ Development of anti-corruption capacity within the municipality.
- ▶ Improving the application of systems, policies, procedures, rules and regulations within the municipality.
- ▶ Changing aspects within MDM that undermine institutional integrity and facilitate unethical conduct, fraud and corruption and allow these to go unnoticed or unreported.
- ▶ Encourage all employees and other stakeholders to strive toward the promotion of integrity and for the prevention and detection of unethical conduct, fraud and corruption impacting, or having the potential to impact on the municipality.

## **PRINCIPLES OF THE STRATEGY**

Mopani District Municipality Anti-Corruption Strategy is informed by the following principles to root out corruption:

- ▶ The need for a holistic and integrated approach to fighting corruption, with a balanced mixture of prevention, investigation, prosecution and public participation as the platform for the strategy.
- ▶ District tailor-made strategies are required that operate independently but complimentary to provincial and national strategies, particularly with regard to detection, investigation, prosecution and adjudication of acts of corruption, as well as the recovery of the proceeds of corruption.
- ▶ Acts of corruption are regarded as criminal acts and these acts can be dealt with either in the administrative or criminal justice system or both if need be. All aspects of the strategy are:
  - Supported with comprehensive education, training and awareness.
  - Coordinated within the district municipality.
  - Subjected to continuous risk assessment.

The following structures are in place to curb corruption in Mopani District:

- **Portfolio committees:** They monitor and also provide political inputs at the planning stage of municipal programmes.
- **Internal Audit unit:** Promote professional ethics among employees.

## 2.8. SUPPLY CHAIN MANAGEMENT

### OVERVIEW SUPPLY CHAIN MANAGEMENT

Supply Chain Management policy was developed and approved by council for implementation in the 2021/22 financial year.

## 2.9. BY-LAWS

By-laws Introduced during 2021/22					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted * (Yes/No)	Date of Publication
<b>Water and sanitation by-law</b>	-	YES	17/11/2020 18/11/2020 19/11/2020	YES	9/7/21
<i>*Note: See MSA section 13.</i>				T 2.9.1	

### COMMENT ON BY-LAWS:

Only two by-laws were gazetted. Out of the 2 by-laws were revised and unfortunately five of them were not tabled for public participation and council structures due to other processes that needed to be followed. The development, revision and tabling of by-laws is as per the MSA 2000 S11 (3) (m) that provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

## 2.10. WEBSITES

Municipal website: content and currency of material		
Documents published on the municipality's /entity's website	Yes/No	Publishing date
Current annual and adjustment budgets and all budget related documents	Yes	March
All current budget related policies		June
The previous annual report (2020/21)	Yes	July
The annual report (2020/21) published / to be published	Yes	September



All current performance agreements required in terms of section 57 (1) (b) of the MSA and resulting score cards	Yes	August
All service delivery agreements (2021/22)	Yes	August
All long term borrowing contracts (2021/22)	N/A	N/A
All supply chain management contracts above a prescribed value (give value) for 2021/22	Yes	January
An information statement containin a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2021/22	Yes	June
Contracts agreed in 2021/22 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	N/A
PPP agreements referred to in section 120 made in 2021/22	N/A	N/A
All quartely reports tabled in the council in terms of section 52 (d) during 2021/22	Yes	August
<i>Note: MFMA S75 sets out the information that a municipality must include in its website as detailed above. Municipalities are of course encouraged touse their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments</i>		
T2.10.1		

## **MUNICIPAL WEBSITE CONTENT AND ACCESS:**

The website was fully functional for 2021/22 financial year and all strategic documents including the quarterly performance report and annual report were published on the website.

## **2.11. PUBLIC SATISFACTION LEVELS**

The municipality did not conduct a customer satisfaction survey for 2020/21 financial year. The municipality appointed the Batho Pele Committee in the 2020/21 financial year. The committee was established for addressing community complaints and issues pertaining to service delivery. Office of the Premier was requested to provide training for the committee and provide terms of reference. The committee will among other things deals with issues of community satisfaction survey in the district in conjunction with the local municipalities. For the year under review, the municipality did not budget for community satisfaction survey. The budget is however planned for 2021/22 financial year.

T2.10.1.1



## CHAPTER - 3:

# SERVICE DELIVERY PERFORMANCE

**2021 - 2022**

### 3. INTRODUCTION

The Mopani District Municipality's performance is based on the development priorities as in the IDP, the municipal key performance areas, strategic objectives and indicators in the IDP. The Municipal Performance is calculated from all the indicators and projects applicable to the municipality as measured through its performance management system. The indicators and projects are collected into scorecards for General Indicators, Indicators contained in the IDP for 2021/22 and SDBIP.

#### COMPONENT A: BASIC SERVICES

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

#### 3.1. WATER PROVISION

##### INTRODUCTION TO WATER PROVISION

***Note: Recent legislation includes the Water Services Act 108:1997, National Water Act 36: 1998 and the General Enabling Act 2005***

Mopani District Municipality is a Water Services Authority for the whole District area and all its Local Municipalities have Water Service Provider (WSP) Agreements in place. The surface water in urban areas and rural areas are served through boreholes. MDM lies within and is benefitting from the following water catchment areas: Groot Letaba for GLM & GTM, Olifant for MLM & BPM and Klein Letaba for Giyani.

The Mopani district is characterized by low rainfall, especially in the lower-lying areas of the district, namely, Greater Giyani and Ba-Phalaborwa. This results in limited water resources culminating in severe water shortages and regular drought conditions. Subsequently, there is stiff competition between the different water users such as agriculture, mining and forestry. To this end, water use for domestic purposes becomes critical. The main surface water resources for Mopani district are Letaba River catchment and all its tributaries. There is a huge potential for usage of borehole water as an augmentation to the surface water resources.

There are over 20 (small and large) dams in the district with 9 being used for primary consumption (domestic, industrial and commercial) and most of the other dams are used for irrigation purposes. Some private small dams also exist and are used for irrigation purpose as well. The total yield from

the dams for primary usage is 273 million m<sup>3</sup> per annum. The agricultural sector uses the greatest portion of the available yield in the district, which is estimated at 70%, leaving 30 % for the other water users.

Bulk water supply in Mopani is characterised by numerous surface water schemes in various stages of full development to all consumer points. Water supply scheme clusters are well defined and the service area boundaries are well established. Major upgrading and refurbishment are needed at most localities. The Middle Letaba Sub Scheme area and Modjadji areas are in need of extensions to the existing bulk supply systems. In general, Mopani District is well provided with bulk water supply infrastructure. However, the reason why the supply of water is below the RDP level (25 litres per person per day) is the shortage of pipeline reticulation within villages. MDM gets bulk water from the Lepelle Northern Water Board, treat the water and channel that to reservoirs in villages/ settlements in the five local municipalities. Local municipalities are responsible for reticulation in villages. MDM operates 21 water schemes, 62 pump stations, 19 water treatment works, over 1400km min pipelines, over 500 reservoirs and thousands of boreholes. Further analysis of water sources is depicted in the following table, with numbers of households benefitting

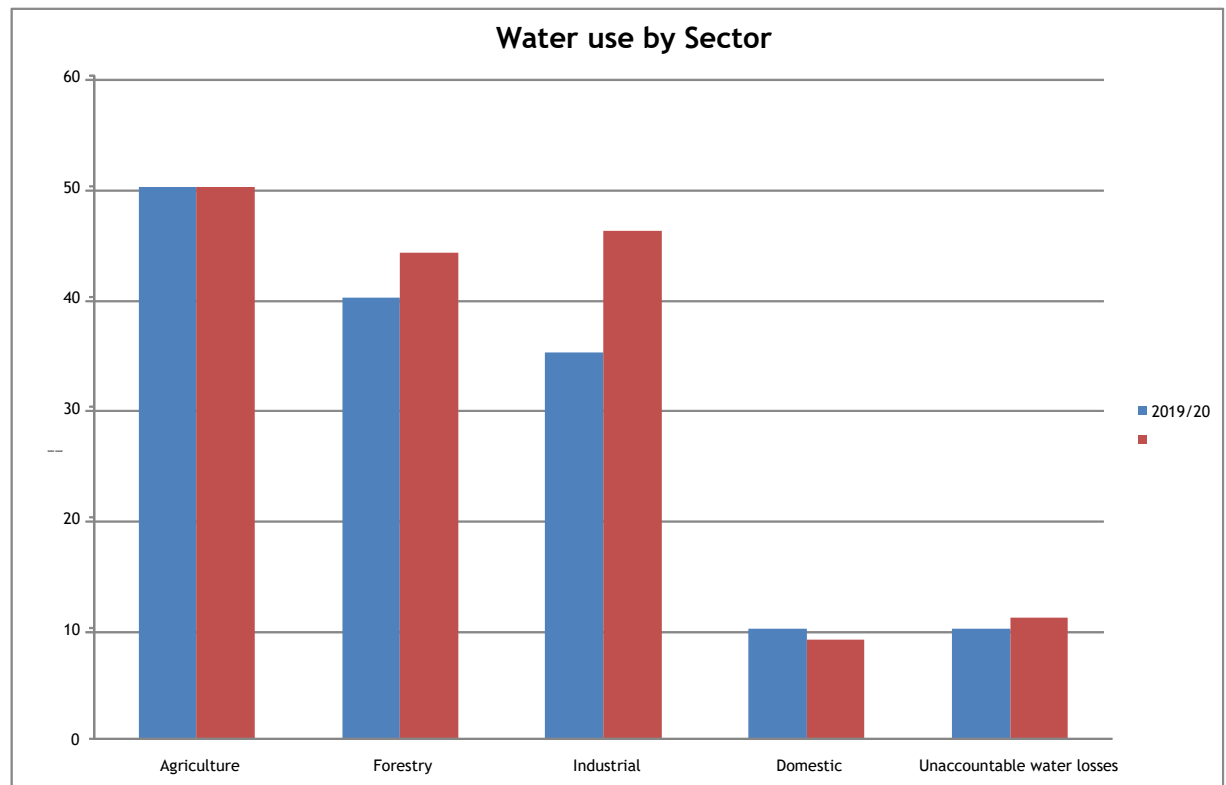
Ba-Phalaborwa municipality has adequate reticulation system, followed by Greater Tzaneen Municipality, Greater Letaba Municipality and then Greater Giyani Municipality. The limited availability of infrastructure in Greater Giyani is attributed to the fact that the villages in the Greater Giyani area are spatially scattered, resulting in difficult and expensive processes to provide water supply pipelines in the villages. It is also deduced that the major factor contributing to shortage of water is related to social aspects. These aspects are mainly vandalism of infrastructure, especially communal boreholes, lack of willingness from the consumers to pay for their water services and illegal (unauthorized) connections of pipelines by communities. These problems are usually prevalent in rural areas than urban areas. Over-usage of water is generally observed in most of the areas, amounting to more than 150 litres per person per day in both towns and villages. Communities are yet to do more to save the already scarce water.

The majority of households in Ba-Phalaborwa (77, 3%) have access to RDP standard water, Greater Tzaneen at 53, 6%, Greater Letaba at 60, 7%, Greater Giyani at 57,3% and Maruleng the lowest at 49,9%. However, taking a look at the households access to the various sources of water per local municipality as a percentage of the district, it becomes clear that the level of services are higher in Ba-Phalaborwa with 35, 3% of the households within the district with access to water inside their dwellings, especially when taking into consideration that only 12, 9% of the households in the district reside in Ba-Phalaborwa. The smaller population and the absence of many scattered villages in Ba-Phalaborwa, compared to e.g. Greater Giyani, probably contributed to this.

All municipalities in the district are providing free basic water to some extent (6000 litres per household per month) with almost none providing free basic waste removal. To eradicate the water backlog, Mopani district as the water services authority has prioritized water services as the first service among all the other services. The Department of Water Affairs (DWA) have completed the establishment/ construction of the N'wamitwa Dam and the raising of the wall of the Tzaneen Dam to address the water shortage problem in the district.

**Source :IDP 2021/22**

Total use of water by sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2020/21	51 200	44 830	26 380	15 000	16 000
2021/22	51 200	44 831	26 380	16 800	17 000
T3.1.2					



## COMMENT ON WATER USE BY SECTOR:

MDM contributes to the economy by providing water supply to three sectors of the economy namely; Agriculture, Forestry, Industries and for domestic use. The water uses by the Agriculture sector for 2020/21 and 2021/22 remains relatively the same. Use in the Forestry and Industrial sector has increased in 2021/22 when compared to 2020/21. Water supply for domestic use has also increased in 2020/21 compared to 2020/21. The increase in usage is as a result of increased access to water supply through completed infrastructure projects, refurbishment and drilling of boreholes in areas experiencing shortages in water supply.

### T3.1.2.2

Households				
Description	2018/19	2019/20	2020/21	2021/22
	Actual No.	Actual No.	Actual No.	Actual No.
Water: (above min level)				
<i>Piped water inside dwelling</i>	49 923	51 674	51 674	52 966
<i>Piped water inside yard (but not dwelling)</i>	99 434	72 754	72 754	74 572
<i>Using public tap (stand pipes)</i>	57 534	109 341	109 341	91 898
<i>Other water supply (within 200m)</i>	0	29 218	29 218	29 948
<i>Minimum service level and above sub-total</i>	206 891	262 987	262 987	249 384
<i>Minimum service level and above percentage</i>	<b>72%</b>	<b>100%</b>	<b>100%</b>	<b>84.16%</b>
Water; (below min level)				
Using public tap (more than 200m from dwelling)	33 773			
	46 935			
Other water supply (more than 200m from dwelling)			2 303	36 921
No water supply	80 708		2 303	10 014
Below minimum service level sub-total	28%		1%	15.84%
Below minimum service level percentage				
<b>Total number of households*</b>	<b>287 599</b>	<b>262 987</b>	<b>265 290</b>	<b>296 319</b>
<b>To include informal settlements</b>				<b>T3.1.3</b>

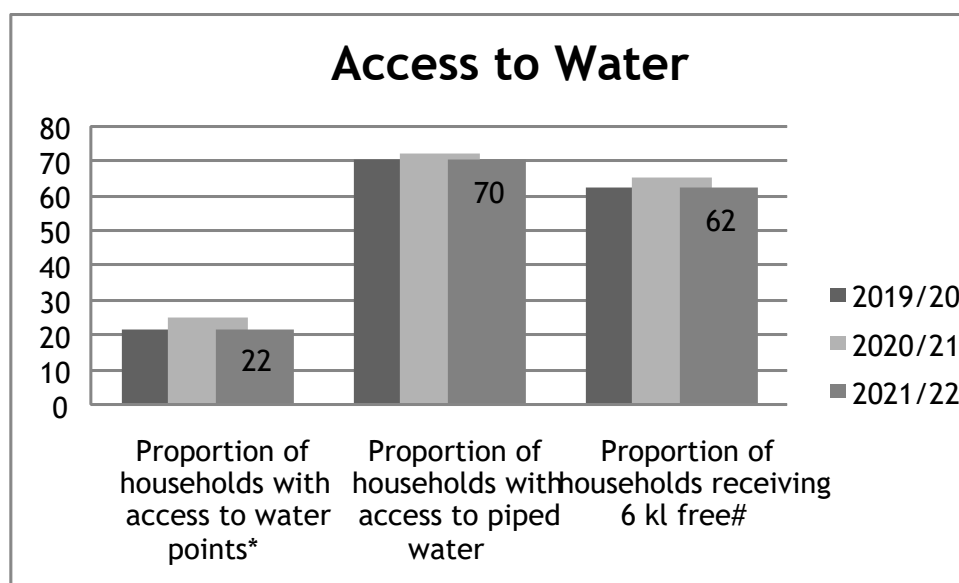
IDP 2021/22

The wording “within/more 200m from dwelling” be replaced with “stand pipes” as it challenging to measure.

Households – water service delivery levels below the minimum						
Description	2019/20	2020/21	2021/22	2021/22		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal Settlements</b>	<b>262 987</b>	<b>265 290</b>	<b>265 290</b>	<b>296 319</b>	<b>296 319</b>	<b>296 319</b>
Total households	262 987	265 290	265 290	249 319	249 319	249 319
Households below minimum service level	206 891	265 290	265 290	249 384	249 384	249 384
Proportion of households below minimum service level						
<b>Informal Settlements</b>						
Total households	80 708	0	0	46 935	46 935	46 935
Households below minimum service level	80 708	0	0	46 935	46 935	46 935
Proportion of households below minimum service level						

T3.1.4

APR 20/21



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

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

T3.1.



Water service policy objectives taken from IDP									
Service Objectives          Service indicators (i)	Outline service targets          (ii)	2018/19		2019/20		2020/21	2021/22		
		Target	Actual	Target		Actual	Target		
		*previous year  (iii)	 (iv)	*previous year  (v)	*current year  (vi)	 (vii)	*current year  (viii)	*current Year  (ix)	*following year  (x)
Service objectives									
Water Provision	Additional households provided with minimum water supply during the year (No. of HH) without supply at year end)	5000	20344	20 344	1 627	21 971	10400	32 371	34 967
Improve reliability of water supply	Reduce the number of interruptions in supply of one hour or more compared to the baseline of 2018/19	80%	82%	80%	75%	78%	84%	88%	93%
Improve water conservation	Reduce unaccountable water levels compared to the baseline of 2018/19 (16000 kiloliters (Kls) unaccounted for during the year	9 000	11 500	13 000	15 000	15000	11 000	9 000	7500
T3.1.6									

IDP 2021/22

## 3.2. WASTE WATER (SANITATION) PROVISION

### INTRODUCTION TO SANITATION PROVISION

The municipality for 2021/22 financial year targeted to give 8430 Households with access to sanitation. The municipality managed to complete 1075 units for sanitation. This was due to contractors appointed very late in the year. The outstanding units will be rolled over to 2022/23 financial year.



Sanitation Service Delivery Levels				
Description	Households			
	2018/19 Outcome No.	2019/20 Outcome No.	2020/21 Outcome No.	2021/22 Actual No.
Sanitation/sewerage; (above minimum level)	60 516	60 516	60 516	60 516
Flush toilet (connected to sewerage)				
Flush toilet (with septic tank)				
Chemical toilet				
Pit toilet (ventilated)	187 168	188 968	188 968	188 868
Other toilet provisions (above min. service level)	247 684	249 384	249 384	249 284
Minimum service level and above sub-total. Minimum service level and above percentage	83.6%	84%	84%	84%
<b>Sanitation/sewerage; (below minimum level)</b>				
Bucket toilet	48 635	46 935	46 935	46 935
Other toilet provisions (below min service level)	48 635	46 935	46 935	46 935
No toilet provisions	16.4%	16%	16%	16%
Below Minimum service level sub-total	296 319	296 319	296 319	296 319
Below Minimum service level percentage				
<b>Total Households</b>				
<b>*total number of households including informal settlements</b>				
<b>T3.2.3</b>				

Households; Sanitation service delivery levels below the minimum						
Description	Households					
	2018/19	2019/20	2020/21	2021/22		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjustment Budget No.	Actual No.
<b>Formal Settlements</b>	<b>296 319</b>	<b>296 319</b>	<b>296 319</b>	<b>16 700 000</b>	<b>16 700 000</b>	<b>1 075</b>
Total Households						
Households below minimum service level	296 319	296 319	296 319	16 700 000	16 700 000	1 075
Proportion of households below minimum Service level						
<b>Informal Settlements</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Households	293 319	296 319	296 319	16 700 000	16 700 000	1 075
Households below minimum service level						
Proportion of households below Minimum service level						
<b>T3.2.4</b>						

## **SANITATION SERVICES PERFORMANCE OVERALL:**

MDM has a total number of 327 466 which equates to 96.2% of the community households which have access to sanitation services, whereas 3.8% has no sanitation services in their communities.

At least Greater Letaba has a backlog of 1,4% without sanitation services. The municipality that has the highest backlog is Greater Giyani Municipality with 8,2%. The municipality that has the lowest is Greater Letaba with 1,4% followed by Greater Tzaneen with 1,7%.

### **3.3. ELECTRICITY**

Energy distribution has important economic development implications with a potential to make a considerable development impact. This impact relates to improved standard of living in which people are able to use electric stoves for cooking, electronic equipment such as TVs, sound systems, lights, etc. It also enables people to establish small businesses such as welding, catering and other mechanical works.

In Mopani, electricity is largely provided by ESKOM. Only two Local municipalities (BPM & GTM) are licensed to provide electricity. The GGM, MLM and GLM are fully dependent on ESKOM. However, this function is yet to be fully undertaken. National government in consultation with the South African Local Government Association (SALGA), ESKOM and other stakeholders are engaged in discussions regarding the restructuring of the Electricity Distribution Industry in South Africa with the aim of ensuring that the industry is able to meet the needs of electricity consumers in the country and improve the roll out of electricity.

The four local municipalities in the district have signed the service level agreement with ESKOM for the rolling out of Free Basic Electricity to indigent households in the district. Each poor household is entitled to 50KWh per month. It has been found that most of the people in rural areas and amongst low-income households, continue to use a range of energy sources like wood to meet their needs, irrespective of whether their houses are electrified or not. In addition, inefficient energy use compounds poverty: housing without ceilings and a complete lack of accessible information to users on appropriate and efficient energy use condemn poor households to a future of high energy costs.

The municipality provides boreholes to the whole part of Mopani. In providing the boreholes we are required to energise the provided boreholes with electricity. Most of the electrification of the boreholes result in the transformers being stolen. However, the municipality is embarking on an exercise to number the transformers with serial numbers, which will in turn minimise the theft of boreholes transformers in the district.

### 3.4. WASTE MANAGEMENT

In the Mopani, all local municipalities are responsible for their own landfill site and waste management services. The National Environmental Management: Waste Act 59 of 2008 mandates the district municipality to designate in writing a waste management officer from its administration to be responsible for co-ordinating matters pertaining to waste management in the area of jurisdiction of the Council. Although the house-to-house collection of waste is the responsibility of the local municipalities, the district has an oversight role to play in ensuring that all waste is collected, transported, treated, disposed of or recycled in accordance with the relevant legislation and that such collection, transportation, treatment, disposal or recycling takes account of the waste management hierarchy.

In Mopani, the status of the landfill sites is as follows:

	MDM	BPM	GGM	GTM	GLM	MLM
LANDFILL	NO	YES	YES, Waiting for the official hand over	YES	YES, but waiting for the designs. Currently utilizing Tzaneen landfill site	YES,
LANDFILL PERMIT	NO	YES	YES	YES	YES	YES
BUYBACK CENTRE	NO	NO	YES but not yet operational	NO	YES, but not yet operational	YES BUT NOT OPERATIONAL

### 3.5. HOUSING

Housing services is provided for by the Department of Cooperative Governance & Traditional Authorities.

### 3.6. FREE BASIC SERVICES AND INDIGENT SUPPORT

Mopani District Municipality provides the free basics services on provision water through the water service agreement with the local municipality .The free basics water services is provided to registered and certified indigent customers support services where in 6kl is provided for free on annual basis.The Local Municipalities within the Mopani District Municipalities administer and maintain the registration of the idigent customers as part of the indigent support on the annual basis to provide the free basic water services.

### **3.7. ROADS & TRANSPORT**

This component is not applicable to the district.

## **COMPONENT C: PLANNING AND DEVELOPMENT**

### **INTRODUCTION TO PLANNING AND DEVELOPMENT**

Mopani District Municipality (MDM)'s Vision is: 'To be the food basket of Southern Africa and to be the' tourism destination of choice'. It is therefore necessary to give attention to the four key sectors (Agriculture, Mining, Tourism, Trade and Manufacturing) which contribute towards the achievement of the MDM Vision. The following are among the opportunities identified during quarterly stakeholder's discussions that resonate within the District:

- The Development of an integrated GIS which will enable the District and its locals to depict and share planning information.
- The rich cultural diversity, which if fully tapped into, could turn the District into the destination of choice.
- The District has a huge potential on the Agricultural and Mining value chain. Particularly if the potential is linked to the plans of Revitalisation of Industrial Parks Plans.
- The above can be attained through the identified strategies of determining market gaps, Institutional Capacity building and organisational support as well as Production and supplier development for SMMEs and Partnerships

Integration of plans and budgets for all role-players remains a challenge as IDP processes have not yet reached the ideal state. The resuscitated Technical Committees comprising of the District, Local Municipalities and Sector Departments will in time resolve the challenge referred to above.

### **3.8. PLANNING**

#### **INTRODUCTION TO PLANNING**

The planning strategies applied include among others; development and review of SDF, Land Use Scheme Development, Land Use Applications Determination, legislative and policy technical capacity building.

### **3.8.1. Development and review of SDF**

The SDF stands for Spatial Development Framework aimed at guiding growth of the district communities spatially. It is a key tool for spatial decision-making when allocating various land development and land uses. The SDF was finalised June 2020.

### **3.8.2. Land Use Scheme Development**

Section 24(1) of Spatial Planning and Land Use Management Act (SPLUMA), 16 of 2013 requires that all municipalities must develop and adopt a single land use scheme for the entire municipality within five years of the promulgation of the SPLUMA. SPLUMA took effect from July 2015 hence all municipalities must develop their SPLUMA aligned Land Use Schemes by 2020. One of the planning strategy is thus to support local municipalities to comply with this requirement. During 2020/21 the municipality supported Ba-Phalaborwa municipality supported on land use scheme development.

### **3.8.3. Land Use Applications Determination**

Section 34 of SPLUMA provides that district municipalities may establish a District Municipal Planning Tribunal to determine land development and land use applications within its district jurisdiction. The Municipal Planning Tribunal for Mopani District Municipality was established and appointed in the 2020/21 financial year. Due to delays in the appointment of the Municipal Planning Tribunal, applications could not be considered in the financial year in question.

### **3.8.4. Integrated GIS**

Equipment for the establishment of integrated GIS has been purchased in 2019/20. The roll out plan and cascading of the programme was developed in 2020/21. The finalization of this milestone will enable depiction and sharing of planning information within Mopani District Municipality and the Local Municipalities within the District. GIS is not popularly known as a career; awareness campaigns were conducted in secondary schools to help the teachers and learners in understanding the concept of GIS since it was recently introduced in their syllabus.

### 3.11. LOCAL ECONOMIC DEVELOPMENT & TOURISM (MARKET PLACES)

#### 3.11.1. INTRODUCTION TO ECONOMIC DEVELOPMENT

Local Economic Development (LED) is an approach towards economic development which allows and encourages local people to work together to achieve sustainable economic growth and development thereby bringing economic benefits and improved quality of life for all residents in Mopani District. LED is intended to maximise the economic potential of all Municipal localities throughout the country and, to enhance the resilience of the macro-economic growth through increased local economic growth, employment creation and development initiatives within the context of sustainable development.

The key strategic thrusts identified in the MDM LED strategy can exert the most influence in order to foster a prosperous economy within the District, i.e. Agriculture, Tourism, Mining and Trade & Manufacturing.

Mopani District Municipality was able to create conducive economic environment during the 2021/22 through, among others, the quarterly sessions with LED practitioners in the form of HOD/Technical committees, LED Fora.

Successfully coordinated Youth Economic Indaba in 2021. Mopani District Municipality is participating in Trade Shows to expose and assist the Local SMMEs to market their produce and businesses.

- Marula Festival – Ba-phalaborwa
- Agri-Expo – Tzaneen
- Letaba Show – Tzaneen
- Rand Show – Gauteng
- Tourism Indaba – Durban

The District Coordinate Exhibition space and the Local identifies the SMMEs from their own jurisdictions and we together package their products. In collaboration with SEDA as it has the training mandate, the District is coordinating.

#### **SMMEs training quarterly.**

SMME's Programme	2017/18	2018/19	2019/20	2020/21	2021/22
Marula Festival	20	22	18	Diverted funds to SMME	32

Agri –Expo	-	212	Postponed due to COVID - 19	Diverted funds to SMME	118
Letaba Show	16	18	Wholesale Tour Replaced by	Diverted funds to SMME	26
Rand Show	05	11	04	Diverted funds to SMME	14
Tourism Indaba	05	05	Postponed due to COVID - 19	Diverted funds to SMME	16

#### 1.11.1. LOCAL JOB OPPORTUNITIES:

The LED supports local SMMEs by creating a conducive environment to create job opportunities. The LED forum sittings are scheduled to serve as a platform for Local Economic Development engagements. The functionality of the LED subcommittees especially at local levels still need to be improved to enable better functionality at the district level as well as reporting back to stakeholders.

Sessions were conducted with various stakeholders to engage on IDP processes in an endeavor to align planning and implementation.

The District Municipality has through the Tourism trade shows exposed SMMEs from all the five local Municipalities to the market whereby exhibition facilities were procured, and transportation was arranged for the selected SMMEs. In the year under review, the municipality managed to support 198 SMMEs.

On the job opportunities, we have created 2 806 job opportunities through EPWP program. That is through Infrastructure, Social, and Environmental Sectors.

Job Creation through EPWP* Projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
2019/20	4	3545
2020/21	4	4287
2021/22	4	2 806
*-EPWP		T3.11.6

## **AREAS FOR IMPROVEMENT FOR EPWP**

- Developing exit projects for EPWP beneficiaries for sustainable solutions & Recruitment prior to new financial year

## **RESPONSE TO COVID-19**

An outline on how the municipality has responded to issues of COVID-19

- The fund is aimed to support COVID-19 affected SMMEs in Agriculture, Tourism and Trade & Manufacturing.
- ❖ Lessons learnt from the pandemic.
  - That most SMMEs could not meet with the requirements set for COVID-19 relief funds i.e., business registration compliance, etc
  - That there was no budget set aside for unforeseen natural factors

## **Moshupatsela Farm – 2021/22**

- ❖ Finalizing the status quo on the infrastructure of the Farm & advertising for potential beneficiaries and strategic partners.

## **COMPONENT D: COMMUNITY & SOCIAL SERVICES**

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

### **3.12. LIBRARIES : ARCHIVES: MUSEUMS; GALLERIES; COMMUNITY FACILITIES**

This component is not applicable to the district.

### **3.13. CEMETORIES AND CREMATORIOUS**

This component is not applicable to the district.

### **3.14. CHILD CARE : AGED CARE & SOCIAL PROGRAMMES**

This component is not applicable to the district.

## **COMPONENT E: ENVIRONMENTAL PROTECTION**

This component includes pollution control; biodiversity and landscape; and coastal protection.



### **3.15. POLLUTION CONTROL**

#### **INTRODUCTION TO POLLUTION CONTROL**

The Mopani District Municipal area is faced with environmental risks and trends that lead to environmental degradation. In order to ensure that development activities carried out by Mopani District Municipality are sustainable, the IDP of Mopani District had considered environmental and socio-economic issues in an integrated manner in decision making, project planning and implementation.

It is clear that individuals, communities and government need to come up with programmes to bring awareness on the causes and effects of global warming and together strategies on control measures for decreasing emission of the gases that exacerbate temperature increase in the atmosphere. The situation in Mopani calls more on the matter since the demographic dynamics indicate that 81% is rural and therefore vulnerable to any natural hazards without clear mechanisms to combat. Organic agriculture should be encouraged, land use schemes should be managed, veld fires be controlled and deforestation be prohibited.

In order to ensure that there is balanced considerations of environmental and socio-economic in municipal projects planning, all infrastructure projects are screened to check if an Environmental Impact Assessment might be required or not. This is in line with the EIA regulations enacted under the National Environmental Management Acts No: 107 of 1998. Compliance of projects to other legal requirements as outlined by other acts and regulations is also screened before project implementation. This includes compliance with Acts and regulations such as the National Water Act No 36 of 1998, Minerals and Petroleum Resources Development Act No: 28 of 2002, National Heritage Resources act No:25 of 199, section 24 of the Constitution of the Republic of South Africa of 1996 etc

- Atmospheric Emission Licenses (AEL)- Three (3) AEL's have been issued for air quality control at Foskor mine; Diggers rest timber and Steven Lumber mills.
- Cleanup Campaigns – Two clean-up campaigns were conducted at Majeje and Matikuxikaya Villages
- Tree Planting – Two hundred (200) trees were distributed to Nine (9) local councils for greening projects
- Wetland conservation workshop was held at Mamaila Kolobetona in order to address water pollution.

## **SERVICE STATISTICS FOR POLLUTION CONTROL**

Mopani District in particular is facing challenges in water and air pollution. The major cause of water pollution in Mopani is uncontrolled illegal dumping of wastes throughout the district and unattended sewage spillages. Several cases of illegal dumping of wastes along the river banks and in water bodies has been reported and observed in Greater Giyani and Greater Letaba municipalities. According to the State of Rivers Report for Letaba and Luvuvhu produced by DWS, water pollution in Mopani district is also worsened by deforestation activities associated with fuel-wood collection and agriculture along the river banks and within the riparian zones in the catchment's areas. The lack of water-borne sewerage systems leads to the contamination of ground water.

The most noted water pollution takes place in the Murhogolo stream between Giyani shopping complex and government offices, the Thabina River from Mogoboya downstream, at the Klein and Groot Letaba rivers as well as Molotodzi which is highly choked with solid waste. Water is life and the necessity to conserve it cannot be overemphasized or postponed since it cannot be created. Individual members of communities, sector departments and private institutions need to take conscious decision on its conservation and prevention of water pollution.

### **3.16. BIO-DIVERSITY ; LANDSCAPE (INCLUDING OPEN SPACES)**

Provision of support to Kruger to Canyon Biosphere Reserve (K2C). K2C is the internationally declared regional biodiversity conservation area in the district. Environmental projects were conducted in K2C area for catchment area biodiversity conservation.

## **COMPONENT F: HEALTH**

This component includes: clinics; ambulance services; and health inspections.

### **INTRODUCTION TO HEALTH**

The challenge of the health sector in South Africa is to develop a unified national health system capable of delivering quality health care to all citizens efficiently and in a decent environment. The provision of health facilities to all settlements in the district is a problem because of the large number of settlements (varying in size), with the majority of them being relatively small and scattered throughout the district. A simplified calculation of the number of people per hospital per local municipality would not provide a true reflection of the actual situation, as hospitals provide services to communities across municipal boundaries and international refugees. The Health plan has been reviewed and further details will be unpacked adequately therein. District Health Council and the AIDS Councils to govern health activities

in the district are also established and functional. The prevalence of HIV and AIDS has resulted in the increase of child-headed families without any source of income in the province. However, the Department of Social Development has been proactive in providing child support grants. Municipal Health Services (MHS) is mandated to perform 9 functions of MHS: Food quality monitoring; Water quality Monitoring; Vector control; Chemical safety; Disposal of the dead; Waste Management; Health Surveillance of the premises; Prevention of Communicable diseases; Environmental pollution control

### **Top 3 Service delivery priorities**

1. Food Quality Monitoring-Conduction inspection to formal and informal premises. Taking food samples for bacteriological analysis
2. Control of Communicable disease-investigating all communicable and non-communicable disease. Contact tracing for all who tested positive for COVID-19.
3. Water Quality Monitoring-Taking water samples for bacteriological and chemical analysis

### **3.17. CLINICS**

This component is not applicable to the district.

### **3.18. AMBULANCES**

This component is not applicable to the district.

### **3.19. HEALTH INSPECTION ; FOOD AND ABBATOIR LIENSING & INSPECTION**

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

Our top priority with regard to health inspections entails the following: conducting routine Inspections to all food premises to ensure compliance with health legislations and taking action to improve conditions, sampling of food products to ensure safety and compliance with minimum health. Monitoring of informal street food traders. 17 Health care facilities were inspected for health care risk waste management 12 were compliant. 05 were noncompliant. Monitoring was conducted 4 times on illegal dumping sites, i.e. 1 for burning of tyres, 1 for burning of refuse and 2 for illegal dumping.

- 3601 premises were inspected
- 1683 were complaint
- 642 were non- complaint

Food samples taken

- 214 taken
- 98 were complaint

- 07 were non-complaint

## COMPONENT G: SECURITY AND SAFETY

### 3.20. POLICE

This component is not applicable to the district.

### 3.21. FIRE

#### INTRODUCTION TO FIRE SERVICES

Mopani has established a fully-fledged unit for fire services in the District. Each local municipality is allocated an operational Fire station in the following areas: Tzaneen, Giyani, Modjadjiskloof, Phalaborwa and Hoedspruit. Every station ensures twenty-four-hour services to communities, in the following services:

- Saving lives and property
- Responding to motor vehicle accidents and incidents
- Specialised search and rescue incidents (high angle, swift water, confined space, trench rescue, hazardous substance, aircrafts & train incidents)

The District Municipality is striving to improve the working relationship with communities, private institutions and sector departments in addressing the problems. Fire protection Associations are established in GLM, GTM, BPM and MLM.

Metropolitan Fire Service Data					
	Details	2019/20	2020/21		2021/22
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	750	471	650	708
2	Total of other incidents attended in the year	760	658	750	788
3	Average turnout time – urban areas	10 Minutes	10 Minutes	10 Minutes	10 Minutes
4	Average turnout time – rural areas	20 Minutes	20 Minutes	20 Minutes	20 Minutes
5	Fire fighters in post at year end	114	114	153	153
6	Total fire appliances at year end	37	29	33	35
7	Average number of appliance off the road during the year				

**Concerning** *The average turn- around time to respond to an emergency call is 30 minutes due to bad roads and sometimes due to misallocation of the actual incident place. Our villages and facilities are not yet captured in the GIS. The process of mapping all our villages and facilities in the GIS has started. Delete Directive note once table is complete -*

### **3.22. OTHER (DISASTER MANAGEMENT , ANIMAL LICENSING & CONTROL, CONTROL OF PUBLIC NUISANCES**

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

Disaster Management is a continuous and integrated multi-sectoral and multi-disciplinary process of planning and implementation of measures aimed at disaster prevention, mitigation, preparedness, response, recovery, and rehabilitation (Disaster Management Act 57 of 2002), so as to minimize the impact upon lives, environment and natural resources. The following hazards are posing the greatest risks in the District on the economy, cultural, welfare, sustained development and sustained livelihoods. The Disaster Management Act (Section 53) requires the Mopani District Municipality to take the following actions:

- Prepare a disaster management plan for its area according to the circumstances prevailing in the area.
- Co-ordinate and align the implementation of its plan with those of other organs of state and institutional role players, and
- Regularly review and update its plan.T3.67.1

#### **(a) MOPANI DISASTER MANAGEMENT AWARENESS CAMPAIGNS HELD BETWEEN 1 JULY 2020 AND 30 JUNE 2021**

Total number of campaigns: 49

Total number of people reached: 8670

Total number of municipalities reached: 5

#### **(b) STATUS AND RESULTS OF RISK ASSESSMENTS UNDERTAKEN DURING THE PERIOD 1 JULY 2020 TO 30 JUNE 2021**

The following risk assessments were conducted in terms of the Disaster Management Act (Act 57 of 2002), as amended and the Disaster Management Framework. The assessments were consulted with the relevant stakeholders and the attention was given the problems as identified and addressed.

**(i) Risk assessments on identified fire prone Nature Reserves**

Prior to the onset of the annual fire season, risk assessments were undertaken on nature reserves in the Mopani District Municipality. These were Hans Merensky Reserve at Eiland, Lekgalameetse Nature reserve near Ofcolaco, Letaba Ranch in Ba-Phalaborwa Municipality, Modjadji cycad reserve in Greater Letaba Municipality and Man'ombe Nature Reserve in Greater Giyani Municipality. Large fires have been reported from all these reserves in the past. In most cases, fire breaks were found to be inadequate. Fire-fighting resources were also found to be insufficient.

**(c) MANAGEMENT OF DISASTERS WHICH OCCURRED BETWEEN 1 JULY 2020 AND 30 JUNE 2021 IN MOPANI**

**(i) Tropical storm Eloise and seasonal summer rains**

Following a virtual meeting with the National Disaster Management Centre, during which SAWS provided an overview of anticipated impacts, the Mopani JOC was established and met in a virtual meeting. Prior knowledge of the anticipated impacts provided stakeholders with time in which to prepare. Close contact was maintained with first responders and community-based groups

**(ii) COVID-19 pandemic – Mopani District**

The Mopani District Municipality COVID -19 JOC was established in March 2020 and included all major role players. The JOC was aligned with the Mopani District Command Council, which in turn was aligned with the provincial and national Command Council structures to ensure the smooth flow of information. A total number of 42 JOC meetings were held.

**(d) ASSISTANCE IN TERMS OF DISASTER MANAGEMENT**

The Mopani District Municipality Disaster Management Centre and Mopani Fire and Rescue services work in close co-operation with the LFPA (Letaba Fire Prevention Association)

**CHALLENGES**

Due to COVID-19 restrictions and differing lockdown levels , fewer risk assessments, risk reduction initiatives were undertaken than in previous financial years.

## **COMPONENT h: SPORTS AND RECREATION**

### **3.23. SPORT AND RECREATION**

This component is not applicable to the district.

## **COMPONENT I: EXECUTIVE AND COUNCIL**

### **3.24. EXECUTIVE COUNCIL**

#### **INTRODUCTION TO EXECUTIVE AND COUNCIL**

Three-year IDP targets for the performance of the executive and council has been set as i.e. ensure clean audits, 100% implementation of audit committee recommendations, audit charter developed, compliance with internal audit plan, review of risk register, implementation of risk mitigated plans, compliance to legislative requirements, investigation of anti-corruption cases, submission of Annual Performance Report within timeframe and average organizational performance rating, integration of electronic systems, training of staff, filling of vacant positions, mitigation of industrial relations and employee performance reviews.

Strategies to achieve the above-mentioned targets are i.e. regarding audit to Review the audit charter annually. Ensure that identified internal controls are in place. Development of three years and annual internal audit plan. Ensure compliance and consistent adherence to policies (continuous monitoring and reporting).

To strengthen and support oversight regarding Risk Management through the strategies of to conduct risk assessment to ensure risk reduction; Review Enterprise Risk Assessment annually; Ensure that identified risks according to the Risk Assessment are minimised and addressed; Vetting of qualifications and security matters; Conduct auditing of internal controls; Investigating all allegations of fraud and corruption and enforcement of disciplinary and criminal actions. Regarding monitoring and evaluation, the implementation of a procedure manual for monitoring, evaluation and reporting has been developed. Building capacity at the level below S57 to take place to ensure continuity of knowledge that has been built. Regarding legal services, strategies are i.e. intensification of the implementation of anti-corruption strategy. Disseminate the strategy to all employees and Councillors. Utilisation of the hotline to address reported cases of alleged corruption. Once the hotline is in place, review the strategy. Strategies to improve the human resource's function are i.e. conduct skills audit. Twinning or employee exchange programme to be directed at employees that are struggling on certain issues. These identified employees to be referred to other institutions for practical learning. Develop

training programmes to address competencies in organisation. Develop and implement coaching and mentoring programme. Develop and submit workplace skills plan. Ensure people are training according to competency assessment and skills audit. Monitor and evaluate the impact of training. Sponsor comprehensive development programme based upon identified criteria. Ensure that skilled personnel are retained and awarded. Attract and appoint skilled and competent staff in appropriate positions. Conduct an analysis of vacancies vis-a-vis the organogram. Development and implementation of succession planning strategy. Embark upon a coaching and mentoring programme. To improve employee monitoring and reporting the aim is to promote accountability and responsibility. Implementation of disciplinary procedures. Develop Change and Diversity Management Programme. Completion and implementation of Personal Development Plans for S57 and contractual managers. Cascading of employee performance management to all levels. Ensure monitoring and coaching and creation of awareness of organisation culture. Implement motivational strategies within the organisation. Monitor whether focused and disciplined workforce has been established.

### 3.25. FINANCIAL SERVICES

The top priorities are water and sanitation, the impact of this is that the district does not receive actual revenue collected on the priorities and it is impact on the cash flow. the municipality is intending to take over the function do it no longer done by local municipalities so that it has a closer monitoring of the function and collection.

R' 000							
Details of the types of account raised and recovered	2020/21		2021/22			2022/22	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates							
Water - C	200 841 743,00	39,35	274 431 734,00	274 431 734,00	17,70	224 982 479,49	39 815 334,78
Sanitation	33 319 324,00	37,49	34 395 921,00	34 895 921,00	24,,41	38 322 291,14	589 195,94
Other	1 021 352,00	100	499 675,00	499 675,00	100	4 668 672,00	30,23
B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.							
T 3.25.2							

### 3.26. HUMAN RESOURCES SERVICES

#### INTRODUCTION TO HUMAN RESOURCE SERVICES

The top three Human Capital priorities during the said reporting period were the Organisational Restructuring, cascading of performance management to the next line of management being post level three (3).



## SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

an Resource Services Policy objectives taken from IDP									
Service Objectives  									

Number of attitude and moral survey conducted ytd	0	0	0	0	0	1	2	2	2
Percentage progress with the review and approval of the Organogram by Councillor next financial	100	100	100	100	100	95	100	100	100
Number of reports on the implementation of the Workplace Skills Plan submitted to Management ytd	12	12	12	12	12	12	12	12	12
Skills Development Plan developed and submitted to SETA by end of June	1	1	1	1	1	1	1	1	1
T3.71.3									

#### COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

The human resource office had a review of the Organizational structure that was successfully done. Employment Equity Plan was developed and submitted to department of labour. Work place skills plan was developed for all employees and submitted to LGSETA.

### 3.27. INFORMATION AND COMMUNICATION TECHNOLOGY

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

Mopani District Municipality has long acknowledged that ICT plays a pivotal role in enabling the municipality to carry out its mandate, execute its powers and functions, and realise its strategic objectives. The municipality recognize that ICT's can be better leveraged to effective administration, service delivery and socio-economic development and are therefore integral to the functioning of the municipality. It is for this reason that the municipality established IT Unit within its Corporate and Shared Services Directorate. Gaps identified in the areas of governance of ICT, strategy, organisation structure and staffing in the ICT Unit, processes, applications, technologies, and information in the ICT function are being address, and the municipality is making strides with the limited resources at its disposal. The appointment of Systems & Networks Officer to increase staffing in the IT Office to two personnel, although not adequate, has improved municipality improved staffing in the IT Office and delivery of IT services and performance in the municipality. Further proposals for improvement of staffing in the unit were forwarded during the organisational structure review in the institution.

During the period under review, the municipality reviewed its Strategic Information System Plan (SISP) to align it with developments within the organisation, local government sphere, legislation, trends in technologies, and requirements within the community where it operates.

In order to mitigate against the risk of loss of critical data and information system in cases of natural and other risk factors the municipality developed and adopted an IT Disaster Recovery Plan (DRP).

The process of refreshing information systems infrastructure took off with the design, construction, and commissioning of the new server room in the main office in Giyani to replace the old server room which did not meet the required standards. The server room was also equipped with current technologies for data storage and manipulation, environment monitoring, security, and firefighting. Newer and current servers with increased availability, reliability, processing power, and storage replaced old and obsolete servers.

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

Property; legal; Risk Management and Procurement Services Policy objectives taken from IDP									
Service Objectives	Outline service targets	2018/19		2019/20			2020/21	2021/22	
		Target	Actual	Target		Actual	Target		
		*Previous year		*Previous year	*Current year		*Current year	*Current year	*following year
			(iv)	(v)		(vii)	(viii)	(ix)	(x)

Service indicators (i)	(ii)	(iii)			(vi)				
To promote democracy and Sound Governance									
Percentage of reported cases of Fraud and corruption resolved ytd	100	100	0	100	100	0	100	100	100
Risk assessment report submitted to Council by 30 May	1	1	1	1	1	1	1	1	1
Risk committee resolutions implemented ytd	100	100	100	100	100	90	100	100	100
Number of Risk monitoring reports submitted to Council ytd	4	4	4	4	4	2	4	4	4
Number Strategic Risks mitigated ytd	10	10	6	7	10	5	8	10	10
Number of Risk Management workshops conducted ytd	2	2	0	2	2	2	0	2	1
Number of Risk Management strategy developed and approved by	1	1	1	1	1	1	1	1	1

managem ent and tabled to Council ytd									
Fraud prevention Strategy updated and approved by council ytd	1	1	1	1	1	1	1	1	1
									<b>T3.73.3</b>

Source: APR 2021/22

## COMPONENT J: MISCELLANEOUS

The following are the airports and landing strips available in the Mopani District Municipality and the economic activity around each LM:

- Hoedspruit (Maruleng) airport and landing strip
- ZZ2 (GLM) – agricultural produce (tomatoes)
- Ba-Phalaborwa – mines
- Eiland (Ba-Phalaborwa) – tourism
- Tzaneen – agricultural produce
- Siyandani (in Giyani) – shopping, mines, agriculture

### INTRODUCTION TO MISCELLANEOUS

Hoedspruit airport was originally and solely used by military air force. It is now commercial, and it caters for airlines from Hoedspruit to Gauteng and Cape Town and is used by public and also game hunting tourists. The one landing strip in Giyani (Siyandani) is owned by Government but its condition is not maintained. Cattle and other animals roam on it. Other air strips are privately owned and may not be relied upon for commercial purposes for either goods or public.



**COMPONENT K: ORGANISATIONAL ANNUAL PERFORMANCE REPORT FOR 2021/22  
FINANCIAL YEAR**

# **MOPANI DISTRICT MUNICIPALITY**



**2021-2022**

## **ANNUAL PERFORMANCE REPORT**

**SEC 46 REPORT**



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## **LEGISLATION**

Section 46 (1) and (2) of the Local Government: Municipal Systems Act, No 32 of 2000 requires municipalities to prepare for each year a performance report reflecting the performance of the municipality and each service provider during the financial year. The annual performance report must reflect a comparison of performance with targets set for the year under review and performances in the previous financial year. Section 121 (2) (c) of the Local Government: Municipal Finance Management Act, No 56 of 2003 further states that the annual performance report should form part of the municipal’s annual report. Mopani District Municipality’s 2021/22 Annual Performance Report has been prepared in line with the provisions of the Municipal Systems Act, No 32 of 2000 and the Municipal Finance Management Act, No 56 of 2003.

The Annual Performance Report was compiled using the approved Revised Service Delivery Budget Implementation Plan that was approved by council. The development, implementation and monitoring of the Service Delivery and Budget Implementation Plan (SDBIP) is required by the Municipal Finance Management Act (MFMA). In terms of Circular 13 of National Treasury, “the SDBIP gives effect to the Integrated Development Plan (IDP) and budget of the municipality and will be possible if the IDP and budget are fully aligned with each other, as required by the MFMA.”

The purpose of the SDBIP is to monitor the execution of the IDP and budget, performance of senior management and achievement of the strategic objectives with the Key Performance Indicators set by Council in the IDP. It enables the Municipal Manager to monitor the performance of Senior Managers, the Executive Mayor to monitor the performance of the Municipal Manager, and for the community to monitor the performance of the municipality.

## **EXECUTIVE MAYOR'S FOREWORD**

It is my singular honour and privilege to present the Annual Performance Report for the financial year 2021/22. This council took over mid-way in the context of the Fifth Democratic Local Government Administration. It is against this background that we want to credit the fourth council for having laid the foundation for this work around building better communities.

This Annual Performance Report helps us to account to the people of this District on the performance level achieved against the targets which we have agreed to through the IDP and SDBIP. This is of course guided in the main by the mandate as clearly defined in the Constitution, summarized in the objects of local government.

There are areas where we have met the targets, but there are also areas of under-performance. However, what is key is that we should develop mechanisms to help us improve going forward. The areas of immediate focus will be around improving the record management system, which becomes key in performance information management.

The effects of the covid-19 pandemic is still felt to this day, and has dictated that we do things differently. At the level of operations, we have as a Municipality adapted to the demands imposed by the pandemic, but we also acknowledge that it has worsened the socio-economic conditions of our people.

It is against this background that we applaud the efforts of council in reaching out to small businesses. We have put in a lot of effort in reaching out to SMMEs during the 2021/22 financial year in trying to mitigate the impact of the pandemic. We have awarded vouchers to thirty SMMEs - this in the categories of agriculture, tourism, trade and manufacturing.

During the financial year under review, we started hosting the Pop-up Market campaigns in support of SMMEs. We are hosting the campaign in partnership with the Small Enterprise Development Agency (seda). It's their concept which we have fully embraced at this level. In the main, through mall activations, the campaign seeks to assist our SMMEs and cooperatives to take their services and products closer to where people are.

The campaign is also key in encouraging our people in the district to purchase locally produced products and services in support of our SMMEs, and contribute to job creation. It's also an important networking platform for our SMMEs and cooperatives who are able to learn best practices from each other.

Together with the Council for Scientific and Industrial Research (CSIR), we hosted a business opportunity workshop for SMMEs. At least 60 SMMEs attended and were trained on opportunities in recycling and value chain.

Working with SANDF and the Department of Agriculture, we have launched the Koba-Tlala Campaign here in the district. Through this project, the SANDF will procure agricultural produce from local commercial and small-scale farmers. Central collection points have been established in the five local municipalities where SANDF will collect the agricultural product. We have also reached out to our people through the Expanded Public Works Programme, which is key in providing temporary work opportunities for our communities.

We have also recorded serious achievements on our township establishment programme. Through this programme which in the main to support our efforts around building integrated human settlement we have recorded progress which is clearly highlighted in the report. Working with our traditional leaders, we are trying to ensure that our communities are located in well-situated land closer to economic opportunities.

Consistent with our commitment to expand on the provision of basic services to address in particular the backlog on water supply to our communities as well as provision of sanitation, we have continued with the rollout of infrastructure projects in the period under review. But, we must also register our disappointment in not meeting the targets around MIG spending.

In our efforts to enhance and promote democracy, public participation and good governance, we have continued with our programme of communicating key council decisions through the post-council media briefings. We have established good relations with the community radio stations, and this is a platform that we use to engage with our communities on matters of governance.

This report is the reflection of the work as left the fourth council, but also the work carried forward by the fifth council. We take collective responsibility for the achievements, but also areas of under-performance. We have identified areas that need our immediate attention, and we commit to address that as we continue on this journey of building better communities together.

**CLLR P.J SHAYI**  
**EXECUTIVE MAYOR**

## **2021/2022 ANNUAL PERFORMANCE REPORT**

### **LEGISLATION**

Section 46 (1) and (2) of the Local Government: Municipal Systems Act, No. 32 of 2000 requires municipalities to prepare for each year a performance report reflecting, the performance of the municipality and each service provider during the financial year. The annual performance report must reflect a comparison of performance with targets set for the year under review and performances in the previous financial year.

Section 121 (2) (c) of the Local Government: Municipal Finance Management Act, No. 56 of 2003 further states that the annual performance report should form part of the municipality's annual report. Mopani District Municipality's 2021/22 Annual Performance Report has been prepared in line with the provisions of the Municipal Systems Act , No. 32 of 2000 and the Municipal Finance Management Act, No 56 of 2003.

The 2021/22 Approved Service Delivery and Budget Implementation Plan was approved by the Executive Mayor, Cllr. PJ Shai on the 22nd of June 2021 and it captured the performance targets of the municipality for the year under review. The 2021/22 Approved SDBIP gave effect to the 2021/22 Integrated Development Plan's objectives and performance targets and the tabled Budget of the municipality into an implementable quarterly performance monitoring tool that was used to measure the performance of the municipality. The 2021/22 Approved SDBIP was reviewed and submitted to Council for approval on the 31st March 2021. Council noted the adjusted SDBIP through a Council

The SDBIP was adjusted during March after considering section 72 report. The 2021/22 Annual Performance Report was compiled using the approved Service Delivery and Budget Implementation Plan. The SDBIP enables the municipality to compile quarterly institutional performance reports, mid-year performance reports and annual performance report.

Different mechanisms were employed to monitor and assess the achievement of general key indicators, performance targets that are consistent with development priorities, objectives and strategies as set out in the IDP. It is therefore imperative to reflect on improvements made to service delivery performance and achievements, challenges which will subsequently determine the corrective actions taken to improve performance in 2022/23 financial year.

## **i) Municipal Transformation & Organizational Development**

The municipality operated with a total of seven (7) functional departments, namely, Water Services, Technical Services, Budget & Treasury, Planning and Development, Community Services, Corporate & Shared Services, Office of the Executive Mayor and Office of the Municipal Manager. The staff establishment was amended and adopted by council in May 2021. The IDP was approved within the legislated timeframe and community was consulted through public participation in all Local Municipalities. Mopani District Municipality complied in terms municipal reporting, quarterly reports were compiled and adopted by council. In the year under review, the Municipal Manager resigned in February 2022. The position of Senior Manager Corporate & Shared Services has been vacant since July 2021, the incumbent passed on in June 2021, council has appointed. Mr TJ Mogano(CFO) was appointed on an acting capacity for five months from february 2022 to June 2022 when he was appointed on the post which made the post for the Chief Financial Officer to be vacant. Issues of Labour were successfully dealt with and the long outstanding issue of danger allowance was amicable resolved. Council approved the danger allowance policyLabour case were not fully resolved and the case have been outstanding for two previous financial years.

## **ii) Basic Service Delivery**

In fulfilling the constitutional mandate, it was imperative that the municipality align services to the IDP indicators and council priorities. The municipal strategic objectives were reviewed in such a way that they are in line with the IDP analysis phase. Proposed programmes, projects and IDP Key Performance Indicators are in line with the municipal strategic objectives as outlined in the table of strategic guidelines of the IDP document. Municipal Infrastructure Implementation plan was developed and approved by council before the start of the financial year. Monthly MIG reports were compiled and submitted to CoGHSTA through Municipal Infrastructure system. The municipality managed to give access to water to 6446 Households in Mopani District which improved service delivery. The municipality targeted to give 6852 households with sanitation but due to late appointment of service providers, the municipality achieved 1075 and the remaining units of 5 777 will be carried over into the 2022/23 financial year.

## **iii) Local Economic Development**

The third key performance area for the municipality is Local Economic Development which mandate the municipality to promote economic growth within the district. Growing the economy is government's utmost priority. The municipality contributed to growing the economy by creating 2806 job opportunities within the District through municipal capital projects and EPWP. The municipality supported 198 SMME' s to market their products and also assist to exhibits their product. In the year under review, the municipality coordinated market pop-ups in all the five local municipalities for SMME' s to market and sell their products.

#### **iv) Municipal Financial Viability**

The municipality adopted the 2021/22 budget in May 2021 as per legislation. The Revenue Enhancement strategy was approved by council for implementation in 2020/21 Financial year. The municipality did not perform well in terms of performance of conditional grants i.e MIG and RBIG. Supply Chain Management Committees were in place throughout the financial year and bids were evaluated and adjudicated. The municipality managed to spent 100% on EPWP and FMG budget. The municipality did not fulfil its obligation of preparing the quarterly Financial Statements (AFS) and the audit was conducted which resulted in a disclaimer audit opinion which was a regress from the 2020/21 Qualified Audit year. The municipality failed to compile quarterly financial statements due to capacity issues. Section 71 reports were not fully submitted within 10 working days due to electricity cut offs and load shedding which affected the financial systems.

#### **V) Good Governance and Public Participation**

All governance structures, namely, Council, Mayoral Committee, Section 80, MPAC and Audit committee were fully functional during the year under review. The Municipality had a functional Audit Committee for 2021/22 financial year. The Risk Management Committee has been constituted and risk assessment was conducted and culminated in the development of the risk register. The IDP representation forum were not held as per the approved IDP/Budget/PMS process plan due to council being dissolved in the year under review. Various mandatory structures such as Local Labour Forum, Municipal Public Accounts Committee and Portfolio committees were established and functional. The municipality regressed and obtained a disclaimer Audit opinion.

#### **Key Challenges for the 2021/22 Financial year**

Despite the achievements alluded above, there were challenges cutting across the key performance areas that had impacted negatively on service delivery in the year under review. The challenges amongst others include the following:

- The municipality has not achieved some of the Service Delivery Budget Implementation Plan (SDBIP) planned targets;

- Failure to appoint service providers timeously;
- Non-adherence to the Procurement plan;
- PMS not cascaded to lower levels of the workforce;
- Internal Audit and Auditor General finding were not fully implemented;
- Audit Committee, Portfolio Committee and Council resolutions were not fully implemented;
- District Fire Plan, Water demand & conservation management plan and Waste water risk abatement plans not developed due to financial constraints
- Individual assessments not conducted for Senior Managers

**MR TJ MOGANO**

**MUNICIPAL MANAGER**



## SERVICE DELIVERY PERFORMANCE SUMMARY 2021/22 ANNUAL PERFORMANCE REPORT

The table and graph below illustrates service delivery performance of Mopani District Municipality against the National Key Performance Areas (NKPAs)

KPA's Performance Indicators	No. of Indicators	No. of Applicable Indicators	No. of targets achieved	No. of targets not achieved	% Target achieved
Municipal Transformation and Organisational Development	26	26	19	7	73%
Basic ServiceDelivery	11	11	6	5	55%
Local Economic Development	7	7	7	0	100%
Municipal Finance Management Viability	26	26	14	12	54%
Spatial Rationale	8	8	3	5	38%
Good Governance and Public Participation	31	31	20	11	65%
	109	109	69	40	63%
<b>Overall % =</b>					<b>63%</b>
KPA's Projects	No. of Indicators	No. of Applicable Indicators	No. of targets achieved	No. of targets not achieved	% Target achieved
Municipal Transformation and Organisational Development	8	8	3	5	38%
Basic ServiceDelivery	38	38	7	31	18%
Local Economic Development	0	0	0	0	0%
Municipal Finance Management Viability	3	3	2	1	67%
Spatial Rationale	0	0	0	0	0%
Good Governance and Public Participation	0	0	0	0	0%
	49	49	12	13	24%
<b>Overall % =</b>					<b>24%</b>
KPA's Performance Indicators and Projects	No. of Indicators	No. of Applicable Indicators including projects	No. of targets achieved	No. of targets not achieved	% Target achieved
Municipal Transformation and Organisational Development	34	34	22	12	65%
Basic ServiceDelivery	49	49	13	36	27%
Local Economic Development	7	7	7	0	100%
Municipal Finance Management Viability	29	29	16	13	55%
Spatial Rationale	8	8	3	5	38%
Good Governance and Public Participation	31	31	20	11	65%
	158	158	81	77	51%
<b>Overall % =</b>					<b>51%</b>

**Mopani District Municipality**  
**2021/2022 ANNUAL PERFORMANCE REPORT**  
**KEY PERFORMANCE AREA 1: MUNICIPAL TRANSFORMATION AND DEVELOPMENT**

KPA 1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT																
KEY PERFORMANCE INDICATORS																
OUTCOME NINE (OUTPUT 1: IMPLEMENT A DIFFERENTIATED APPROACH TO MUNICIPAL FINANCING, PLANNING AND SUPPORT, OUTPUT 4: ACTIONS SUPPORTIVE OF THE HUMAN SETTLEMENT OUTCOMES)																
Nr	Top Layer KPI Ref	Strategic Objective	KPA or SO	Municipal Program me	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline (30/06/2021 )	Annual Target (30/06/2022)	Budget 2021/22	Annual Performan ce	Challenges	Corrective Measures	KPI Owner	Evidence required	Results
1	TLMT OD_01	To promote democracy and sound governance	To inculcate entrepreneurial and intellectual capabilities	Human Resource Management	To ensure that the reviewed organizational structure is approved by council within the financial year	# of Organisational structure approved by Council by 30 May 2022	Number	1	1	Operational	1	None	None	Senior Manager Corporate	Council Resolution	G
2	TLMT OD_02	To promote democracy and sound governance	To inculcate entrepreneurial and intellectual capabilities	Human Resource Management	Reducing the vacancy rate within the financial year	# of vacant positions filled within the financial year	Number	154	60	Operational	61	None	None	Senior Manager Corporate	Appointment letters	G
3	TLMT OD_03	To promote democracy and sound governance	Good Governance and Public Participation	Human Resource Management	To ensure review of policies within a financial year	# Policies reviewed within the financial year	Number	19	20	Operational	21	None	None	Senior Manager Corporate	Council Resolution	G
4	TLMT OD_04	To promote democracy and sound governance	Good Governance and Public Participation	Labour Relations	To promote fair labour practice	% of disciplinary cases resolved within the financial year	%	80.33%	100%	Operational	75% 3/4	New evidence /documents submitted which needed reviewing	Finalise in the 1st quarter of the new financial year	Senior Manager Corporate	Disciplinary cases reports	R
5	TLMT OD_05	To promote democracy and sound governance	To inculcate entrepreneurial and intellectual capabilities	Human Resource Management	To Incultate personnel capabilities	# of Work Skills Plan submitted to SETA by June each year	Number	1	1	Operational	1	None	None	Senior Manager Corporate	Dated Proof of submission	G
6	TLMT OD_06	To promote democracy and sound governance	Good Governance and Public Participation	IDP	To ensure approval of the IDP/Budget/PMS process plan within the financial year	# of IDP/Budget/PMS Process Plan approved by council by 31 July 2021	Number	1	1	Operational	1	None	None	Municipal Manager	Council resolution	G

Nr	Top Layer KPI Ref	Strategic Objective	KPA or SO	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline (30/06/2021)	Annual Target (30/06/2022)	Budget 2021/22	Annual Performance	Challenges	Corrective Measures	KPI Owner	Evidence required	Results
7	TLMT OD_07	To promote democracy and sound governance	Good Governance and Public Participation	IDP	To ensure Council approve IDP within financial year	# of Draft 2022/23 IDP approved by Council by 31 March 2022	Number	1	1	Operational	1	None	None	Municipal Manager	Council resolution	G
8	TLMT OD_08	To promote democracy and sound governance	Good Governance and Public Participation	IDP	To ensure Council approve IDP within financial year	# of Final 2022/23 IDP approved by Council by 31 May 2022	Number	1	1	Operational	1	None	None	Municipal Manager	Council resolution	G
9	TLMT OD_09	To promote democracy and sound governance	Good Governance and Public Participation	PMS	To ensure approval of the SDBIP by the Mayor within the financial year	# of SDBIP approved by the Mayor within 28 days after adoption of the Budget and IDP (28 June 2022)	Number	1	1	Operational	1	None	None	Municipal Manager	Signed SDBIP by the Executive Mayor	G
10	TLMT OD_10	To promote democracy and sound governance	Good Governance and Public Participation	PMS	To ensure quarterly reporting and compliance within the financial year	# of Quarterly performance reports compiled & approved by council	Number	4	4	Operational	4	None	None	Municipal Manager	Council resolution	G
11	TLMT OD_11	To promote democracy and sound governance	Good Governance and Public Participation	PMS	To ensure quarterly reporting and compliance within the financial year	# of Quarterly B2B performance reports compiled & approved by council	Number	4	4	Operational	4	None	None	Municipal Manager	Council resolution	G
12	TLMT OD_12	To promote democracy and sound governance	Good Governance and Public Participation	PMS	To ensure that S54 & 56 Managers sign the performance agreements within 30 days of the new financial year	% of Signed Performance Agreements by Senior Managers (S54A & 56)	%	100%	100%	Operational	100%	None	None	Municipal Manager	Signed Performance Agreements for Sec 54 & 56 Managers	G
13	TLMT OD_13	To promote democracy and sound governance	To inculcate entrepreneurial and intellectual capabilities	PMS	To ensure PMS is cascaded to lower levels	# of Signed Performance Plan by all level 2 & 3 within the financial year	Number	12	25	Operational	16	Outstanding plans were not signed by both parties	Implementation of the staff regulations in the new financial where all employees will be signing performance plans	Director Corporate	Signed Performance Plan for all level 2 & 3	R

Nr	Top Layer KPI Ref	Strategic Objective	KPA or SO	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline (30/06/2021)	Annual Target (30/06/2022)	Budget 2021/22	Annual Performance	Challenges	Corrective Measures	KPI Owner	Evidence required	Results
14	TLMT OD_14	To promote democracy and sound governance	Good Governance and Public Participation	PMS	To ensure quarterly assessments for S54 & 56 Managers is conducted within 30 days after the end of the quarter.	# of performance assessments conducted for Sec 54A & 56 Managers	Number	0	2	Operational	0	Assessment scheduled was postponed due to unavailability of members	Finalise the assessment in the 1st quarter of 2022/23 financial year	Municipal Manager	Performance Assessment report	R
15	TLMT OD_15	To promote democracy and sound governance	Good Governance and Public Participation	PMS	To ensure municipal reporting and compliance within the financial year	Submit Annual Institutional Performance report to CoGHSTA, AG Provincial Treasury and National Treasury by 30 August each year	Number	1	1	Operational	1	None	None	Municipal Manager	Dated proof of submission to CoGHSTA, AG, Provincial and National Treasury	G
16	TLMT OD_16	To promote democracy and sound governance	Good Governance and Public Participation	PMS	To ensure municipal reporting and compliance within the financial year	Submit Mid-Year report to CoGHSTA, Provincial and National Treasury by 25 January each year	Number	1	1	Operational	1	None	None	Municipal Manager	Dated proof of submission to CoGHSTA & Treasury	G
17	TLMT OD_17	To promote democracy and sound governance	Good Governance and Public Participation	PMS	To ensure municipal reporting and compliance	# of Annual Reports tabled in Council by 31 January each year	Number	1	1	Operational	1	None	None	Municipal Manager	Council resolution	G
18	TLMT OD_18	To promote democracy and sound governance	Good Governance and Public Participation	PMS	To ensure municipal reporting and compliance within the financial year	Table Oversight report on the Annual Report in Council by 31 March each year	Number	0	1	Operational	1	None	None	Municipal Manager	Council resolution	G
19	TLMT OD_19	To promote democracy and sound governance	Good Governance and Public Participation	PMS	To ensure municipal reporting and compliance within the financial year	# of Oversight report published in the website after 7 days of adoption	Number	0	1	Operational	1	None	None	Municipal Manager	Website screenshots of the report/ Newspaper adverts	G

Nr	Top Layer KPI Ref	Strategic Objective	KPA or SO	Municipal Program	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline (30/06/2021)	Annual Target (30/06/2022)	Budget 2021/22	Annual Performance	Challenges	Corrective Measures	KPI Owner	Evidence required	Results
20	TLMT OD_20	To promote democracy and sound governance	Good Governance and Public Participation	PMS	To ensure municipal reporting and compliance within the financial year	The Mayor approve adjusted SDBIP within 30 days after budget adjustment each year	Number	1	1	Operational	1	None	None	Municipal Manager	Council resolution	G
21	TLMT OD_21	To promote democracy and sound governance	Good Governance and Public Participation	Legal Services	To improve efficiency and effectiveness of municipal administration within the financial year	% Signed Service Level Agreements within 30 days after the appointment of Service Providers	Percentage, (# of SLAs developed / # of Appointments made)	50%	100%	Operational	80% 143/178	Some SLA were misplaced due to the resignation of the Legal Manager	Liase with the Manager for tarcing the remaining SLAs	Municipal Manager	Dated signed Service Level Agreements	R
22	TLMT OD_22	To promote democracy and sound governance	Good Governance and Public Participation	Internal Audit	Functionality of Audit within the financial year	# of Auditor General action plan developed by May 2022	Number	1	1	Operational	1	None	None	Municipal Manager	Council resolution	G
23	TLMT OD_23	To promote democracy and sound governance	Good Governance and Public Participation	Risk management	To ensure effective implementation of risk mitigations actions 30 June 2022	# of Risk reports submitted to Audit Committee within the financial year	Number	4	4	Operational	4	None	None	Municipal Manager	Quartely risk reports	G
24	TLMT OD_24	To promote democracy and sound governance	Good Governance and Public Participation	Internal Audit	To attain Clean Audit by ensuring compliance to all governance; financial management and reporting requirements by 30 June 2022	% of internal audit findings implemented	Percentage, (# of Internal Audit issues resolved / # of issues raised)	60%	100%	Operational	59% 106/144	Slow implementation by Directorates	Prioritize the findings in all management meeting	Municipal Manager	Resolved & updated AG Action Plan	R
25	TLMT OD_25	To promote democracy and sound governance	Good Governance and Public Participation	Internal Audit	To attain Clean Audit by ensuring compliance to all governance; financial management and reporting requirements by 30 June 2022	% of AG issues resolved	Percentage, (# of Auditor General issues resolved / # of issues raised)	0%	100%	Operational	52% 52/100	Prior year issues that will only be resolved after completion of the AFS	Issues will be finalised after finalisation of the Annual Financial statements	Municipal Manager	Resolved AG issues and POE 's submitted	R
26	TLMT OD_26	To promote democracy and sound governance	Good Governance and Public Participation	Risk management	To ensure effective implementation of risk mitigations actions by 30 June 2022	% of Risk issues resolved	Percentage, (# Risk issues implemented / resolved / # of risks identified)	80%	100%	Operational	90% 27/30	None implementation of the SLA by locals. High vacancy rate & huge litigation register	MDM currently reviewing the SLA with locals & settling of cases in the litigation register	Municipal Manager	Resolved Risk issues and POE submitted	R

**Mopani District Municipality**  
**2021/2022 ANNUAL PERFORMANCE REPORT**  
**KEY PERFORMANCE AREA 2: BASIC SERVICE DELIVERY**

KPA 2 : BASIC SERVICE DELIVERY INDICATORS															
OUTPUT 2: IMPROVING ACCESS TO BASIC SERVICES															
Nr	Top Layer KPI Ref	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline 30/06/2021	Annual Target (30/06/2022)	Budget 2021/22	Annual Actual Performance	Challenges	Corrective Measures	KPI Owner	Evidence requires	Results
1	TLBS D01	Sustainable Infrastructure development and maintenance	MIG	To monitor the development and MIG implementation plan within a financial year	Development of MIG implementation Plan by July each year	Number	1	1	Operational	1	None	None	Senior Manager Technical Services	Approved MIG Implementation Plan	G
2	TLBS D02	Sustainable Infrastructure development and maintenance	Water	To have integrated infrastructure development	Development of water demand and conservation management strategy by 30 June 2022	Number	0	1	Operational	0	Budget limitations	DBSA appointed a service provider to develop the plan, in the process of finalising	Senior Manager Water Services	Council resolution	R
3	TLBS D03	Sustainable Infrastructure development and maintenance	Water	To have integrated infrastructure development	Development of the waste water risk abatement plan	Number	0	1	Operational	0	Service provider not yet appointed	Advertised in the current year due for evaluation	Senior Manager Water Services	Council resolution	R
4	TLBS D04	To improve community safety, health & wellbeing	Fire	To ensure Clean, safe and hygienic environment, water and sanitation services	Development of District fire Plan by end of June	Number	0	1	Operational	0	Budget limitations	The plan will done in house	Senior Manager Community Services	Council resolution	R
5	TLBS D05	To improve community safety, health & Social wellbeing	Disaster	To ensure Clean, safe and hygienic environment, water and sanitation services	Development of Disaster Management Plan by end of June	Number	0	1	Operational	1	None	None	Senior Manager Community Services	Council resolution	G
6	TLBS D06	Sustainable Infrastructure development and maintenance	MIG	To have integrated infrastructure development	# of monthly MIG reports captured on the MIS website (CoGHSTA)	Number	12	12	Operational	12	None	None	Senior Manager Technical Services	MIS screenshots (website screenshots)	G

Nr	Top Layer KPI Ref	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline 30/06/2021	Annual Target (30/06/2022)	Budget 2021/22	Annual Actual Performance	Challenges	Corrective Measures	KPI Owner	Evidence requires	Results
7	TLBS D07	Sustainable Infrastructure development and maintenance	Legal	To have integrated infrastructure development	# of by-laws gazetted by 30 June 2022	Number	2	5	Operational	3	Public participation finalised late due to council being resolved	Finalise appointment of the Attorney to finalise the remaining 2	Municipal Manager	Council resolution	R
8	TLBS D08	Clean, safe and hygienic environment, water and sanitation services	Water	To ensure provision of basic services	# of HH with access to water	Number	4 509	6 000	Operational	6 446	None	None	Senior Manager Water Services	Completion Certificates on water projects	G
9	TLBS D09	Clean, safe and hygienic environment, water and sanitation services	Sanitation	To ensure provision of basic services	# of HH with access to sanitation	Number	7 517	333	Operational	333	None	None	Senior Manager Technical Services	Completion certificate/ Happy letters	G
10	TLBS D10	Clean, safe and hygienic environment, water and sanitation services	Sanitation	To ensure provision of basic services	# of HH with access to sanitation	Number	7 517	6 852	Operational	1 075	Delayed in appointment of Contractors, appointed in the 3rd quarter	Develop an acceleration plan to monitor progress	Senior Manager Technical Services	Completion certificate/ Happy letters	R
11	TLBS D11	Clean, safe and hygienic environment, water and sanitation services	Roads and Transport	To ensure provision of basic services	# in KMs of gravel roads graded	Number (km)	New	2000	Operational	12 694	None	None	Senior Manager Technical Services	Quarterly reports	G

## Mopani District Municipality

### 2021/2022 ANNUAL PERFORMANCE REPORT

#### KEY PERFORMANCE AREA 3: LOCAL ECONOMIC DEVELOPMENT

KPA 3 : LOCAL ECONOMIC DEVELOPMENT															
KEY PERFORMANCE INDICATORS															
OUTCOME 9: IMPLEMENTATION OF THE COMMUNITY WORK PROGRAMME															
Nr	Top Layer KPI Ref	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline 30/06/2021	Annual Target (30/06/2022)	Budget 2021/22	Annual Actual Performance	Challenges	Corrective Measures	Responsible Person	Evidence requires	Results
1	TLLE D_01	To improve community safety, health and social well-being	LED	To ensure sustainable livelihoods within the district	# of jobs created through EPWP	Number	5 134	2 786	Operational	2 806	None	None	Senior Manager Planning & Development	Proof of jobs created	G
2	TLLE D_02	To promote economic sectors of the district	LED	To promote economic sector of the district	# of SEDA trainings conducted	Number	7	4	Operational	4	None	None	Senior Manager Planning & Development	Training reports	G
3	TLLE D_03	To promote economic sectors of the district	LED	To promote economic sector of the district	Review of LED strategy & approved by council by end of June December	Number	0	1	Capital	1	None	None	Senior Manager Planning & Development	Council Resolution	G
4	TLLE D_04	To promote economic sectors of the district	LED	To ensure Promotion of local economy within the financial year	# of SMME supported through LED	Number	40	100	Operational	198	None	None	Senior Manager Planning & Development	Proof for SMME s supported	G
5	TLLE D_05	To promote economic sectors of the district	EPWP	To ensure Promotion of local economy within the financial year	# of EPWP reports compiled and submitted to Council	Number	6	4	Operational	4	None	None	Senior Manager Planning & Development	Council Resolution/ EPWP Reports	G
6	TLLE D_06	To promote economic sectors of the district	LED	To ensure Coordination of LED forums within the financial year	# of LED District Forums coordinated	Number	3	3	Operational	3	None	None	Senior Manager Planning & Development	Invitations, Minutes & Attendance register	G



Nr	Top Layer KPI Ref	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline 30/06/2021	Annual Target (30/06/2022)	Budget 2021/22	Annual Actual Performance	Challenges	Corrective Measures	Responsible Person	Evidence requires	Results
7	TLLE D_07	To promote economic sectors of the district	LED	To Coordinate the Exhibition pavilion for emerging local SMMEs in Exhibition shows	# of Marketing Initiated coordinated	Number	0	2	Operational	8	None	None	Senior Manager Planning & Development	proof for Marketing initiated coordinated	G

**KPA 4 MUNICIPAL FINANCIAL VIABILITY**  
**KEY PERFORMANCE INDICATORS**  
**OUTPUT 6: ADMINISTRATIVE AND FINANCIAL CAPABILITY**

Nr	Top Layer KPI Ref	Strategic Objective	Municipal Program	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline / (30/06/21)	Annual Target (30/06/22)	Budget 2021/22	Annual Actual Performance	Challenges	Corrective Measures	KPI Owner	Evidence required	Results
1	TLF V_01	To Increase revenue generation and implement financial control systems	Revenue	To ensure improvement in revenue collection within the financial year	% of revenue collected within the financial year	Percentage (Revenue billed for the year)	41%	95%	Operational	10%	Consumers are not paying for services received	Implementation of the credit control policy	CFO	Financial reports	R
2	TLF V_02	To Increase revenue generation and implement financial control systems	Revenue	To monitor debt collections within a financial year	% in debts collected within the financial year	Percentage (Debtors)	36%	80%	Operational	9%	Institutions with old debts are slowly paying	Letters will be written to the Institution for payment plan	CFO	Financial reports	R
3	TLF V_03	To Increase revenue generation and implement financial control systems	Revenue	To monitor the implementation of municipal services within a financial year	# of data cleansing performed (Meter services) within the financial year	Number	0	4	Operational	0	Local municipalities not submitting the report to the district	Liaise with the revenue managers of locals to submit on a quarterly basis	CFO	Financial reports	R
4	TLF V_04	To Increase revenue generation and implement financial control systems	Budget and Reporting	To ensure that quarterly financial statements are prepared within 14 days after the end of each quarter.	# of quarterly financial statements submitted to Provincial Treasury	Number	0	4	Operational	0	Capacity in preparation of the Financial statements	Quarterly financial statements will be compiled in the 1st quarter	CFO	Dated proof of submission Financial Statements	R
5	TLF V_05	To Increase revenue generation and implement financial control systems	Budget and Reporting	To ensure compliance with legislation within the financial year	Council approved Draft Budget within the financial year	Number	1	1	Operational	1	None	None	CFO	Council Resolution	G

Nr	Top Layer KPI Ref	Strategic Objective	Municipal Program	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline / (30/06/21)	Annual Target (30/06/22)	Budget 2021/22	Annual Actual Performance	Challenges	Corrective Measures	KPI Owner	Evidence required	Results
6	TLF V_06	To Increase revenue generation and implement financial control systems	Budget and Reporting	To ensure compliance with legislation within the financial year	Council approved Final Budget within the financial year	Number	1	1	Operational	1	None	None	CFO	Council Resolution	G
7	TLF V_07	To Increase revenue generation and implement financial control systems	Budget and Reporting	To ensure compliance with legislation within the financial year	Council approved Draft Budget policies	Number	11	11	Operational	11	None	None	CFO	Council Resolution	G
8	TLF V_08	To Increase revenue generation and implement financial control systems	Budget and Reporting	To ensure compliance with legislation within the financial year	Council approved Final Budget policies	Number	11	11	Operational	11	None	None	CFO	Council Resolution	G
9	TLF V_09	To Increase revenue generation and implement financial control systems	Budget and Reporting	To ensure compliance with legislation within the financial year	Council approved Adjustment budget by 28 February each year	Number	1	1	Operational	1	None	None	CFO	Council Resolution	G
10	TLF V_10	To Increase revenue generation and implement financial control systems	Budget and Reporting	To ensure compliance with legislation within the financial year	Submit Unaudited annual financial statements by 31 August each year	Number	1	1	Operational	0	AFS finalised submitted hours after the due date due	Ensure that AFS are submitted on the 31st as per the ;egislation	CFO	Dated proof of submission of Unaudited AFS	R
11	TLF V_11	To Increase revenue generation and implement financial control systems	Budget and Reporting	To ensure compliance with legislation within the financial year	# of Deviation 32 Registers developed and updated	Number	12	12	Operational	12	None	None	CFO	Dated proof of Deviation register	G

Nr	Top Layer KPI Ref	Strategic Objective	Municipal Program	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline / (30/06/21)	Annual Target (30/06/22)	Budget 2021/22	Annual Actual Performance	Challenges	Corrective Measures	KPI Owner	Evidence required	Results
12	TLF V_12	To Increase revenue generation and implement financial control systems	Budget and Reporting	To ensure compliance with legislation within the financial year	# of Finance compliance report submitted to Treasuries & CoGHSTA	Number	12	12	Operational	12	None	None	CFO	Financial reports	G
13	TLF V_13	To Increase revenue generation and implement financial control systems	Budget and Reporting	To ensure compliance with legislation within the financial year	Submit monthly Sec 71 reports to Provincial treasury within 10 working days	Number	12	12	Operational	8	system closed late due to electricity cut offs	Ensure that trasanctions are don ethrough the sytem to avoid late closure	CFO	Dated proof of submission	R
14	TLF V_14	To Increase revenue generation and implement financial control systems	Supply Chain Management	To Improve financial viability within the financial year	Appointment of Supply Chain Committees by 30 June each year (Specification, Evaluation & Adjudication)	Number	3	3	Operational	3	None	None	Municipal Manager	Appointment Letters	G
15	TLF V_15	To Increase revenue generation and implement financial control systems	Supply Chain Management	To Improve financial viability within the financial year	% of Construction Tenders placed on the CIDB website	%	0%	100%	Operational	100%	None	None	CFO	Website screenshots	G
16	TLF V_16	To Increase revenue generation and implement financial control systems	Supply Chain Management	To ensure payment of service providers within 30 days of the submission of invoices.	Pay invoices wiithin 30 days of receipt from the service providers	%	69%	100%	Operational	30% 804/2642	Invoices returned back for correcting the errors	Use departments to submit invoices that are cleared of errors to finance	CFO	Dated proof of payment	R
17	TLF V_17	To Increase revenue generation and implement financial control systems	Assets Management	To ensure compliance with legislation within the financial year	# of GRAP Compliance Assets register Compiled	Number	1	1	Operational	1	None	None	CFO	GRAP compliace Assets register compiled	G

Nr	Top Layer KPI Ref	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline / (30/06/21)	Annual Target (30/06/22)	Budget 2021/22	Annual Actual Performance	Challenges	Corrective Measures	KPI Owner	Evidence required	Results
18	TLF V_18	To Increase revenue generation and implement financial control systems	Assets Management	To ensure compliance with legislation within the financial year	# Assets verifications conducted in line with GRAP standards	Number	2	2	Operational	1	1 was not done due to capacity issues due to the expiry of the contract	Service provider appointed, verifications will be done bi-annually in 2022/23 financial year	CFO	Quarterly Assets verification reports	R
19	TLF V_19	To Increase revenue generation and implement financial control systems	Expenditure Management	To effectively manage the financial affairs of the municipality within the financial year	% capital budget spent as approved by Council within the financial year	Percentage (Accumulative)	76%	100% Capital Budget spent	Capital	76% R414 300 627/ R546 409 260	Service providers appointed late	Development of an acceleration plan	CFO & Technical Services	Financial reports/	R
20	TLF V_20	To Increase revenue generation and implement financial control systems	Expenditure Management	To effectively manage the financial affairs of the municipality within the financial year	% Operational and maintenance budget spent as approved by Council within the financial year	Percentage (Accumulative)	98%	100% Operational Budget spent	Operational	76% R1 165 129 567/ R1 563 227	Service providers appointed late	Development of an acceleration plan	CFO/ Senior Manager Water Services	Financial reports/	R
21	TLF V_21	To Increase revenue generation and implement financial control systems	Expenditure Management	To effectively manage the financial affairs of the municipality within the financial year	% MIG budget spent as approved by Council within the financial year	Percentage (Accumulative)	100%	100% MIG expenditure	Capital	91% R396 586 279/R436 797 000	Service providers appointed late	Development of an acceleration plan	CFO & Technical Services	Financial reports/	R
22	TLF V_22	To Increase revenue generation and implement financial control systems	Expenditure Management	To effectively manage the financial affairs of the municipality within the financial year	% RBIG budget spent as approved by Council within the financial year	Percentage (Accumulative)	100%	100% RBIG expenditure	Capital	97% R 27 264 438/ R28 189 015.36	Service providers appointed late	Development of an acceleration plan	CFO & Technical Services	Financial reports/	R
23	TLF V_23	To Increase revenue generation and implement financial control systems	Expenditure Management	To effectively manage the financial affairs of the municipality within the financial year	% WSIG budget spent as approved by Council within the financial year	Percentage (Accumulative)	31%	100% WSIG expenditure	Capital	100% R32 363 000/ R32 363 000	None	None	CFO & Technical Services	Financial reports/	G

Nr	Top Layer KPI Ref	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline / (30/06/21)	Annual Target (30/06/22)	Budget 2021/22	Annual Actual Performance	Challenges	Corrective Measures	KPI Owner	Evidence required	Results
24	TLF V_24	To Increase revenue generation and implement financial control systems	Expenditure Management	To effectively manage the financial affairs of the municipality within the financial year	% RRAMS budget spent as approved by Council within the financial year	Percentage (Accumulative)	100%	100% RRAMS expenditure	Capital	100% R2 255 000/ R2 255 000	None	None	CFO & Technical Services	Financial reports/	G
25	TLF V_25	To Increase revenue generation and implement financial control systems	Expenditure Management	To effectively manage the financial affairs of the municipality within the financial year	% FMG budget spent as approved by Council within the financial year	Percentage (Accumulative)	100%	100% FMG expenditure	Operational	100% R 2 900 000/ R2 900 000	None	None	CFO	Financial reports/	G
26	TLF V_26	To Increase revenue generation and implement financial control systems	Expenditure Management	To effectively manage the financial affairs of the municipality within the financial year	% EPWP budget spent as approved by Council within the financial year	Percentage (Accumulative)	100%	100% EPWP expenditure	Operational	100% R10 129 000/ R10 129 000	None	None	CFO & Technical Services	Financial reports/	G

**Mopani District Municipality**  
**2021/2022 ANNUAL PERFORMANCE REPORT**  
**KEY PERFORMANCE AREA 5: SPATIAL**

KPA 6 : SPATIAL RATIONALE															
OUTPUT 2: IMPROVING ACCESS TO BASIC SERVICES															
Nr	Top Layer KPI Ref	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline 30/06/2021	Annual Target (30/06/2022)	Budget 2021/22	Annual Actual Performance	Challenges	Corrective Measures	Results	KPI Owner	Evidence requires
1	TPS_R_01	To have efficient, effective economic and intergrated use of space	Spatial Planning	To have sustainable, optimal, harmonious and intergrated land deveolopment	Percentage, (# of applications received / # of land use applications processed) within 90 days of receipt)	%	100%	100%	Operational	100%	None	None	G	Senior Manager Planning	Attendance Register, Minutes
2	TPS_R_02	To have efficient, effective economic and intergrated use of space	Spatial Planning	To have sustainable, optimal, harmonious and intergrated land deveolopment	# of Municipal Planning Tribunal meetings coordinated	Number	4	8	Operational	20	None	None	G	Senior Manager Planning	Attendance Register, Minutes
3	TPS_R_03	To have efficient, effective economic and intergrated use of space	GIS	To have sustainable, optimal, harmonious and intergrated land deveolopment	% in capturing Projects in the GIS system within the financial year	Percentage	39%	100%	Operational	100% 165/165	None	None	G	Senior Manager Planning	List of project coordinates in the GIS
4	TL_S_R_04	To have efficient, effective economic and intergrated use of space	Spatial Planning	To have sustainable, optimal, harmonious and intergrated land deveolopment	# To establish township at Humulani / Matiko-xikaya Village (1000 sites) by 30 June 2022	Number	0	1	Capital	0	Draft Layout submitted, awaiting approval of the layout plan	Liase with the local municipality for approval	R	Senior Manager Planning	Approved Layout plan
5	TL_S_R_05	To have efficient, effective economic and intergrated use of space	Spatial Planning	To have sustainable, optimal, harmonious and intergrated land deveolopment	# To establish Township at Xivulani Village (1000 sites) by 30 June 2022	Number	0	1	Capital	0	Draft Layout submitted, awaiting approval of the layout plan	Liase with the local municipality for approval	R	Senior Manager Planning	Approved Layout plan
6	TL_S_R_06	To have efficient, effective economic and intergrated use of space	Spatial Planning	To have sustainable, optimal, harmonious and intergrated land deveolopment	# To establish township at Xihoko Village (1000 sites) by 30 June 2022	Number	0	1	Capital	0	Draft Layout submitted, awaiting approval of the layout plan	Liase with the local municipality for approval	R	Senior Manager Planning	Approved Layout plan

Nr	Top Layer KPI Ref	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline 30/06/2021	Annual Target (30/06/2022)	Budget 2021/22	Annual Actual Performance	Challenges	Corrective Measures	Results	KPI Owner	Evidence requires
7	TL_SR_07	To have efficient, effective economic and intergrated use of space	Spatial Planning	To have sustainable, optimal, harmonious and intergrated land deveolopment	# of Township established at N'wamitwa Village (1000 sites by 30 June 2022	Number	0	1	Capital	0	Draft Layout submitted, awaiting approval of the layout plan	Liae with the local municipality for approval	R	Senior Manager Planning	Approved Layout plan
8	TL_SR_08	To have efficient, effective economic and intergrated use of space	Spatial Planning	To have sustainable, optimal, harmonious and intergrated land deveolopment	# of Township established at Gravelotte (400 sites) by 30 June 2022	Number	0	1	Capital	0	Draft Layout submitted, awaiting approval of the layout plan	Liae with the local municipality for approval	R	Senior Manager Planning	Approved Layout plan



**KPA 5 : GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

**KEY PERFORMANCE INDICATORS**

**OUTCOME 9 (OUTPUT 5: DEEPEN DEMOCRACY THROUGH A REFINED WARD COMMITTEE MODEL, OUTPUT 6: ADMINISTRATIVE AND FINANCIAL CAPABILITY)**

Nr	Top Layer KPI Ref	Strategic Objective	Programmes	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline(30/06/2021)	Annual Target (30/06/2022)	Budget 2021/2022	Annual Actual Performance	Challenges	Corrective Measures	KPI Owner	Evidence Required	Results
1	TLGG PP_01	To promote democracy and sound governance	Council	To ensure functionality of Council committee within the financial year.	# of Council Meetings held within the financial year	Number	16	4	Operational	10	None	None	Municipal Manager	Agenda, Minutes & attendance register	G
2	TL_G GPP_02	To promote democracy and sound governance	Council	To ensure functionality of Council committee within the financial year.	% in Implementation of Council Resolutions	Percentage	36	100%	Operational	98%	Slow implementation by departments	Fastrack the resolutions through management meetings	Municipal Manager	Updated Resolutions Register	R
3	TLGG PP_03	To promote democracy and sound governance	Mayoral Committee	To ensure functionality of MAYCO within the financial year.	# of MAYCO meetings held within the financial year	Number	15	4	Operational	12	None	None	Municipal Manager	Agenda, Minutes & attendance register	G
4	TLGG PP_04	To promote democracy and sound governance	Portfolio	To ensure functionality of Portfolio committees within the financial year.	# of Portfolio committee meetings held within the financial year	Number	15	36	Operational	87	None	None	Manager Executive Mayor's Office	Agenda, Minutes & attendance register	G
5	TL_GG PP_05	To promote democracy and sound governance	Portfolio	To ensure functionality of Portfolio committees within the financial year.	% in Implementation of Portfolio Resolutions	Percentage	0	100%	Operational	38%	Registers not discussed/presented in the meetings	Resolutions registers to be standing items in every portfolio meeting	Manager Executive Mayor's Office	Updated Resolutions Register	R
6	TL_GG PP_06	To promote democracy and sound governance	IGR	To ensure functionality of IGR structures within the financial year.	# of IGR meetings held within the financial year	Number	1	4	Operational	3	2nd Quarter meeting was not held due to council being desolved	Enforce holding of 1 meeting per quarter in the new financial year	Municipal Manager	Attendance Register	R

Nr	Top Layer KPI Ref	Strategic Objective	Program mes	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline(30 /06/2021	Annual Target (30/06/2022)	Budget 2021/2022	Annual Actual Performance	Challenges	Corrective Measures	KPI Owner	Evidence Required	Results
7	TL_G GPP_07	To promote democracy and sound governance	IGR	To ensure functionality of IGR structures within the financial year.	% in Implementation of IGR Resolutions	Percentage	0	100%	Operational	30%	Slow responses from local municipality	Formall correspondes will be written to the local	Municipal Manager	Updated Resolutions Register	R
8	TL_GG PP_08	To promote democracy and sound governance	Ethics Committee	To ensure functionality of Council committees within the financial year	# of Ethics Committee Meeting held within the financial year	Number	10	4	Operational	4	None	None	Manager Executive Mayor s Office	Attendanc e Register	G
9	TL_GG PP_09	To promote democracy and sound governance	Public Participation	To ensure public involvement in the affairs of the Municipalities	# of Public Participation Meetings held within the financial year	Number	4	4	Operational	8	None	None	Manager Executive Mayor s Office	Attendanc e Register, Minutes	G
10	TLGG PP_10	To promote democracy and sound governance	MPAC	To ensure functionality of Council committees within the financial year	# of MPAC meetings held within the financial year	Number	9	4	Operational	13	None	None	Manager Executive Mayor s Office	Agenda, Minutes & attendanc e register	G
11	TLGG PP_11	To promote democracy and sound governance	MPAC	To ensure functionality of Council committee within the financial year	# of MPAC reports submitted to council held within the financial year	Number	4	4	Operational	4	None	None	Manager Executive Mayor s Office	Council resolution	G
12	TLGG PP_12	To promote democracy and sound governance	Ward Committee	To ensure functionality of Council committee within the financial year	# of Ward District Committee Meetings held within the financial year	Number	0	4	Operational	1	Meetings were not held due to ward commitees not having gadgets to attend virtualy	Ward committee established with he new council and its functional	Director Executive Mayor s Office	Agenda, Minutes & attendanc e register	R
13	TLGG PP_13	To promote democracy and sound governance	Managem ent committee	To ensure functionality of administration	# of Management meetings held within the financial year	Number	18	12	Operational	12	None	None	Municipal Manager	Agenda, Minutes & attendanc e register	G

Nr	Top Layer KPI Ref	Strategic Objective	Program mes	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline(30 /06/2021	Annual Target (30/06/2022)	Budget 2021/2022	Annual Actual Performance	Challenges	Corrective Measures	KPI Owner	Evidence Required	Results
14	TLGG PP_14	To promote democracy and sound governance	Labour Relations	To ensure functionality of Council within the financial year	# of LLF meetings held within the financial year	Number	14	10	Operational	10	None	None	Senior Manager Corporate	Agenda, Minutes & attendance register	G
15	TLGG PP_15	To promote democracy and sound governance	Labour Relations	To ensure functionality of Municipality within the financial year	% in implementation of LLF resolutions within the financial year	Percentage (# of resolutions taken/ # of resolutions implemented ).	64%	100%	Operational	100%	None	None	Senior Manager Corporate	Updated Resolutions register	G
16	TLGG PP_16	To promote democracy and sound governance	Public Participation	To ensure public involvement in the IDP review	# of IDP/Budget/ PMS REP Forum meetings held within the financial year	Number	6	5	Operational	3	2 meetings could not be held due to council being dissolved	Ensure that all the IDP phases meetings are held in the new financial year	Municipal Manager	Agenda & Attendance register	R
17	TLGG PP_17	To promote democracy and sound governance	Public Participation	To ensure public involvement in the IDP/Budget review within a financial year	# of IDP/Budget/ PMS Steering Committee meetings within the financial year	Number	13	5	Operational	3	2 meetings could not be held due to council being dissolved	Ensure that all the IDP phases meetings are held in the new financial year	Municipal Manager	Agenda & Attendance register	R
18	TLGG PP_18	To promote democracy and sound governance	Public Participation	To promote accountability within the municipality	% of complaints resolved	Percentage (# of resolutions taken/ # of resolutions implemented ).	0%	100%	Operational	0%	Outstanding invoices not paid, complainant not traceable	Liase with Office of the Premier	Director Executive Mayor s Office	Updated Complaints Management Register	R
19	TLGG PP_19	To promote democracy and sound governance	Public Participation	To ensure public involvement in Mayoral Imbizo's within a financial year	# of quarterly Community feedback meetings held within a financial	Number	4	4	Operational	4	4	None	Director Executive Mayor s Office	Agenda & Attendance register	G
20	TLGG PP_20	To promote democracy and sound governance	Public Participation	To ensure public involvement in Municipal activities	# of quarterly Newsletters developed	Number	4	4	Operational	4	None	None	Director Executive Mayor s Office	Printed News letters	G

Nr	Top Layer KPI Ref	Strategic Objective	Programmes	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline(30/06/2021	Annual Target (30/06/2022)	Budget 2021/2022	Annual Actual Performance	Challenges	Corrective Measures	KPI Owner	Evidence Required	Results
21	TLGG PP_21	To promote democracy and sound governance	Committees	To ensure functionality of Audit committee within a financial year	# of Audit Committee meetings held within the financial year	Number	10	5	Operational	8	None	None	Municipal Manager	Agenda, Minutes & Attendance register	G
22	TLGG PP_22	To promote democracy and sound governance	Committees	To ensure functionality of Audit committee within a financial year	% of Audit and Performance Audit Committee resolutions implemented within the financial year	Percentage	70%	100%	Operational	71%	Slow implementation by departments	Prioritise all resolutions for standing items in all management meetings	Municipal Manager	Audit Committee resolutions register	R
23	TLGG PP_23	To promote democracy and sound governance	Risk	To ensure functionality of mitigation of risks committee within the financial year.	# of Council approved Risk Policy	Number	1	1	Operational	1	None	None	Municipal Manager	Council Resolution	G
24	TLGG PP_24	To promote democracy and sound governance	Risk	To ensure functionality of mitigation of risks committee within the financial year.	# of Council approved Risk strategy	Number	1	1	Operational	1	None	None	Municipal Manager	Council Resolution	G
25	TLGG PP_25	To promote democracy and sound governance	Risk	To ensure functionality of Risk committee within the financial year.	Council approved Fraud and Anti Corruption strategy	Number	1	1	Operational	1	None	None	Municipal Manager	Council Resolution	G
26	TLGG PP_26	To promote democracy and sound governance	Legal	To monitor response in terms of the fraud and corruption cases registered	% of Fraud and Corruption cases investigated	Percentage	0	100%	Operational	N/A	N/A	N/A	Municipal Manager	Updated Fraud and Corruption case register	N/A
27	TLGG PP_27	To promote democracy and sound governance	Audit	To ensure functionality of Council committee within the financial year	# of Unqualified Audit Opinion obtained by 31 december each year	Number	Qualified	1	Operational	0	Disclaimer Audit Opinion	Implementation of the AG action plan	Municipal Manager	Auditor General Audit	R

Nr	Top Layer KPI Ref	Strategic Objective	Program mes	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline(30 /06/2021	Annual Target (30/06/2022)	Budget 2021/2022	Annual Actual Performance	Challenges	Corrective Measures	KPI Owner	Evidence Required	Results
28	TL_G GPP_28	To promote democracy and sound governance	IT	To promote democracy and sound governance	Number of super user accounts activities reviewed per quarter	Number	0	4	Operational	1	None	None	Senior Manager Corporate	Audit trail report	G
29	TL_G GPP_29	To promote democracy and sound governance	IT	To promote democracy and sound governance	Percentage of quarterly IT servers backups verified	Number	0	100%	Operational	100%	None	None	Senior Manager Corporate	Audit trail report	G
30	TL_G GPP_30	To promote democracy abd sound governance	Internal Audit	Functionality of Audit within the financial year	Audit Committee approve Internal Audit Plan by 30 June each year	Number	1	1	1	0	Risk assessments was concluded late	The plan will be submitted to AC during 4th quarter meeting	Municipal Manager	AC approved Internal Audit Plan	R
31	TL_G GPP_31	To promote democracy abd sound governance	Internal Audit	Functionality of Audit within the financial year	Audit Committee approve Internal Audit Charter by 30June each year	Number	1	1	1	1	None	None	Municipal Manager	AC approved revised Internal Audit Charter	G

MUNICIPAL TRANSFORMATION & DEVELOPMENT PROJECTS (2021/22)																
MUNICIPAL TRANSFORMATION & DEVELOPMENT CAPITAL PROJECTS FOR 2021/22																
Nr	Strategic Objective	Programme	Projects	Project Name	Start Date	Completion date	Project Owner	Source of funding	Original Budget	Adjusted Budget	Annual Target	Annual Actual Performance	Challenges	Corrective Measures	Evidence required	Results
1	Democratic society and sound governance	Administration	To Purchase & Deliver Air Conditioning System by 30 June 2022	Air Conditioning system	2021/07/01	2022/06/30	Senior Manager Corporate Services	MDM	R999 996	R999 996,00	100	100	None	None	Delivery note	G
2	Democratic society and sound governance	Administration	To purchase & Install Telephone PABX system	Telephone PABX system	2021/07/01	2022/06/30	Senior Manager Corporate Services	MDM	R1 500 000,00	R1 500 000,00	100	100	None	None	Delivery note	G
3	Democratic society and sound governance	IT	To purchase & deliver Audio Visual Equipment by 30 June 2022	Audio Visual Equipment	2021/07/01	2022/06/30	Senior Manager Corporate Services	MDM	R600 000,00	R 400 000,00	100	20	Budget limitations	Rebudgeted in the new financial year	Delivery note	R
4	Democratic society and sound governance	IT	To purchase & deliver computers by 30 June 2022	Computers	2021/07/01	2022/06/30	Senior Manager Corporate Services	MDM	R1 200 000,00	R 1 200 000,00	100	100	None	None	Delivery note	G
5	Democratic society and sound governance	IT	To purchase & deliver Data projectors by 30 June 2022	Data Projectors	2021/07/01	2022/06/30	Senior Manager Corporate Services	MDM	R120 000,00	R 60 000,00	100	20	Budget limitations	Rebudgeted in the new financial year	Delivery note	R
6	Democratic society and sound governance	IT	To purchase & portable outdoor Enterprise LTE by 30 June 2022	Portable outdoor Enterprise LTE	2021/07/01	2022/06/30	Senior Manager Corporate Services	MDM	R36 000,00	R 36 000,00	100	20	Budget limitations	Provision of budget in 2023/24 financial year	Delivery note	R

Nr	Strategic Objective	Programme	Projects	Project Name	Start Date	Completion date	Project Owner	Source of funding	Original Budget	Adjusted Budget	Annual Target	Annual Actual Performance	Challenges	Corrective Measures	Evidence required	Results
7	Democratic society and sound governance	IT	To purchase & deliver Server by 30 June 2022	Server	2021/07/01	2022/06/30	Senior Manager Corporate Services	MDM	R300 000,00	R 500 000,00	100	20	Budget limitations	Provision of budget in 2023/24 financial year	Delivery note	R
8	Democratic society and sound governance	IT	To purchase & deliver Dvideo Conferencing system by 30 June 2022	Video Conferencing System	2021/07/01	2022/06/30	Senior Manager Corporate Services	MDM	R180 000,00	R 180 000,00	100	20	Budget limitations	Provision of budget in 2023/24 financial year	Delivery note	R

## 2021/22 CAPITAL WORKS PLAN SUMMARY OF CAPITAL PROJECTS PER FOR THE YEAR

### BASIC SERVICE DELIVERY PROJECTS

Region/ Ward	Strategic Objective	Programme	Projects description	Project Name	Start Date	Completion date	Project Owner	Source of funding	Original Budget	Adjusted Budget	Annul Target	Annual Actual Performan ce	Challenges	Corrective Measures	Evidence required	Results
1	To have integrated infrastructure development	Water	Construction of bulk Water supply at Selwane	Selwane water scheme phase 2	2021/07/01	2022/06/30	Senior Manager Technical	MIG	R2 536 224,00	R2 536 224,00	100	95	Delays in electrification of Pump station.	Pump station is now energized. Project has reached practical completion and awaiting handover.	Completion certificate	R
2	To have integrated infrastructure development	Water	Construction of Hoedspruit bulk Water supply	Hoedspruit Bulk water supply	2021/07/01	2022/06/30	Senior Manager Technical	MIG	R15 904 896,00	R3 828 581,00	100	92	The contract has been closed after challenges on the unavailability of land for the reservoir.	Ongoing engagements between MDM, MLM and DPW	Completion certificate	R
3	To have integrated infrastructure development	Water	Construction of Sefofotse to Ditshosine bulk water / ramahlatsi bulk water and water reticulation	Sefofotse to Ditshosine bulk water / ramahlatsi bulk water & reticulation	2021/07/01	2022/06/30	Senior Manager Technical	MIG	R14 270 868,00	R14 270 868,00	100	92,5	Underperformance by the contractor. Delay by ESKOM to energize the boreholes	Signing of cessions with sub-contractors to expedite the works. On-going follow ups with ESKOM.	Completion certificate	R
4	To have integrated infrastructure development	Water	Design development, Refurbishment of pumps & construction of reservoirs	Kampersrus Bulk Water Reticulation and Scortia Water reticulation	2022/02/28	2022/06/30	Senior Manager Technical	MIG	R0,00	R1 100 000,00	100	97	Delay by ESKOM to upgrade the existing transformer to ensure full functionality of the booster pump station.	On-going follow-ups with ESKOM. The municipality has requested the engineer to explore the option of standby generator which will also assist during on/off load shedding	Completion certificate	R
5	To have integrated infrastructure development	Water	Upgrading of Senwamokgope sewer bulkline & reticulation	Senwamokgope village/ Township sewer Bulkline-Reticulation and upgrade	2022/02/28	2022/06/30	Senior Manager Technical	MIG	R0,00	R2 420 064,00	100	100	None	None	Completion certificate	G
6	To have integrated infrastructure development	Water	Construction of Water Reticulation Thabina to Lenyenye Bulk Water supply	Thabina to Lenyenye	2021/07/01	2022/06/30	Senior Manager Technical	MIG	R39 999 996,00	R39 999 996,00	100	65%	Late commencement of phase 6,	Compressed implementation. Phase 3 and 4 are completed.	Completion certificate	R
7	To have integrated infrastructure development	Water	Refurbishment of Mariveni Water scheme	Mariveni Refurbishment	2022/02/28	2022/06/30	Senior Manager Technical	MIG	R0,00	R4 000 000,00	100	98	The project has reached practical completion	Finalise the snaglist in the 1st quarter of the new financial year	Completion certificate	R
8	To have integrated infrastructure development	Water	Construction of Bolobedu Moshate water supply	Bolobedu Moshate Water Supply	2021/07/01	2022/06/30	Senior Manager Technical	MIG	R5 000 000,00	R5 000 000,00	100	100	None	None	Completion certificate	G



Region/ Ward	Strategic Objective	Programme	Projects description	Project Name	Start Date	Completion date	Project Owner	Source of funding	Original Budget	Adjusted Budget	Annul Target	Annual Actual Performan ce	Challenges	Corrective Measures	Evidence required	Results
9	To have integrated infrastructure development	Water	Construction of Water Reticulation at Eco-Park (Xikukwane) water reticulation	Eco-Park (Xikukwane) water reticulation	2021/07/01	2022/06/30	Senior Manager Technical	MIG	R4 629 552,00	R5 643 111,00	100	100	None	None	Completion certificate	G
10	To have integrated infrastructure development	Water	Construction of Giyani water scheme Pipeline C & D (Makhuva)	Giyani Water Scheme Pipeline C and D (Makhuva)	2022/02/28	2022/06/30	Senior Manager Technical	MIG	R0,00	R2 244 038,00	100	97	The installation of the package plant is required to treat borehole water	Installation of the package plant planned for 2022/23	Completion certificate	R
11	To have integrated infrastructure development	Water	Construction of Ngove Water supply and reticulation	Ngove Water Supply & Reticulation	2022/02/28	2022/06/30	Senior Manager Technical	MIG	R0,00	R6 000 000,00	100	0	There is a water source challenge.	Engineer busy reviewing the scope to focus on reticulation.	Completion certificate	R
12	To have integrated infrastructure development	Water	Construction of Bulk Water Supply at Lulekani Water Scheme Benfarm	Lulekani Water Scheme Benfarm	2021/07/01	2022/06/30	Senior Manager Technical	MIG	R39 999 996,00	R39 999 996,00	100	42	Delay in the appointment of the contractor	Contractor appointed in the 3rd quarter and is on site	Completion certificate	R
13	To have integrated infrastructure development	Water	Refurbishment of Makhubidung Internal Network	Makhubidung Refurbishment of Internal network	2021/07/01	2022/06/30	Senior Manager Technical	MIG	R5 212 896,00	R5 212 896,00	100	100	None	None	Completion certificate	G
14	To have integrated infrastructure development	Water	Construction of Makhushane Water Scheme	Makhushane Water Scheme	2021/07/01	2022/06/30	Senior Manager Technical	MIG	R39 999 996,00	R44 999 996,00	100	73	Delay to kick start the project due to community issues including high demand of Lotsha fees	Community issues resolved through political intervention and project on-going.	Completion certificate	R
15	To have integrated infrastructure development	Water	Construction of Modjadji Water scheme (Mokwasele)	Modjadji Water Scheme Mokwasele	2022/02/28	2022/06/30	Senior Manager Technical	MIG	R0,00	R1 890 530,00	100	100	None	N/A	Completion certificate	G
16	To have integrated infrastructure development	Water	Upgrading of Nhlaniki Water Reticulation	Nhlaniki Upgrading Of Water Reticulation	2022/02/28	2022/06/30	Senior Manager Technical	MIG	R0,00	R1 198 530,00	100	92	Scope of work completed, but project not commissioned due to illegal connections on the rising main causing water not to reach the reservoir	The municipality to plan a new project to cover entire village reticulation and eliminate illegal connections.	Completion certificate	R
17	To have integrated infrastructure development	Water	Refurbishment of internal water in kuranta village	Refurbishment of internal water in Kuranta village	2022/02/28	2022/06/30	Senior Manager Technical	MIG	R0,00	R3 029 166,00	100	98	Scope of work completed but not commissioned due to challenges on the existing pumping main.	Contractor busy tracing the existing pipeline to establish the challenges.	Completion certificate	R
18	To have integrated infrastructure development	Water	Augmentation of Rotterdam Ground Water Scheme	Rotterdam Ground Water Scheme	2022/02/28	2022/06/30	Senior Manager Technical	MIG	R0,00	R5 808 776,00	100	45	Delay in the appointment of the contractor	Contractor appointed in the 3rd quarter and is on site.	Completion certificate	R
19	To have integrated infrastructure development	Water	Construction of Ritavi 2 Water Scheme Supply	Ritavi 2 Water Scheme	2021/07/01	2022/06/30	Senior Manager Technical	MIG	R39 999 996,00	R69 999 996,00	100	82	Constant stoppages / interruption by community.	MDM has ongoing engagements with community members. Phase 1 and 2 are completed.	Completion certificate	R
20	To have integrated infrastructure development	Water	Construction of Sekgosese Water Scheme supply and Borehole equipment	Sekgosese Water Scheme	2021/07/01	2022/06/30	Senior Manager Technical	MIG	R39 999 996,00	R59 999 996,00	100	79,5	Delay in ESKOM connetions to the boreholes and pump stations	Continous engagements with ESKOM. Connections done for phase 1	Completion certificate	R

Region/ Ward	Strategic Objective	Programme	Projects description	Project Name	Start Date	Completion date	Project Owner	Source of funding	Original Budget	Adjusted Budget	Annual Target	Annual Actual Performan ce	Challenges	Corrective Measures	Evidence required	Results
21	To have integrated infrastructure development	Water	Upgrading and Extension of Thapane water scheme	Thapane water supply scheme - upgrading and extension	2021/07/01	2022/06/30	Senior Manager Technical	WSIG	R23 754 996,00	R18 874 400,00	100	82	Project behind schedule due to the termination of the engineer.	Municipality placed PMU support team to supervise the project.	Completion certificate	R
22	To have integrated infrastructure development	Water	Upgrading of Thapane water scheme & reticulation	Thapane water supply scheme - upgrading and Reticulation	2021/07/01	2022/06/30	Senior Manager Technical	WSIG	R18 292 764,00	R3 804 875,00	100	97	Delay of the assembly of the tank due to design issues between the contractor and the supplier.	The issue has been resolved and the supplier started with the installation on site.	Completion certificate	R
23	To have integrated infrastructure development	Water	Construction of Tours Water reticulation	Tours Water reticulation	2021/07/01	2022/06/30	Senior Manager Technical	MIG	R44 004 000,00	R48 763 362,00	100	49	Delay of the appointment of the contractor	Contractor appointed in the 3rd quarter and currently on site.	Completion certificate	R
24	To have integrated infrastructure development	Water	Upgrading of Internal Water reticulation network Mageva	Upgrading of Internal Water Reticulation network - Mageva	2021/07/01	2022/06/30	Senior Manager Technical	WSIG	R3 000 000,00	R3 000 000,00	100	100	None	None	Completion certificate	G
25	To have integrated infrastructure development	Water	Upgrading of Internal Water reticulation network Zava	Upgrading of Internal Water Reticulation network - Zava	2021/07/01	2022/06/30	Senior Manager Technical	WSIG	R19 519 560,00	R19 519 560,00	100	15	Late appointment of contractors	Contractor appointed in the fourth quarter and currently on sitw	Completion certificate	R
26	To have integrated infrastructure development	Water	Construction of water reticulation at Middle Letaba Water Scheme Cluster 6	Water Reticulation Infrastructure for Middle Letaba Water Scheme Cluster 6	2021/07/01	2022/06/30	Senior Manager Technical	MIG	R15 000 000,00	R1 728 000,00	100	0	Project removed from the implementation plan due to source challenges in Middle Letaba after reprioritization	Budget reprioritized	Completion certificate	R
27	To have integrated infrastructure development	Water	Construction of Thabina to Lenyenye Bulk Water Water Supply	Lephephane Bulk Water	2021/07/01	2022/06/30	Senior Manager Technical	MIG	R30 144 708,00	R11 674 082,00	100	95,5	Original scope completed as planned but project not commissioned to to source challenges.	Municipality busy with the fixing of the pump station	Completion certificate	R
28	To have integrated infrastructure development	Water	Construction of 1550 VIP toilets units	Rural Household Sanitation (GGM)	2022/02/28	2022/06/30	Senior Manager Technical	MIG	R0,00	R20 512 129,00	100	66	Late appointment of contractors	Contractors appointed in the fourth quarter and on site.	Completion certificate	R
29	To have integrated infrastructure development	Water	Construction of 1652 VIP toilets units	Rural Household Sanitation (GTM)	2021/07/01	2022/06/30	Senior Manager Technical	MIG	R22 547 016,00	R20 200 497,00	100	71	Late appointment of contractors	Contractors appointed in the fourth quarter and on site.	Completion certificate	R
30	To have integrated infrastructure development	Water	Construction of 1440 VIP toilets units	Rural Household Sanitation (GLM)	2021/07/01	2022/06/30	Senior Manager Technical	MIG	R18 730 380,00	R14 262 393,00	100	70	Late appointment of contractors	Contractors appointed in the fourth quarter and on site.	Completion certificate	R
31	To have integrated infrastructure development	Water	Construction of 1540 VIP toilets units	Rural Household Sanitation (BPM)	2022/02/28	2022/06/30	Senior Manager Technical	MIG	R0,00	R20 000 004,00	100	56	Late appointment of contractors	Contractors appointed in the fourth quarter and on site.	Completion certificate	R

Region/ Ward	Strategic Objective	Programme	Projects description	Project Name	Start Date	Completion date	Project Owner	Source of funding	Original Budget	Adjusted Budget	Annul Target	Annual Actual Performan ce	Challenges	Corrective Measures	Evidence required	Results
32	To have integrated infrastructure development	Water	Construction of 670 VIP toilets units	Rural Household Sanitation (M LM)	2021/07/01	2022/06/30	Senior Manager Technical	MIG	R8 757 480,00	R10 735 161,00	100	76	Late appointment of contractors	Contractors appointed in the fourth quarter and on site.	Completion certificate	R
33	To have integrated infrastructure development	Water	Provision and Installation of Electrical Transformers	Electrical Transformers	2021/07/01	2022/06/30	Senior Manager Technical	WSIG	R1 500 000,00	R1 500 000,00	100	100	None	None	Completion certificate	G
34	To have integrated infrastructure development	Water	Refurbishment of Namakgale water treatment plant	Namakgale Refurbishment of water treatment plant	2021/07/01	2022/06/30	Senior Manager Technical	WSIG	R5 000 000,00	R6 800 004,00	100	0	Appointment of the contractor was put on hold due to WSIG allocation review	Project to be implemented in 2022/23	Completion certificate	R
35	To have integrated infrastructure development	Water	Upgrading of Tours Water Scheme Upgrading and water reticulation	Tours Bulk Water Scheme upgrading of Tours water Tretment Plant	2021/07/01	2022/06/30	Senior Manager Technical	MIG	R3 216 756,00	R23 713 643,00	100	49	Stoppages by community and Induna demanding Lotsha fees and reprioritization of scope	Community issues resolved through political intervention and project on-going.	Completion certificate	R
36	To Improve community safety , health and social well-being	Fire	Uograting of Security systems	Upgrading of Security Systems	2021/07/01	2022/06/30	Senior Manager Community	MDM	R249 996,00	R996,00	100	0	Budget limitations	Provision of budget in 2023/24 financial year	Delivery note & Installation certificate	R
37	To Improve community safety , health and social well-being	Fire	To purchase and delivery of furniture	Provision of furniture	2021/07/01	2022/06/30	Senior Manager Community	MDM	R150 000,00	R196 500,00	100	0	Budget limitations	Provision of budget in 2023/24 financial year	Delivery note	R
38	To Improve community safety , health and social well-being	Fire	To purchase & delivery of Fire rescue equipments	Vehicles	2021/07/01	2022/06/30	Senior Manager Community	MDM	R12 000 000,00	R12 000 000,00	100	0	Budget limitations	Provision of budget in 2023/24 financial year	Delivery note	R

MUNICIPAL FINANCIAL VIABILITY PROJECTS FOR 2021/22															
MUNICIPAL FINANCE VIABILITY PROJECTS 2021/22															
Strategic Objective	Program me	Projects	Project Name	Start Date	Completion date	Project Owner	Source of funding	Budget	Adjusted Budget	Annul Target	Annual Actual Performance	Challeng es	Correctiv e Measure s	Evidence required	Results
To promote democracy and sound governance	Finance	To purchase & deliver Office Furniture for Finance Office by 30 June 2022	Office Furniture	2021/06/01	2022/06/30	CFO	MDM	R120 000,00	R120 000,00	100	100	None	None	Delivery note	G
To promote democracy and sound governance	Finance	To purchase & deliver municipal vehicles by 30 June 2022	Vehicles	2021/06/01	2022/06/30	CFO	MDM	R0.00	R1 500 000,00	100	15	Delay in appointment of service provider	Appoint in the new financial year	Delivery note	R
To promote democracy and sound governance	Finance	To purchase & deliver municipal Graders by 30 June 2022 by 30 June 2022	Graders	2021/06/01	2022/06/30	CFO	MDM	R0.00	R110 000,00	100	100	None	None	Delivery note	G



# SERVICE PROVIDERS PERFORMANCE ASSESMENT (2021-22)

Item	Project Description	Project No	Funding	PSP Name	Performance Assessment	Contractor Name	Performance Assessment	Project Manager	Period of Assessment	
									Start Date	End date
1	KAMPERSRUS BWS AND SCOTIA RETICULATION (2020A)	MDM 2019-039	MIG	HWA Consulting	Satisfactory	LEBP CONSTRUCTION	Good	Mabuza H	01-Jul-21	30-Jun-22
2	Lephephane Bulk and Water Reticulation (Long Valley)	MDM2020/21-006	MIG	Uranus Consulting Engineers	Fair	LEBP CONSTRUCTION	Very good	Hlungwane C	01-Jul-21	30-Jun-22
3	Lephephane Bulk and Water Reticulation (Rasebalana)	MDM2020/21-007	MIG	Uranus Consulting Engineers	Fair	Good Example Construction	Very good	Mabuza H	01-Jul-21	30-Jun-22
4	LULEKANI WATER SCHEME PHASE 1	MDM 2021/22-019	MIG	Makasela Consulting Engineers	Satisfactory	Lebp Construction and Projects CC	Good	Nelufule C	01-Jul-21	30-Jun-22
5	MAKHUSHANE WATER SCHEME PHASE 2	MDM 2019-036	MIG	SML Projects	Satisfactory	Moepeng Trading	Fair	Nelufule C	01-Jul-21	30-Jun-22
6	MAKHUSHANE WATER SCHEME PHASE 3	MDM 2020/21-027	MIG	SML Projects	Very good	Tracron Perojects	Very good	Nelufule C	01-Jul-21	30-Jun-22
7	MAKHUSHANE WATER SCHEME PHASE 4	MDM 2021/22-004	MIG	SML Projects	Satisfactory	Moepeng Trading	Satisfactory	Nelufule C	01-Jul-21	30-Jun-22
8	Mametja Sekoror RWS	MDM2019/045	RBIG	HWA Engineers and Project Managers	Satisfactory	Edlin Civils	Fair	Mosomane M	01-Jul-21	30-Jun-22
9	Mametja Sekoror RWS	MDM2019/046	RBIG	HWA Engineers and Project Managers	Satisfactory	ETERNITY STAR INVESTMENTS	Fair	Hlangwane J	01-Jul-21	30-Jun-22
10	Sefofotse to Ditshosine Bulk Water Supply -2D	MDM 2017-052/013 2D	MIG	DIGES Consulting	Satisfactory	ETERNITY STAR INVESTMENTS	Satisfactory	Rantsana S	01-Jul-21	30-Jun-22
11	Nhlaniki Upgrading of water reticulation	MDM2020/21	WSIG	Mafumu Consulting	Good	Capotex Construction	Fair	Hlangwane J	01-Jul-21	30-Jun-22
12	Refurbishment of Middle Letaba WTW Cluster 7	MDM2019/032	MIG	Mafumu Consulting	Good	Lokolang Trading Enterprise	Fair	Hlangwane J	01-Jul-21	30-Jun-22
13	REFURBISHMENT, REHABILITATION AND UPGRADING OF INTERNAL WATER RETICULATION NETWORK AND BOREHOLE DEVELOPMENT IN KURANTA	MDM2020/21-029	WSIG	Botshabelo Consulting Engineers	Satisfactory	Maleboti Construction	Satisfactory	Mosomane M	01-Jul-21	30-Jun-22
14	REFURBISHMENT, REHABILITATION AND UPGRADING OF INTERNAL WATER RETICULATION NETWORK AND BOREHOLES IN MARIVENI	MDM2021/22-005	WSIG	SKY HIGH CONSULTING ENGINEERS	Satisfactory	GUMELA GENERAL DEALER AND PROJECTS	Satisfactory	Mabuza H	01-Jul-21	30-Jun-22
15	Ritavi II Sub-Scheme 1 Phase 02	MDM2020/21-037	MIG	DIGES Consulting	Satisfactory	Nandzu Trade and General Projects	Satisfactory	Rantsana S	01-Jul-21	30-Jun-22
16	Ritavi II Sub-Scheme 1 Phase 03	MDM2021/22-001	MIG	DIGES Consulting	Satisfactory	Rembu Construction	Satisfactory	Rantsana S	01-Jul-21	30-Jun-22
17	SEFOFOTSE TO DITSHOSING BULK WATER SUPPLY & RETICULATION PHASE 2E	MDM 2017-052/013	MIG	DIGES Consulting	Good	SEEDI DEVELOPMENT PROJECT	Fair	Rantsana S	01-Jul-21	30-Jun-22

Item	Project Description	Project No	Funding	PSP Name	Performance Assessment	Contractor Name	Performance Assessment	Project Manager	Period of Assessment	
									Start Date	End date
18	SEKGOSESE GROUND WATER SCHEME PHASE 1 A	MDM2019/035	MIG	IConsult Engineers Pty Ltd	Good	Capotex Trading	Good	Nelufule C	01-Jul-21	30-Jun-22
19	SEKGOSESE GROUND WATER SCHEME PHASE 1 B	MDM2019/035	MIG	IConsult Engineers Pty Ltd	Good	Bukuta Bk CC	Good	Nelufule C	01-Jul-21	30-Jun-22
20	Sekgoses Regional Ground Water Scheme Phase 1D	MDM2019/035D	MIG	IConsult Engineers Pty Ltd	Satisfactory	Bukuta Bk CC	Satisfactory	Rantsana S	01-Jul-21	30-Jun-22
21	Sekgoses Regional Ground Water Scheme Phase 2A	MDM2021/2022-003	MIG	IConsult Engineers Pty Ltd	Satisfactory	Good Example Trading & Projects	Satisfactory	Rantsana S	01-Jul-21	30-Jun-22
22	Sekgoses Regional Ground Water Scheme Phase 2B	MDM2021/22 – 021	MIG	IConsult Engineers Pty Ltd	Satisfactory	Martmol Trading	Satisfactory	Mabuza H	01-Jul-21	30-Jun-22
23	Selwane Water Phase 2	MDM2019/032	MIG	Sizeya Consulting Engineers	Satisfactory	Lamosekedile	Satisfactory	Mosomane M	01-Jul-21	30-Jun-22
24	Thabina-Lenyeny Phase 5	MDM2021/22-002	MIG	Tangos Consultants	Very good	Ditlou Supplier and Services	Satisfactory	Mosomane M	01-Jul-21	30-Jun-22
25	Thapane Water Supply Scheme: Upgrading And Extension Phase 2A	MDM-2017-052/014	MIG	Uranus Consulting Engineers	Fair	Zenobia Trading 242 cc	Fair	Hlungwane C	01-Jul-21	30-Jun-22
26	Thapane Water Supply Scheme: Upgrading And Extension Phase 2B	MDM-2017-052/015	MIG	Uranus Consulting Engineers	Fair	Civil Element	Satisfactory	Hlungwane C	01-Jul-21	30-Jun-22
27	Thapane Regional Water Scheme: Upgrading Of Water Reticulation And Extension	MDM/2019/034	MIG	Sizeya Consulting Engineers	Satisfactory	Bilmod trading and construction	Satisfactory	Mabuza H	01-Jul-21	30-Jun-22
28	Tours RWS (Bulk pipeline refurbishment and reticulation)	MDM2021/21-025	MIG	Tangos Consultants	Satisfactory	Ditlou Supplier and Services	Satisfactory	Mosomane M	01-Jul-21	30-Jun-22
29	Tours Water Reticulation	MDM2021/22-020	MIG	KMSD Engineering Consultants	Satisfactory	Selby Construction	Satisfactory	Mosomane M	01-Jul-21	30-Jun-22
30	Giyani Pipeline C & D( Makhuvu)	MDM2020/21-035	WSIG	AES Consulting	Satisfactory	Lizzy Jane Holdings	Satisfactory	Nelufule C	01-Jul-21	30-Jun-22
31	Eco Park (Xikukwane) Water Reticulation	MDM2020/21-033	WSIG	Kgosihad Consulting Engineers	Satisfactory	Mabule Rail & Infrastructure Solutions	Satisfactory	Mosomane M	01-Jul-21	30-Jun-22
32	Refurbishment/Rehabilitation and Upgrading of Internal Water Reticulation Network and Borehole in Mokwasela	MDM2020/21-033	WSIG	Kgosihad Consulting Engineers	Satisfactory	Perizzin Homes	Satisfactory	Rantsana S	01-Jul-21	30-Jun-22
33	Senwamokope Village/Township Sewer Bulk Line – Reticulation Upgrade & Electrical Power provision at Sewer Plant	MDM2020/21-031	WSIG	SML Projects	Satisfactory	Bet Deep Trading and Projects	Satisfactory	Rantsana S	01-Jul-21	30-Jun-22
34	Rotterdam(Manyunyu) Groundwater Scheme	MDM2021/22-023	WSIG	Makasela Consulting Engineers	Satisfactory	TQM Project Engineers	Satisfactory	Nelufule C	01-Jul-21	30-Jun-22
35	Upgrading of the Internal Reticulation and Extension in Makhubidung.	MDM2017-052/W18	WSIG	SKY HIGH CONSULTING ENGINEERS	Very good	Leb P Construction	Very good	Hlungwane C	01-Jul-21	30-Jun-22
36	Construction of Bulk Line in Khujwana.	MDM2020/21-040	WSIG	Nevhuthu Consulting	Satisfactory	A and Mele Civil Construction	Satisfactory	Rantsana S	01-Jul-21	30-Jun-22
37	Modjadji RWS - Drilling of additional boreholes and link to existing storage( Ramaroka and Femané)	MDM2021/22-032	WSIG	Mulalo Consulting Engineers	Satisfactory	Molalehlaka Investments	Satisfactory	Nelufule C	01-Jul-21	30-Jun-22
38	Zava Water Supply - Refurbishment of existing reticulation and additional stand pipes	MDM2021/22-021	WSIG	I Consult Engineers	Satisfactory	Chango Business Enterprise	Satisfactory	Jan Hlangwane	01-Jul-21	30-Jun-22

Item	Project Description	Project No	Funding	PSP Name	Performance Assessment	Contractor Name	Performance Assessment	Project Manager	Period of Assessment	
									Start Date	End date
39	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	MIG	DIGES Consulting	Excellent	ZALONGA HOLDINGS	Poor	Nelufule C	08-Mar-22	08-Jun-22
40	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	MIG	DIGES Consulting	Excellent	SWADAWADA(PTY)LTD	Very Good	Nelufule C	08-Mar-22	08-Jun-22
41	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	MIG	DIGES Consulting	Excellent	OMOHLE GROUP OF COMPANIES	Excellent	Nelufule C	08-Mar-22	08-Jun-22
42	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	MIG	DIGES Consulting	Excellent	MLE 7786 ENTERPRISE	Satisfactory	Nelufule C	08-Mar-22	08-Jun-22
43	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	MIG	DIGES Consulting	Excellent	FOMO PROJECTS	Fair	Nelufule C	08-Mar-22	08-Jun-22
44	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	MIG	DIGES Consulting	Excellent	XITSHAVANI INDUSTRIAL SUPPLY SERVICES	Satisfactory	Nelufule C	08-Mar-22	08-Jun-22
45	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	MIG	DIGES Consulting	Excellent	MASIZA MPHAKATHI	Very Good	Nelufule C	08-Mar-22	08-Jun-22
46	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	MIG	DIGES Consulting	Excellent	MMAODIKWA ENTERPRISE	Excellent	Nelufule C	08-Mar-22	08-Jun-22
47	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	MIG	DIGES Consulting	Excellent	TND TRADING ENTERPRISE	Fair	Nelufule C	08-Mar-22	08-Jun-22
48	Mopani Rural Household Sanitation - Letaba (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	XALAMUKA BUILT ENVIRONMENT	Satisfactory	Jan Hlangwane	04-Apr-22	29 Apr 2022
49	Mopani Rural Household Sanitation - Letaba (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	TRISHA HOLDING GROUP	Very Good	Jan Hlangwane	04-Apr-22	29 Apr 2022
50	Mopani Rural Household Sanitation - Letaba (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	SEBOCH GROUP (PTY)LTD	Very Good	Jan Hlangwane	04-Apr-22	03 Jun 2022
51	Mopani Rural Household Sanitation - Letaba (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	PHADU HOLDINGS (PTY)LTD	Very Good	Jan Hlangwane	04-Apr-22	29 Apr 2022
52	Mopani Rural Household Sanitation - Letaba (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	MOFINAH ETM TRADING ENTERPRISE	Very Good	Jan Hlangwane	04-Apr-22	03 Jun 2022
53	Mopani Rural Household Sanitation - Letaba (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	MAEKU,S (PTY)LTD	Satisfactory	Jan Hlangwane	04-Apr-22	03 Jun 2022
54	Mopani Rural Household Sanitation - Letaba (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	KINGBEE TECHNOLOGY (PTY)LTD	Excellent	Jan Hlangwane	04-Apr-22	03 Jun 2022
55	Mopani Rural Household Sanitation - Letaba (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	BOKAMOSO MULTI PROJECT (PTY)LTD	Very Good	Jan Hlangwane	04-Apr-22	03 Jun 2022
56	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	KGAORA TRADING AND PROJECTS (PTY) LTD	Good	Mabuza H	08-Mar-22	08-Jun-22
57	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	MATJEBE TRADING ENTERPRISE(PTY)LTD	Satisfactory	Mabuza H	08-Mar-22	08-Jun-22
58	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	NJAI GROUP (PTY)LTD	Good	Mabuza H	08-Mar-22	08-Jun-22
59	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	OUPTION TRADING (PTY)LTD	Very Good	Mabuza H	08-Mar-22	08-Jun-22
60	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	RE MAFAKUDU PROJECTS (PTY)LTD	Very Good	Mabuza H	08-Mar-22	08-Jun-22

Item	Project Description	Project No	Funding	PSP Name	Performance Assessment	Contractor Name	Performance Assessment	Project Manager	Period of Assessment	
									Start Date	End date
61	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	RUBIES AND PEARLS (PTY)LTD	Good	Mabuza H	08-Mar-22	08-Jun-22
62	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	SEFMA TRADING ENTERPRISE	Good	Mabuza H	08-Mar-22	08-Jun-22
63	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	TORIDEX (PTY)LTD	Good	Mabuza H	08-Mar-22	08-Jun-22
64	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	COMFICARE CC	Good	Mabuza H	08-Mar-22	08-Jun-22
65	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	RAM B ENTERPRISE	Very Good	Mabuza H	08-Mar-22	08-Jun-22
66	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	MUHLABA TRADING AND PROJECTS	Very Good	Mabuza H	08-Mar-22	08-Jun-22
67	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	RAKGWALE CIVILS AND MAINTENANCE	Very Good	Mabuza H	08-Mar-22	08-Jun-22
68	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	CHARLIESHIBOMBI TRADING ENTERPRISE	Fair	Mabuza H	13-May-22	13-Aug-22
69	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	SEASHA BUSINESS ENTERPRISE	Fair	Mabuza H	13-May-22	13-Aug-22
70	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	SHABARENG CONSULTING & PROJECTS	Very Good	Mabuza H	13-May-22	13-Aug-22
71	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	SLAVES SOLUTIONS TRADING	Fair	Mabuza H	13-May-22	13-Aug-22
72	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	VINLEE PTY LTD	Very Good	Mabuza H	13-May-22	13-Aug-22
73	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	SHANDUCAN ENTERPRISE	Fair	Mabuza H	13-May-22	13-Aug-22
74	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	RIGAYISI TRADING	Very Good	Mabuza H	13-May-22	13-Aug-22
75	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	MUDONI AND MOHALE	Good	Mabuza H	13-May-22	13-Aug-22
76	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	MANZI A MNYAMA CONSULTING & PROJECTS	Fair	Mabuza H	14-May-22	13-Aug-22
77	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	THANIEL CIVILS	Satisfactory	Mosomane M	08-Mar-22	08-Jun-22
78	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	STRIVING MIND TRADING 1276	Very Good	Mosomane M	08-Mar-22	08-Jun-22
79	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	SEOPA OBEN PROJECTS (PTY)LTD	Very Good	Mosomane M	08-Mar-22	08-Jun-22
80	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	SEKWAII CONSTRUCTION CC	Very Good	Mosomane M	08-Mar-22	08-Jun-22
81	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	PCK TRADING AND PROJECTS	Very Good	Mosomane M	08-Mar-22	08-Jun-22
82	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	NAJESSATA BUSSINES ENTERPRISE	Fair	Mosomane M	08-Mar-22	08-Jun-22



Item	Project Description	Project No	Funding	PSP Name	Performance Assessment	Contractor Name	Performance Assessment	Project Manager	Period of Assessment	
									Start Date	End date
83	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	NACK TRADING	Very Good	Mosomane M	08-Mar-22	08-Jun-22
84	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	MASEPHETO HOLDINGS	Very Good	Mosomane M	08-Mar-22	08-Jun-22
85	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	KAMZA PROPERTIES	Very Good	Mosomane M	08-Mar-22	08-Jun-22
86	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Afri Group	fair	Rantsana S	03-May-22	03-Aug-22
87	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Ripfumelo	Excellent	Rantsana S	11-May-22	03-Aug-22
88	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Nhlanhla	Fair	Rantsana S	05-May-22	03-Aug-22
89	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Moroswana	Excellent	Rantsana S	03-May-22	03-Aug-22
90	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Mshale's son	Excellent	Rantsana S	25-Apr-22	03-Aug-22
91	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Makaloyi	Fair	Rantsana S	03-May-22	03-Aug-22
92	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Bet Deep	Excellent	Rantsana S	06-May-22	03-Aug-22
93	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Makgathane	Excellent	Rantsana S	03-May-22	03-Aug-22
94	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Thirteen13 Majestic	good	Rantsana S	03-May-22	03-Aug-22
95	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	RM Mashaba	Excellent	Rantsana S	15-May-22	15-Aug-22
96	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Modi Printing	Excellent	Rantsana S	15-May-22	15-Aug-22
97	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Modj Projects	Excellent	Rantsana S	15-May-22	15-Aug-22
98	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Roov Construction	Excellent	Rantsana S	15-May-22	15-Aug-22
99	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Swankoka grou	Fair	Rantsana S	15-May-22	15-Aug-22
100	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Egumas	Fair	Rantsana S	20-Jun-22	01-Sep-22
101	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Moshabi	Excellent	Rantsana S	04-Jun-22	01-Sep-22
102	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Zwakala	poor	Rantsana S	13-Jun-22	01-Sep-22
103	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	N/A	Tshego	N/A	Rantsana S	NOT YET STARTED	01-Sep-22
104	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	N/A	Jommat	N/A	Rantsana S	NOT YET STARTED	01-Sep-22

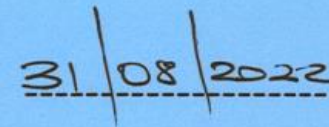
Item	Project Description	Project No	Funding	PSP Name	Performance Assessment	Contractor Name	Performance Assessment	Project Manager	Period of Assessment	
									Start Date	End date
105	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Madumelana	Very good	Rantsana S	27-Jun-22	01-Sep-22
106	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Empire Dot creat	Satisfactory	Rantsana S	28-Jun-22	01-Sep-22
107	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	14ten	Excellent	Rantsana S	24-Jun-22	01-Sep-22
108	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Manzi a Mnyama	Excellent	Rantsana S	25-Jun-22	01-Sep-22
109	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Nceda	Satisfactory	Rantsana S	04-Jul-22	01-Sep-22
110	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	MDM2021/22-035	MIG	DIGES Consulting	Excellent	Shanducan	Satisfactory	Rantsana S	20-Jun-22	01-Sep-22

## 2021/2022 ANNUAL PERFORMANCE REPORT

The report is hereby submitted in terms of Sec 46 of the Local Government: Municipal Systems Act 32 of 2000. I hereby certify that the report is a true reflection of the Mopani District Municipality's performance against the 2021/2022 Revised Service Delivery Budget Implementation Plan as approved by the Executive Mayor and Council.



**Mr T.J MOGANO**  
MUNICIPAL MANAGER  
MOPANI DISTRICT MUNICIPALITY



DATE



## **CHAPTER - 4:**

# **ORGANISATIONAL DEVELOPMENT PERFORMANCE**

## **PERFORMANCE REPORT PART II**

**2021 - 2022**



## INTRODUCTION

The purpose of conducting an institutional analysis is to ensure that the municipal development strategies take existing institutional capacities into consideration and that institutional shortcomings are addressed. Mopani District Municipality was established in 2000 in terms of the Municipal Structures Act, 1998 (Act No. 117 of 1998). The municipal offices of the district are situated in the government complex in Giyani in the Greater Giyani Municipality. The District Disaster Management centre is built in Tzaneen town and is in full use including Fire services.

Offices for local municipalities are located as follows:

MUNICIPALITIES	OFFICES
Maruleng Local Municipality	Hoedspruit Town
Greater Letaba Local Municipality	Modjadjiskloof Town
Greater Tzaneen Local Municipality	Tzaneen Town
Ba-Phalaborwa Local Municipality	Phalaborwa Town
Greater Giyani Local Municipality	Giyani Town

The management arrangement of the institution needs continual attention in order to adapt to changing needs and demands. Hence, annual review on the filling in of vacant posts and an on-going management training. There is also a need to define the distinct roles of the various sub-units in the Municipal Manager's Office and their collective mandate in ensuring that the Office of the Municipal Manager is able to discharge the following responsibilities distinctly and with excellence.

## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1. EMPLOYEE TOTALS , TURNOVER AND VACANCIES

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2019/20	76	21	27%
2020/21	91	12	13%
2021/22	61	6	8%
* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year			T 4.1.3

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipality employed 68 people during the 2021/22 financial year. It incurred 32% vacancy rate. High vacancy rates also existed for highly skilled supervision levels 9-12 (excluding finance posts) at 83% and Fire Fighters at 63.5%. Other challenges were:

- Office space is one limiting factor on appointing units that are office-bound. There is only one block in the parliamentary complex that is full. Some of the Units like, Internal Audit and GIS are accommodated at the Disaster Management center in Tzaneen. Mopani has 24 disabled employees, which is 3,2% of the current workforce. MDM has thus exceeded the 2% threshold required of the staff complement being disabled persons.
- MDM do not have full spread of racial diversities. There are largely Ba-pedi, Va-tsonga, Va-Venda and some few Afrikaans. This is informed proportionally by the racial spread of the District. There are also those cases of people who would prefer to work in an urban environment rather than rural area (Giyani) where Mopani District Head office is located.<sup>1</sup>

### 4.2. POLICIES

HR POLICIES & PLANS				
	Name of Policy	Completed %	Reviewed %	YES/NO
1	Affirmative Action	100	100	YES
2	Attraction & Retention		100	YES
3	Code of conduct for employees	100	100	YES
4	Delegations, Authorisation & responsibility		100	YES
5	Disciplinary Code & Procedures	100	100	YES
6	Essential Services		80	YES
7	Employee Assistance/ wellness		95	YES
8	Employment Equity		95	YES
9	Exit Management		80	YES
10	Grievance Procedures	100	100	YES
11	HIV/AIDS	100	100	YES
12	Human Resource & Development	100	100	YES

<sup>1</sup> Source: 20/21 MDM IDP

13	Information Technology	100	100	YES
14	Job Evaluation	100	100	YES
15	Leave	100	100	YES
16	Occupational Health & Safety		100	NO
17	Official Housing		0	NO
18	Official Journeys	100	0	NO
19	Official Transport to attend funerals	100	0	NO
20	Official working hours and overtime	100	0	NO
21	Organisational rights	100	0	NO
22	Payroll Deductions	100	0	NO
23	Performance Management & Development	0	0	NO
24	Recruitment, selection & Appointments	100	100	YES
25	Remuneration Scales & Allowances		100	NO
26	Resettlement	100	100	YES
27	Sexual Harassment		100	YES
28	Skills development	100	100	YES
29	Smoking		100	YES
30	Special skills	0	0	NO
31	Work Organisation	100	100	YES
32	Uniforms & protect clothing	100	100	YES
33	Other			
Use name of local policies if different from above and at any other HR policies not listed				

T4.2.1

#### 4.3. INJURIES , SICKNESS AND SUSPENSIONS

NUMBER OF DAYS AND COST OF SICK LEAVE (EXCLUDING INJURIES ON DUTY) 201/22						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 13-14)	181	0%	49	84	0,28	12888
Skilled (Levels 9-12)	600	3%	40	101	0,06	5250
Highly skilled production (levels 5-8)	362	6%	30	213	0,82	18000
Highly skilled supervision (levels 3-4)	131	5%	108	46	0,83	19000
Senior management (Levels 0-2)	0	0%	0	4	0,00	0
MM and S57	7	0%	0	0	0,00	0

<b>Total</b>	<b>1 281</b>		<b>227</b>			
* - Number of employees in post at the beginning of the year						
*Average is calculated by taking sick leave in column 2 divided by total employees in column 5						<b>T 4.3.2</b>

## WORKFORCE POLICY DEVELOPMENT:

As at the period, 25 policies ranging from HR, Planning, Community and other work units were identified, and discussed at all relevant structures of Council including LLF, Management, Task Team and Councilors components and were an route to Council for adoption. This review and development of these policies were performed with the assistants of both CoGHSTA and SALGA

## COMMENT ON INJURY AND SICK LEAVE:

The Municipality is currently at moderate level of 20% rate with regard to reduction of Occupational Injury incident, and relation to sick leave, HR record reflects the total of 227 days taken by employees during the reporting period. This was enhanced by creating awareness during inductions, awareness campaigns and developing OHS posters that are circulated monthly through email to everybody /staff, and making constant follow up to Doctors with regard to pending Injury on Duty case and also by circulating Injury on Duty reporting procedure to all employees by email and by pasting on notice boards.

Number and period of suspensions				
Position	Nature of alleged misconduct	Date suspension	Details of disciplinary action taken or status of case and reasons why not finalized	Date finalized
Deputy CFO	Gross Dishonesty and dereliction	04-Nov-20	Finalized, Agreement	Jul-21
Deputy Manager SCM	Gross Dishonesty and dereliction	04-Nov-20	Arbitration	N/A
Deputy manager Expenditure	Gross Dishonesty and dereliction	04-Nov-20	Finalized, Agreement	Jun-21
<b>T4.3.5</b>				



## **SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:**

The cause for the long suspension resulted from the complexity and broadness of the issues at stake. The matters have been set down for hearing at this juncture.

### **4.4. PERFORMANCE REWARDS**

No performance rewards/ bonuses paid for 2021/22 for all employees. The municipality have budgeted three million for payment of performance bonuses in the 2021/22. However, the budget was not utilized due to the fact that officials below senior manager did not sign performance plans. In August 2021 the department of Cooperative governance approved the staff establishment circular. The circular provide for the officials below senior managers to assessed. The municipality will in 2022/23 financial year develop Performance policy in accordance with the circular from COGTA. The project will kickstart in the 2023/24 financial year.

## **COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE**

### **INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT**

The total approved posts of the municipality are 946 for which 621 posts were filled during the reporting period and 343 posts remained vacant. The water services directorate has the highest vacancies at 325 due to the increasing number of retirements, death cases and resignations. For the period under review, a total of 6 employees have gone out of the system. The total number of Councillor's for the municipality is 50 and 2 passed on. Municipal Organizational structure was reviewed for 2021/22 Financial year.

#### 4.5. SKILLS DEVELOPMENT AND TRAINING

Skills Matrix 2021/22														
Management level	Gender	Employees in post as at 30 June 2022	Number of skilled employees required and actual as at 30 June 2022											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			Actual: End of Year - 2021	Actual: End of Year 2022	Year 2022 Target	Actual: End of Year - 2021	Actual: End of Year 2022	Year 2022 Target	Actual: End of Year - 2021	Actual: End of Year 2022	Year 2022 Target	Actual: End of Year - 2021	Actual: End of Year 2022	Year 2022 Target
MM and s57	Female	4	-	-	-									
	Male	3	-	-	-									
Councillors, senior officials and managers	Female	2	-	-	-									
	Male	3	-	-	-									
Technicians and associate professionals*	Female	5	-	-	-	2	2	2				2	2	2
	Male	6	-	-	-	6	6	6				6	6	6
Professionals	Female	6	5	5	5				1	1	1	6	6	6
	Male	11	6	6	6				2	2	2	8	8	8
Sub total	Female	12		5	5		2	2						
	Male	29		6	6		6	6						
Total														

**\*Registered with professional Associate Body e.g CA (SA)**

## COMPETENCY LEVELS FOR THE OTHER EMPLOYEES

#	Name of official	Position	Date of Employment (before or on/after Gazette 41996)	4. Financial and Supply Chain Management Competency Areas (Do not complete as this column is automated with column F)	Insert the number of completed Unit Standards, e.g. 3, 5, 10, etc.	Remaining Unit Standards (Do not complete as this column is automated with column J and K)
1	MOGANO TJ	CFO Municipality	before 3 Feb 2017	20 Unit Standards needed	28	-8
2	KGABI N	SCM Manager	before 3 Feb 2017	10 Unit Standards needed	28	-18
3	KGATLA Q	Accounting Officer	before 3 Feb 2017	18 Unit Standards needed	0	18
4	LEBEPE NG	Senior Manager (MSA S56)	before 3 Feb 2017	15 Unit Standards needed	15	0
5	MABOYA F	Senior Manager (MSA S56)	between 3 Feb 2017 and 2 Aug 2018	15 Unit Standards needed	28	-13
6	SHILOWA P	Senior Manager (MSA S56)	between 3 Feb 2017 and 2 Aug 2018	15 Unit Standards needed	28	-13
7	MUDAU N	Senior Manager (MSA S56)	before 3 Feb 2017	15 Unit Standards needed	0	15
8	POOTONA R	Middle Manager: Finance	before 3 Feb 2017	15 Unit Standards needed	28	-13
9	MOTHIBI M	Middle Manager: Finance	before 3 Feb 2017	15 Unit Standards needed	28	-13
10	MAKGOBA A	Middle Manager: Finance	before 3 Feb 2017	15 Unit Standards needed	28	-13

## SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULAT

### COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

#### 4.6. MUNICIPAL WORKFORCE EXPENDITURE

Disclosure regarding the 2021/22 remuneration packages for the Executive Mayor, Councillors and Section 56 Managers were as follows:

**Table 4.3: Remuneration packages- 2021/22**

DESIGNATION	TOTAL SALARIES & WAGES
Executive Mayor	R902 091
Full-Time Councillor-Speaker	R716 210
Full-Time Councillor-Chief whip	R436 406
Executive Councillors	R689 632
Councillors	R205 951
Municipal Manager	R 1 054 563
Chief Financial Officer	R 1 626 315
Senior Manager Water services	R 1 412 362
Senior Manager Technical services	R 1 280 846
Senior Manager Corporate Services	R 1 574 678
Senior Manager Community Services	R 1 129 920
Senior Manager Planning & Development	R 1 329 522

**OTHER EMPLOYEES**

EXPENDITURE	ACTUALS
Employee related costs	R465 971 228
Remuneration of Councillors	R 12 175 090



## CHAPTER - 5:

# FINANCIAL PERFORMANCE

2021 - 2022

## **CONTAINING INFLATIONARY PRESSURES**

The cost of the consultants are calculated as a percentage of the total project cost. Inflationary pressures are not necessarily prevalent in that the percentage is fixed. The only area of sensitivity to inflation is the project construction costs. These costs are contained through rates negotiations with the contractors keeping in mind the rate of inflation.

## **REASON FOR ENGAGEMENTS**

The consultants are mainly engaged to supervise the water and sanitation projects. The nature of the projects are such that the contractors' work need to be monitored by the consultants for verification of works.

## **RESULTS**

The projects deliverables have been achieved except in certain areas where delays are experienced on the part of the contractors mainly due to financial inabilities.

## **COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE**

The municipality is mainly grant dependent, with grants contributing 40% of total income. The debt collection rate is very low due to municipalities not transferring as per the WSP agreement putting the municipality in a tough liquidity position. There is a huge debt book relating to purchases of water from the water boards putting further pressures on the municipality's financial health.

### **5.1. STATEMENTS OF FINANCIAL PERFORMANCE**

R' 000						
Description	2020/21	Current: 2021/22			2021/22	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b><u>Financial Performance</u></b>						
Property rates					-	0
Interest charged on overdue consumer accounts				74 140 892	41 215 428	

Other income				2 343 422	241 149 000	99 450 000
Service charges	309 328	155.83	155.83	222 904 530	198 711 000	
Investment revenue	6 479	47.29	47.29	3 621 608	13 701 996	7 378 424
Transfers recognised - operational	1 134 912	99,97	100,01	1 501 386 075	1 583 956 500	25 667 500
Other own revenue	231 771	500,18	130,63	519 500		
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 682 491</b>	<b>120,72</b>	<b>110,37</b>	<b>1 804 916 027</b>	<b>2 078 733 924</b>	<b>132 495 924</b>
Employee costs	460 417	115,73	111,29	465 971 228	492 773 000	81 208 000
Remuneration of councillors	13 077	91,88	91,36	12 175 090	13 477 608	(8 034 392)
Depreciation & asset impairment	250 830	99,84	99,84	240 666 731	210 524 700	-
Finance charges	38 839	7 918,30	7 918,30	52 068 433	358 344	-
Debt Impairment				31 947 898	65 173 668	-
General expenses				240 130 484	184 251 000	(1 257 000)
Consulting and professionals				77 343 698		-
Contracted services				93 030 490	205 846 000	44 838 000
VIP Toilets				32 462 813		
Repairs and Maintenance				169 317 479		
Lease rentals on operating lease				699 185		
Materials and bulk purchases	489 679	136,51	103,75	189 101 685	540 071 000	32 494 000
Transfers and grants				1 937 143	-	-
Other expenditure	316 373	122,42	107,93			
<b>Total Expenditure</b>	<b>1 569 215</b>	<b>122,50</b>	<b>108,61</b>	<b>1 606 852 357</b>	<b>1 712 475 320</b>	<b>149 248 608</b>
<b>Surplus/(Deficit)</b>	<b>113 276</b>	<b>100,43</b>	<b>142,36</b>	<b>198 063 670</b>	<b>366 258 604</b>	<b>16 752 684</b>
Transfers recognised - capital	616 639	116,65	79,02			
Contributions recognised - capital & contributed assets		-	-			
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>729 915</b>	<b>113,80</b>	<b>84,88</b>			
Share of surplus/ (deficit) of associate		-	-			
<b>Surplus/(Deficit) for the year</b>	<b>729 915</b>	<b>113,80</b>	<b>84,88</b>			
<b>Capital expenditure &amp; funds sources</b>						-

<b>Capital expenditure</b>	-	-	-	-	-	-
Transfers recognised - capital	612 637	115,08	88,16			
Public contributions & donations	-	-	-		-	-
Borrowing	-	-	-	-	-	-
Internally generated funds	8 924	35 070	152 660	-	-	-
<b>Total sources of capital funds</b>	<b>325 131</b>	<b>567 412</b>	<b>847 595</b>			
<b>Financial position</b>					-	-
Total current assets	29 197	1 708 343	551 520	540 206 545	2 260 448 604	(743 824 957)
Total non current assets	(1 180)	5 840 140	8 670 772	8 513 035 321	2 468 175 934	7 813 415 237
Total current liabilities	50 772	2 759 073	1 666 637	1 923 686 953	3 958 500 480	(2 767 027 614)
Total non current liabilities	(86 844)	103 552	286 171	85 830 714	4 118 445 000	255 715 200
Community wealth/Equity	64 088	4 685 857	7 269 484			
<b>Cash flows</b>						
Net cash from (used) operating	1 335 648	612 909	934 737	479 097 015	541 240 000	63 471 000
Net cash from (used) investing	(301 489)	(567 412)	(847 595)	(437 801 221)	(523 194 000)	(77 170 000)
Net cash from (used) financing	-	-	-	(20 467 056)		
<b>Cash/cash equivalents at the beginning of the year</b>				29 437 305	19 928 000	-
<b>Cash/cash equivalents at the year end</b>	1 707 019	14 444	56 090	50 266 043	37 974 000	(13 699 000)
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available	217 669	(1 472 525)	(1 669 849)	-	-	-
Application of cash and investments	1 406 688	(1 685 509)	(1 273 906)	-	-	-
<b>Balance - surplus (shortfall)</b>	(1 189 019)	212 984	(395 944)	-	-	-
<b>Asset management</b>						
Asset register summary (WDV)	4 388 987	6 340 131	6 620 313	-	-	-
Depreciation & asset impairment	183 231	186 056	186 056	-	-	-
Renewal of Existing Assets	51 600	35 380	75 422	-	-	-



Repairs and Maintenance	115 328	37 823	121 234	-	-	-
<b>Free services</b>						
Cost of Free Basic Services provided	-	-	-	-		
Revenue cost of free services provided	136	55	55	-	-	-
<b>Households below minimum service level</b>						
Water:	43 935	43 935	43 935	-	-	-
Sanitation/sewerage	98 019	98 019	98 019	-	-	-
Energy:	-	-	-	-		
Refuse:	-	-	-	-		

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1

T 5.1.1

Financial Performance of Operational Services						
R '000						
Description	2019/20	2020/21		2020/21 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water	1 211 878	815 719	916 288	781 759	95,84%	85,32%
Waste Water (Sanitation)	949 507	923 210	923 210	411 860	44,61%	44,61%
Electricity	3 551	2 661	2 661	836	31,43%	31,43%
Waste Management		-	-	-		
Housing		-	-	-		
Component A: sub-total	2 164 936	1 741 590	1 842 159	1 194 455		
Waste Water (Stormwater Drainage)						
Roads	6 361	7 742	6 042	2 482	32,06%	41,08%
Transport						
Component B: sub-total						
Planning	32 794	10 211	4 361	4 361	42,71%	100,00%
Local Economic Development	1 861	2 537	2 479	787	31,03%	31,76%
Component B: sub-total	34 655	12 748	6 840	5 148		
Health	27 193	35 675	32 925	18 943	53,10%	57,53%
Security and Safety	83 494	65 645	75 730	39 276	59,83%	51,86%
Sport and Recreation	1 748	4 753	1 880	607	12,76%	32,26%

Corporate Policy Offices and Other	1 671 158	161 540	172 468	137 167	84,91%	79,53%
Component D: sub-total	1 783 594	267 613	283 003	195 992		
<b>Total Expenditure</b>	<b>3 989 545</b>	<b>2 029 694</b>	<b>2 138 044</b>	<b>1 398 078</b>		

The revenue collection rate on own revenue, for water and sanitation, was at the lowest due to weak internal revenue collection mechanisms. Spending on projects that are own funded was also at the lowest due to delays in procurement processes.

Operational expenditure relating to employee costs escalated mainly due to legacy backlog on employee benefits that were not budgeted for. The revenue from the Water Services Infrastructure Grant is significantly low due to delays in appointment procurement processes. **T5.1.3**

## 5.2. GRANTS

The municipality was able to spend on all the conditional grants except for the Water Services Infrastructure Grant. The municipal infrastructure grant was at the highest at 100%. WSIG was at the lowest at 31%.

For 2020/21 financial year, the municipality performed as follows:

- (a) MIG – 91%**
- (b) WSIG – 100%**
- (c) RRAMS -100%**
- (d) EPWP - 100%**
- (e) FMG - 100%**

GRANT PERFORMANCE						
						R' 000
Description	2019/20	2020/21			2020/21	Variance
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>						
Equitable share	919 537	919 537	1 122 660	1 122 660	122,09%	1
Disaster Relief COVID-19 grant	2 384	0	0	0	0%	1
Municipal Infrastructure Grant	322 881	480 990	561 331	557 233	86,32%	
Water service Infrastructure Grant	18 220	40 000	45 000	22 349	178,98%	
Rural Road Asset Management	1 370	2 338	2 225	967	241,67%	
Finance Management Grant	2 330	2 330	2 700	2 700	86,30%	
Expanded Public works programme	3 292	3 292	9 433	9 433	34,90%	
<b>Provincial Government:</b>						
LG SETA	608	609	141	141	0,00%	
<b>Other grant providers:</b>	-	-	-	-		
<b>Total Operating Transfers and Grants</b>	<b>1 270 014</b>	<b>1 763 416</b>	<b>1 768 416</b>	<b>1 607 272</b>		
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i>						<b>T 5.2.1</b>

### 5.3. ASSET MANAGEMENT

#### INTRODUCTION TO ASSET MANAGEMENT

Effective management of infrastructure and community facilities is central to the municipality in providing acceptable standard of services to the communities. Proper Infrastructure impacts on the quality of the living standard/environment and for opportunities to prosper. Not only is there a requirement to be effective, but the manner in which the municipality discharges its responsibilities as a public entity is also important. The municipality must demonstrate good governance and customer care, and the processes adopted must be efficient and sustainable. Councillors and officials are custodians of infrastructure assets on behalf of the public. The value of these infrastructure assets are recorded in the Fixed Assets Register using the GRAP 17 standards.

Legislation has also entrenched the Integrated Development Plan (IDP) as the principal strategic planning mechanism for municipalities. However, the IDP cannot be compiled in isolation for the above objectives to be achieved. The IDP needs to be informed by robust, relevant and holistic information relating to the management of the municipality's infrastructure.

There is a need to direct limited resources to address the most critical needs, to achieve a balance between maintaining and renewing existing infrastructure whilst also addressing backlogs in basic services and facing ongoing changes in demand. Making effective decisions on service delivery priorities requires a team effort, with inputs provided by officials from all departments of the municipality.

Cooperative Government and Traditional Affairs CoGTA has prepared guidelines in line with international practice, that propose that an Infrastructure Asset Management Plan (IAMP) is prepared for each sector (such as water, roads etc). These plans are used as inputs into a Comprehensive Infrastructure Plan (CIP) that presents an integrated plan for the municipality covering all infrastructures. This is in line with the practice adopted in national and provincial spheres of government in terms of the Government-wide Immoveable Asset Management Act (GIAMA).

Accordingly, the asset register adopted by a municipality must meet not only financial compliance requirements, but also set a foundation for improved infrastructure asset management practice. The Municipal Manager, being the accounting officer of the municipality, is responsible for the following in terms of section 63 of the Municipal Finance Management Act (Act No. 56 of 2003):

- The assets of the municipality, including the safeguarding and the maintenance of those assets.
- Ensuring that the municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- Ensuring that the municipality's assets are valued in accordance with the Standards of Generally Recognised Accounting Practice (GRAP); and
- Ensuring that the municipality maintains a system of internal control of assets, including an asset register.

The Municipal Manager shall ensure that:

- An Asset Management Committee is established, through which all asset processes and procedures will be implemented.
- The municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- The municipality's assets are valued in accordance with the standards of generally recognised accounting practice (GRAP);

- The municipality has and maintains a system of internal control of assets, including an asset register; and
- The Directors and their teams shall comply with the Asset Management Policy

TREATMENT OF THE THREE LARGEST ASSETS FOR 2021/22				
Assets 1				
<b>Name</b>	Jopie Mawa Ramotshinyadi Water Supply			
<b>Description</b>	Construction of bulk water supply pipeline			
<b>Asset Type</b>	Infrastructure Asset – Bulk supply pipeline			
<b>Key staff involved</b>	Project Management Unit			
<b>Staff responsibilities</b>	Overall management and implementation of the project			
<b>Asset Value</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	309 565 863.09	316 476 481	171 103 815.42	171 103 815.42
<b>Capital implications</b>	Budget allocation for refurbishment and maintenance of the asset			
<b>Future purpose of asset</b>	Access to clean bulk water supply to the community			
<b>Describe key issues</b>	Access to basic services			
<b>Policies in place to manage asset</b>	Asset Management Policy			

Assets 2				
<b>Name</b>	Sefototse to Ditshosini Bulk Water Supply (Bellevue, Sefototse)			
<b>Description</b>	Construction of bulk water supply pipeline			
<b>Asset Type</b>	Infrastructure Asset – Bulk supply pipeline			
<b>Key staff involved</b>	Project Management Unit			
<b>Staff responsibilities</b>	Overall management and implementation of the project			
<b>Asset Value</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	46 438 419.98	97 865 256.72	204 744 568.51	204 744 568.51
<b>Capital implications</b>	Budget allocation for refurbishment and maintenance of the asset			
<b>Future purpose of asset</b>	Access to clean bulk Water Supply to the community			
<b>Describe key issues</b>	Access to basic service and Job creation			
<b>Policies in place to manage asset</b>	Asset Management Policy			

Asset 3				
Name	Thapane Water Supply Scheme – Upgrading and Extension			
Description	Upgrading and extension of water treatment plant			
Asset Type	Infrastructure Asset - Water Treatment			
Key staff involved	Project Management Unit			
Staff responsibilities	Management and Monitoring of projects			
Asset Value	2018/19	2019/20	2020/21	2021/22
	29 222 382.97	106 019 192.34	131 361 486.37	131 361 486.37
Capital implications	Budget allocation for refurbishment and maintenance of the asset			
Future purpose of asset	Access to clean bulk Water Supply to the community			
Describe key issues	Access to basic service and Job creation			
Policies in place to manage asset	Asset Management Policy			
T5.3.2				

### COMMENT ON ASSET MANAGEMENT:

Municipal assets (such as infrastructure and community facilities) are the means by which the municipality delivers a range of essential municipal services. Consequently, the management of such assets is critical to meeting the strategic objectives of the municipality and in measuring its performance. The goal of asset management is to meet a required level of service, in the most cost-effective manner, through the management of assets for present and future customers.

T5.3.3

REPAIR AND MAINTENANCE EXPENDITURE 2021/22				
	Original budget	Adjustment budget	Actual	Budget variance
<b>Repairs and maintenance expenditure</b>	169 317 479	305 510 232	240 588 409	64 921 823
T5.3.4				

### COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

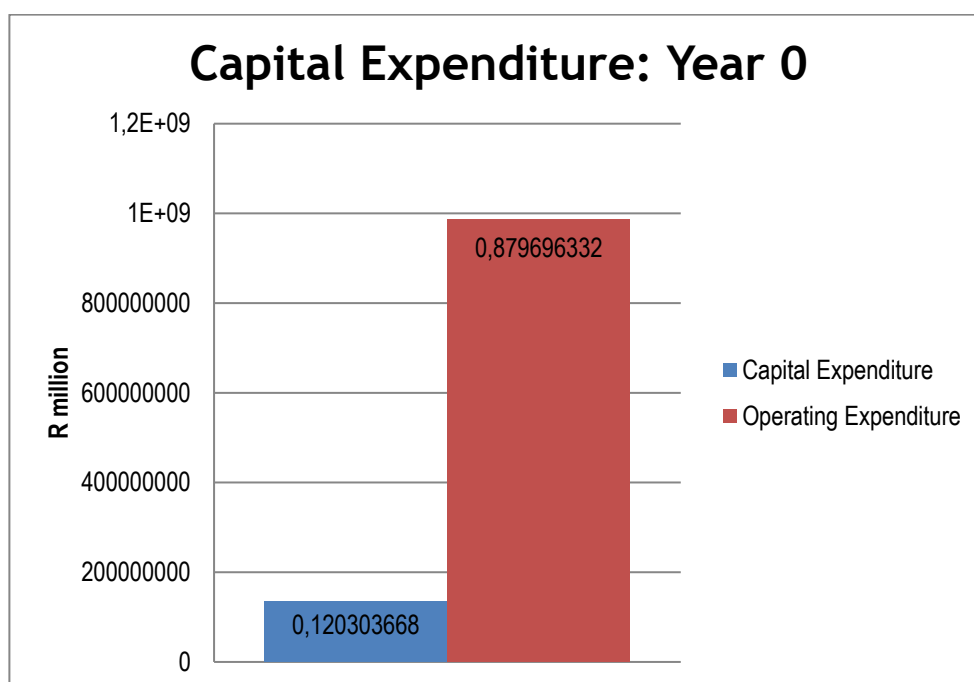
The maintenance plan in respect of every new infrastructure assets was not adequately prepared. The repairs and maintenance vote is not adequately monitored. Every director is responsible for ensuring that all assets (other than infrastructure assets) are properly maintained and in a manner, which will ensure that such item attain their useful operating lives.

## 5.4. FINANACIAL RATIOS BASED ON KEY PERFORMANNC E INDICATORS

### COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

## 5.5. CAPITAL EXPENDITURE

The municipality has capital assets in the form infrastructure assets acquired through the projects which are funded through the conditional grants such as MIG and WSIG. Such assets are maintained through assets maintenance plants and are accounted through the fixed assets register.



## 5.6.

R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure					
Operating Expenditure	373 <sup>1</sup>	1 572	2 944	46,6%	53,4%
<b>Total expenditure</b>					
Water and sanitation					
Electricity					

Housing					
Roads, Pavements, Bridges and storm water					
Other					
External Loans					
Internal contributions					
Grants and subsidies	135	1 135	2 270	50,0%	50,0%
Other					
Property rates	–				
Service charges	198	198	397	50,0%	50,0%
Other own revenue	59	286	345	17,1%	82,9%
				0,0%	0,0%
Employee related costs	412	424	836	49,3%	50,7%
Provision for working capital					
Repairs and maintenance	161	266	427	37,7%	62,3%
Bulk purchases	240	255	494	48,5%	51,5%
Other expenditure	560	627	1 187	47,2%	52,8%
			–		

#### 5.7. CAPITAL SPENDING ON 5 LARGEST PROJECTS

CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS*					
2021/22					
R' 000					
Name of Project	Current: 2021/22				Variance: 2021/22
	Actual Expenditure	Original Variance (%)	Actual Expenditure	Original Variance (%)	Actual Expenditure
Kampersus Bulk Water Scheme & Scotia Water Reticulation					
Ritavhi 2 Water Scheme (Sub-Scheme 1)					



Sekgosese Water Scheme					
Thabina Regional Water Scheme (The Resizing & Replacement of Bulk Water Pipeline from Thabina to Lenyenye)					
Makhushane Water Scheme					
<b>* Projects with the highest capital expenditure in Year 2022</b>					
<b>Name of Project - A</b>	Kampersrus Bulk Water Scheme & Scotia Water Reticulation				
Objective of Project	Water supply to Kamoersrus and Scotia communities				
Delays	Covid-19 pandemic and national lockdown				
Future Challenges	Infrastructure vandalism				
Anticipated citizen benefits	Improved water service supply and socio-economic development				
<b>Name of Project - B</b>	Ritavhi 2 Water Scheme (Sub-Scheme 1)				
Objective of Project	Water supply to Kamoersrus and Scotia communities				
Delays	Covid-19 pandemic and national lockdown				
Future Challenges	Infrastructure vandalism				
Anticipated citizen benefits	Improved water service supply and socio-economic development				
<b>Name of Project - C</b>	Sekgosese Water Scheme				
Objective of Project	Water supply to Kamoersrus and Scotia communities				
Delays	Covid-19 pandemic and national lockdown				
Future Challenges	Infrastructure vandalism				
Anticipated citizen benefits	Access to water services and socio-economic development				
<b>Name of Project - D</b>	Thabina Regional Water Scheme (The Resizing & Replacement of Bulk Water Pipeline from Thabina to Lenyenye)				
Objective of Project	Water supply to Kamoersrus and Scotia communities				
Delays	Covid-19 pandemic and national lockdown				
Future Challenges	Infrastructure vandalism				

Anticipated citizen benefits	Improved access to water supply and local economic development
<b>Name of Project - E</b>	<b>Makhushane Water Scheme</b>
Objective of Project	Water supply to Kamperusrus and Scotia communities
Delays	Covid-19 pandemic and national lockdown
Future Challenges	Infrastructure vandalism
Anticipated citizen benefits	Improved access to water supply and local economic development
<i>T 5.7.1</i>	

## 5.8. BASIC SERVICE AND INFRASTRUCTURE BACKLOGS- OVERVIEW

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

MDM has a total number of 296 319 households which are receiving water services from it. 84.2% of the community households have access to water, whereas 15,8% has no water in their communities. At least Ba-Phalaborwa has a backlog of 2,9% without water. The municipality that has the highest backlog is Greater Tzaneen Municipality and the municipality that has the lowest is Ba-Phalaborwa followed by Greater Letaba at 9,3%.

327 466 households which are receiving sanitation services. 96.2% of the community households have access to sanitation services, whereas 3.8% has no sanitation services in their communities. At least Greater Letaba has a backlog of 1,4% without sanitation services. The municipality that has the highest backlog is Greater Giyani Municipality with 8,2%. The municipality that has the lowest is Greater Letaba with 1,4% followed by Greater Tzaneen with 1,7%.

SERVICE BACKLOGS AS AT 30 JUNE 2022				
	*Service level above minimum standard		**service level below minimum standard	
	No. HHs	%HHs	No. HHs	%HHs
Water	249 925	84.3%	46 395	15.7%
Sanitation	251 976	85%	44 344	15.7%
Electricity	257 798	87%	38 522	13%
Waste management	53 300	18.7%	241 020	81.3%
Housing	271 518	91.6%	24 802	8.4%
% HHs are the service above/below minimum standard as a proportion of total HHs. `housing` refers to *formal and ** informal settlements				

## **COMMENT ON BACKLOGS:**

MDM relies mainly on infrastructure grants to eradicate basic service delivery backlogs. These grants mainly focus on the water and sanitation infrastructure projects.

MDM has a total number of 296 319 households which are receiving water services from it. 84.2% of the community households have access to water, whereas 15,8% has no water in their communities. At least Ba-Phalaborwa has a backlog of 2,9% without water. The municipality that has the highest backlog is Greater Tzaneen Municipality and the municipality that has the lowest is Ba-Phalaborwa followed by Greater Letaba at 9,3%. 327 466 households which are receiving sanitation services. 96.2% of the community households have access to sanitation services, whereas 3.8% has no sanitation services in their communities. At least Greater Letaba has a backlog of 1,4% without sanitation services. The municipality that has the highest backlog is Greater Giyani Municipality with 8,2%. The municipality that has the lowest is Greater Letaba with 1,4% followed by Greater Tzaneen with 1,7%.

## **COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS**

The cash flow management of the municipality is critically importance given the current weaknesses on debt collection mechanisms. Own revenue is not collected. The municipality adopted the cost containment measure from National Treasury with the aim of maximising on liquidity.

Due to limited own revenue streams, the municipality invests in call accounts on a regular to make extra income to complement funding for operational activities.

### **5.9. CASH FLOW**

The municipality s cash flow situation is critical given the commitments of the municipality mainly on the water boards debts. The total current liabilities exceed total current assets due to expensive repayment terms boards debts.

Cash Flow Outcomes				
R'000				
Description	Year -2020/21	Current: 2021/22		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Sale of goods and services				131 288 566
Grants			29 405 000	1 509 753 816
Ratepayers and other	229 104	500		
Government - operating	1 139	1 134 912		
Government - capital	563	616 639		
Interest	55	237 406	(7 378 000)	3 621 608
Other receipts			(99 450 000)	
Dividends				
<b>Payments</b>				
Suppliers and employees	(1 193)	(1 333 462)	148 272 000	(1 122 050 132)
Finance charges	(491)	(28 151)	(7 378 000)	(43 516 843)
Transfers and Grants	–	–	–	–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>268 617</b>	<b>612 909</b>	<b>63 471 000</b>	<b>479 097 015</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE		(62 637)		
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
<b>Payments</b>				
Capital assets	(301 489)	(567 412)	(898)	(26 760)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(301 489)</b>	<b>(567 412)</b>	<b>(898)</b>	<b>(89 397)</b>
Purchase of Property, plant and equipment			(77 170 000)	(437 801 221)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Finance lease Payments				(20 467 056)
Increase (decrease) in consumer deposits				
<b>Payments</b>				
Repayment of borrowing				

<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>228 281</b>	<b>538 447</b>	<b>(13 699 000)</b>	<b>20 828 738</b>
Cash/cash equivalents at the year begin:	216 772	216 772	-	29 437 305
Cash/cash equivalents at the year-end:	445 053	755 219	(13 699 000)	50 266 043
<i>Source: MBRR A7</i>				<i>T 5.9.1</i>

## 5.9. BORROWING AND INVESTMENTS

The municipality has no borrowing but rather short-term investments on call accounts arrangements. These investments are made on a spontaneous basis when cash resources are available. As already indicated the municipality does not have enough cash resources to afford investments on a fixed term basis.

## 5.10. PUBLIC PRIVATE PARTENERSHIP

The municipality has not entered into any public private partnership in the 2020/21 financial year.

## COMPONENT D: OTHER FINANCIAL MATTERS

## 5.11. SUPPLY CHAIN MANAGEMENT

### SUPPLY CHAIN MANAGEMENT

MDM had review the SCM policy in financial 2021/22 to be align with PPPFA Regulation 2017; MFMA SCM regulation 2005; MFMA Circular No 77 - Model SCM Policy for Infrastructure Procurement and Delivery Management -28 October 2015; MFMA Circular 83 - eTender Portal - 18 July 2016; MFMA Circular 90 - Tax Compliance Status - 30 January 2018; MFMA Circular 68 - Unauthorised Irregular Fruitless and Wasteful Expenditure

Management through to SCM unit have implemented approved SCM policy and bid committee code of conduct to enhance compliance with as set down by SCM regulation 2005 where in all bid committee or SCM process there is no Councilor member appointed or interfering in handling bidding process. Eleven officials employed in SCM have MFMA competency level as per Regulation guideline however the MDM continuously developed SCM official through training & workshop to future capacities SCM official to enhance compliance.

**T5.12.1**

## **5.12. GRAP COMPLIANCE**

The municipality obtained a Disclaimer audit opinion meaning that there was not compliance with GRAP reporting requirements. There is a turn-around plan in the form of the audit action plan to correct the situation.



## CHAPTER - 6:

# AUDITOR-GENERAL AUDIT FINDINGS

2021 - 2022

The Constitution S188 (1) (b) states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

The MSA S45 states that the results of performance measurement in terms of S41(1)(c) must be audited annually by the Auditor-General. Section 41(1)(c) states that the auditing should take place with regard to each of those development priorities and objectives and against key performance indicators and targets to monitor, measure and review municipal performance at least once per annum.

The municipality received a Disclaimer audit opinion from the Auditor-General for the 2021/22 financial year, refer to the audit opinion below:

## **COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2021/22**

### **6.1. AUDITOR GENERAL REPORTS 2021/22**

<b>AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE 2021/22</b>	
<b>Status of audit report:</b>	DISCLAIMER AUDIT OPINION
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Commitments register not complete	The municipality has begun with the process of populating and updating of information on the commitment register. This process involves the verification of the status of the projects to determine whether projects are still in progress and qualify to be included in the contract register and those that are completed to be taken out of the register.
Difference between AFS and commitments register – Comparative figure	The municipality has begun with the process of populating and updating of information on the commitment register. This process involves the verification of the status of the projects to determine whether projects are still in progress and qualify to be included in the contract register and those that are completed to be taken out of the register.



Commitments – Misstatements identified on commitments – current and prior year	The municipality has begun with the process of populating and updating of information on the commitment register. This process involves the verification of the status of the projects to determine whether projects are still in progress and qualify to be included in the contract register and those that are completed to be taken out of the register.
Commitments - Misstatements in the commitment register	The municipality has begun with the process of populating and updating of information on the commitment register. This process involves the verification of the status of the projects to determine whether projects are still in progress and qualify to be included in the contract register and those that are completed to be taken out of the register.
Procurement of goods/services split into parts or items of lesser value	SCM reviews all the request that are submitted and club all related request together in order to ensure that appropriate action and process is followed.
Three written quotations not obtained from different prospective providers	All instances where 3 quotations are not received are reported to the CFO if it is for 7 days' notice or the MM on deviations for endorsement as per the regulation and the SCM policy.
No formal process followed to allocate projects to engineering consultants within a panel	Review SCM policy. 'Consultants have been allocated to projects which they have designed the drawing historically in order to ensure continuity and also keeping to the quality standard on the implementation of the projects as per the designs.
Quotations not evaluated on local content	All request of designated items will be advertise and evaluated on local production content.
Suppliers in service of state	The municipality uses MBD 4 declaration of interest to check whether suppliers are in the service of the state.
Performance of contractors not monitored on a monthly basis	Infrastructure projects are monitored regularly by the PMU office. Monitoring reports are kept in the project management unit.
Consultants allocated projects after being disqualified by the adjudication committee	The municipality has improved project filling system to ensure that all the supporting documents of appointment per project are kept in 1 place for ease of reference during project allocation to ensure that no service provider without appointment letter is awarded projects.

No evaluation committee for the appointment of consultants into the pool	The municipality has improved project filling system to ensure that all the supporting documents of appointment per project are kept in 1 place for ease of reference during project allocation to ensure that no service provider without appointment letter is awarded projects.
No specification and specification committee in place for the appointment of consultants into the pool	The municipality has appointed bid committee members at the beginning of the financial year to ensure that bid committees are properly constituted. All bids that are approved for advertisement have signed specification which have been reviewed by the specification committee and approved by the Accounting Officer.
Over allocation of projects to one Engineering Consultant within a panel	Consultants have been allocated to projects which they have designed the drawing historically in order to ensure continuity and also keeping to the quality standard on the implementation of the projects as per the designs.
SCM non-compliance on the procurement of borehole development goods and services	The municipality will engage in a process of reviewing the SCM policy to enable the approved panel of contractors to have a formal process by which borehole development must follow.
Irregular expenditure not complete	The municipality is in the process of reviewing the prior year irregular expenditure report against the Management report from AGSA as well as the contract register in order to ensure that the register has captured all transactions deemed irregular.
Contract awarded to a contractor not in the approved panel of contractors	The municipality has improved project filling system to ensure that all the supporting documents of appointment per project are kept in 1 place for ease of reference during project allocation to ensure that no service provider without appointment letter is awarded projects.
Incomplete SCM documentation submitted for audit	The municipality has improved project filling system to ensure that all the supporting documents of appointment per project are kept in 1 place for ease of reference during project allocation to ensure that no service provider without appointment letter is awarded projects.
No evidence to support how contractors for VIP toilets were selected and appointed from the panel of approved contractors	The municipality has opened the closed bidding within the panel ensure that all suppliers are afforded an equal and fair chance to be allocated work.

Tender invitation sent out to contractors after the closing date	The municipality is implementing a process of developing and drafting specifications along with the draft advert for approval by the Accounting Officer prior to issuing a formal advertisement out for service providers. This helps to ensure controlled issuance of adverts to service providers.
Clause 36 (5) of the MDM SCM policy not in line with section 170 of the MFMA	The municipality will engage in a process of reviewing the SCM policy to ensure compliance with the MFMA.
Giyani Statements of customer accounts	Requesting monthly Customer Statements and the Billing Reports from all the local municipalities for preparation of an audit file.
Customer statements for the different months selected, as per the information on the excel spreadsheets	Requesting monthly Customer Statements and the Billing Reports from all the local municipalities for preparation of an audit file.
Cash receipts listing for each Local municipality and the following per attached	Requesting monthly Cash receipts Reports from all the local municipalities for preparation of an audit file.
Please provide us with the supporting documents for the Revenue from non - exchange transaction as specified in the attached Annexure A and Annexure B.	Requesting monthly Cash receipts Reports & Customer Statements from all the local municipalities for preparation of an audit file.
Billing reports for GTM and GLM	Requesting monthly billing Reports all the local municipalities.
Information for staff debtor, Service providers, 3. RBIG Project – Mametja Sekororo, 4. Eskom – Deposits and Prior period error.	Maintain proper record keeping,
Inter-Municipality Differences - Ba-Phalaborwa Municipality, Greater Giyani Municipality, Greater Letaba Municipality, Greater Tzaneen and Maruleng Municipality	Monthly reconciliation of inter-municipal transaction to be performed.
Inter-municipal accounts - Differences between amounts of line items as recorded on the inter-	Monthly reconciliation of inter-municipal transaction to be performed.

municipal schedules and the general ledger of the local municipalities, BPM, GLM, GTM and MLM	
Intangible Assets - Prior Period Error.	Resolved during AFS adjustment. This was the issue of mapping relating to PABX telephone expenditure which was erroneously recorded as asset instead of operational expense.
Property, plant and equipment incorrectly classified as inventory.	Review inventory issued for items that meet the definition of an asset for capitalisation.
Fuel card usage on Vehicle not in the Asset register.	Review the list of vehicles and reconcile with the asset register to ensure that all vehicles are updated in the asset register.
Intangible Assets - Prior Period Error.	Review depreciation calculations.
Payment voucher including all the supporting documents.	All payments paid are reconciled with the bank statement and scanned before filing, to ensure completeness ,
Fruitless and wasteful expenditure register was not reconciled to the underlying records.	Regular reviews to be performed regularly to ensure that the register is complete and accurate.
Vat receivable not properly reconciled.	Expenditure Management Unit to ensure that monthly VAT reconciliations are performed. CFO to review the VAT reconciliations on a monthly basis.
VAT Receivable - Returns not traceable to the general ledger and Journals not supported.	Ensure monthly VAT reconciliations are performed. CFO to review the VAT reconciliations on a monthly basis. A file that supports all the recon and statement of account from SARS to be kept and the reports that we received from local municipality to be consolidated and properly filed.
Payments not made within 30 days	Deputy manager expenditure to maintain and review proper invoice register to ensure that invoices are paid within 30 days.
<p><i>Note:* The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor-General Report on Financial Performance Year 2022</i></p>	
T 6.2.1	

AUDITOR-GENERAL REPORT ON SERVICE DELIVERY PERFORMANCE: 2021/22	
<b>Status of audit report</b>	<b>QUALIFIED AUDIT OPION</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
COMAF 41: Differences identified between actual achievement and the portfolio of evidence submitted for audit	Portfolio of evidence submitted must be audited before reporting on the actual performance
T 6.2.2	

# **Report of the auditor-general to the Limpopo Provincial Legislature and Council on Mopani District Municipality**

## **Report on the audit of the financial statements**

### **Disclaimer of opinion**

1. I was engaged to audit the financial statements of the Mopani District Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **Basis for disclaimer of opinion**

#### **Property, plant and equipment**

3. I was unable to obtain sufficient appropriate audit evidence that infrastructure assets amounting to R6 336 866 003 (2021: R6 341 037 751) was properly accounted for, due to the status of the accounting records. I was unable to confirm infrastructure assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to infrastructure assets disclosed in note 7 to the financial statements. Since the property plant and equipment balance is used in the determination of depreciation and impairment reported in the statement of financial performance, I was unable to determine whether any adjustment was necessary to depreciation and impairment from infrastructure assets, stated at R202 956 774 (2021: R178 628 519) and R30 626 045 (2021: R3 232 833) respectively disclosed in note 7 to the financial statements. Furthermore, since the property plant and equipment balance is included in the determination of net cash flows from investing activities reported in the statement of cash flows, I was unable to determine whether any adjustments were necessary in the cash flows from investing activities stated at R437 801 221 (2021: R724 551 128) in the financial statements. Additionally, there is a consequential impact on the accumulated surplus.
4. I was unable to obtain sufficient appropriate audit evidence that work in progress amounting to R1 948 963 991 (2021: R1 765 358 581) was properly accounted for, due to the status of the accounting records. I was unable to confirm work in progress by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to work in

progress disclosed in note 7 to the financial statements. Since the property plant and equipment balance is included in the determination of net cash flows from investing activities reported in the statement of cash flows, I was unable to determine whether any adjustments were necessary in the cash flows from investing activities stated at R437 801 221 (2021: R724 551 128) in the financial statements. Additionally there is a consequential impact on the accumulated surplus.

5. The municipality depreciated other leased assets over the lease term and not over the useful lives in contravention with GRAP 17, *Property Plant and equipment*. Consequently the carrying amount of other leased assets included in note 7 to the financial statements is understated by R23 762 308. There is a resultant impact on the surplus for the year and on the accumulated surplus.
6. The municipality revalued other property plant and equipment that were carried at nil values following the end of the lease terms instead of carrying at cost at initial recognition and subsequently depreciating after reassessing the residual values and useful lives at the end of each reporting date in accordance with GRAP 17, *Property Plant and equipment*. Consequently, other property plant and equipment and gain on disposal of assets and liabilities is over stated by R40 238 335. There is a resultant impact on the surplus for the year and on the accumulated surplus.

## Expenditure

7. The municipality did not have adequate internal controls systems for classifying expenditure by nature as required by GRAP 1, *Presentation of financial statements*. I have identified general expenses amounting to R39 831 319 (2021: R96 196 119) that were incorrectly classified as repairs and maintenance. Consequently, repairs and maintenance were overstated by R39 831 319 and general expenses were understated by the same amount.
8. The municipality did not recognise expenditure in terms of GRAP 1, *Presentation of financial statements*. I identified items of property, plant and equipment amounting to R53 861 510 (this matter was also reported on in paragraph 6 of my 2020-21 report) that were expensed under repairs and maintenance and capital assets amounting to R41 374 866 expensed under general expenses instead of being capitalised as property, plant and equipment in terms of GRAP 17, *Property, plant and equipment*. Consequently, repairs and maintenance stated at R169 317 479 in note 36 to the financial statements is overstated by R53 861 510 and general expenses stated at R240 130 484 in note 34 to the financial statements is overstated by R41 374 866. There is a resultant impact on property, plant and equipment disclosed in note 7 to the financial statements and surplus for the period.
9. I was unable to obtain sufficient appropriate audit evidence for bulk purchases for the current year due to the status of record keeping. I was unable to confirm the bulk purchases by alternative means. Consequently, I was unable to determine whether any adjustments to bulk purchases stated at R189 101 685 (this matter was also reported on in paragraph 8 of my 2020-21 report) in note 31 to the financial statements, were necessary. There is a consequential impact on surplus for the period and payables from exchange transactions stated in note 12 to the financial statements. Since the expenditure amount is included in the determination of net cash flows from operating expenses reported in the statement of cash

flows, I was unable to determine whether any adjustments were necessary in the cash flows from investing operating stated at R459 331 219 in the financial statements.

10. The municipality did not have adequate internal controls systems to account for transactions in the correct financial year as required by GRAP 1, *Presentation of financial statements*. I identified contracted services amounting to R12 334 667 from the previous financial years included in the current year. Consequently, contracted services stated at R93 030 490 in note 32 of the financial statements are overstated by R12 334 667. Additionally, there is an impact on the surplus for the year and the accumulated surplus.

#### Receivables from exchange transactions

11. I was unable to obtain sufficient appropriate audit evidence for the gross carrying amount for the Ba-Phalaborwa municipality receivable due to the difference between the financial statements and the underlying records. I was unable to confirm the gross carrying amount for Ba-Phalaborwa municipality receivable by alternative means. I was unable to determine whether any adjustment was necessary for the gross carrying amount for Ba-Phalaborwa municipality receivable stated at R397 943 179 (2021: R419 008 931) in note 4.1 to the financial statements. Since the Ba-Phalaborwa municipality's receivable balance is used in the determination of the allowance for impairment, I was unable to determine whether any adjustment was necessary to the allowance for impairment of the Ba-Phalaborwa municipality receivable, stated at R397 943 179 (2021: R419 008 931) disclosed in note 4.1 to the financial statements. Consequently, there is an impact on the surplus for the year and accumulated surplus.
12. I was unable to obtain sufficient appropriate audit evidence that the gross consumer debtors due to the difference between the financial statements and the underlying records. In the determination of the gross amount for consumer debtors, the municipality omitted interest on outstanding debtors. I was unable to determine whether any further adjustments were necessary to the gross consumer debtors stated at R1 727 580 647 (2021: R1 534 467 946) in note 4.2 to the financial statements. Since the gross consumer debtors balance is used in the determination of allowance for impairment, I was unable to determine whether any adjustment was necessary to the allowance for impairment of consumer debtors, stated at R1 490 083 261 (2021: R1 437 923 883) disclosed in note 4.2 to the financial statements.

#### Vat Receivable

13. The municipality did not implement adequate internal control systems for recording and accounting for Value Added Taxation (VAT). In addition, the municipality did not provide supporting records for the restatement of the corresponding figure for VAT receivables as previously reported to R189 221 082. The restatement also affect the current period's closing balance. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary for VAT receivable stated at R214 230 299 (2021: R194 464 507) in note 5 to the financial statements.



## Vat Payable

14. I was unable to obtain sufficient appropriate audit evidence for VAT payable due to the municipality not implementing adequate internal control systems for recording and accounting for VAT. I identified VAT output on consumer debtors amounting to R225 336 606 that was incorrectly accounted for. The full extent of the misstatement on VAT could not be quantified as it was impracticable to do so. Consequently, I was unable to determine the extent of adjustments necessary to the VAT payable. I could not confirm the VAT payable by alternative means. I was unable to determine whether any further adjustments were necessary to VAT payable stated at R25 701 913 in note 13 (2021: R1 965 713) to the financial statements.
15. I was unable to obtain sufficient appropriate audit evidence for VAT Payable due to the municipality not implementing adequate internal control systems for recording and accounting for VAT. Journals amounting to R32 246 648 were processed without supporting evidence. Consequently, I could not confirm the VAT payable by alternative means. I was unable to determine whether any further adjustments were necessary to VAT payable stated at R25 701 913 in note 13 (2021: R1 965 713) to the financial statements.

## Payables from exchange transactions

16. I was unable to obtain sufficient appropriate audit evidence for trade creditors, included in payables from exchange transactions due to significant differences identified between the financial statements and the underlying records. The municipality did not reconcile these balances to the underlying records. I was unable to confirm these payables by alternative means. Consequently, I was unable to determine whether any further adjustments to payables from exchange transactions stated at R190 911 863 (2021: R138 668 175) in note 12.5 to the financial statements were necessary.
17. The municipality did not have adequate internal controls systems to account for trade payables transactions as required by GRAP 1, *Presentation of financial statements*. I have identified an understatement of the Lepelle Northern Water (LNW) balance amounting to R97 448 148 between the municipality's financial statements and the account balance confirmed by LNW. Consequently, the LNW balance stated at R324 083 570 in note 12.5 to the financial statements is understated by R97 448 148. Additionally there is an impact on the accumulated surplus.
18. The municipality did not establish adequate internal control systems for reconciling amounts it owes to the Water Service Providers (WSPs), Greater Tzaneen municipality, Greater Giyani municipality, Maruleng municipality and Greater Letaba municipality and the related agency fees due to these municipalities. I was unable to obtain sufficient appropriate audit evidence for payables from exchange transactions due to the differences between the financial statements and the local municipalities' loan accounts. I was unable to confirm the balances of the trade payables by alternative means. I was unable to determine whether any further adjustments were necessary to trade payables stated at R557 638 997 (2021: R504 006 036) on note 12.8 to the financial statements.

### Revenue from exchange transactions

19. I was unable to obtain sufficient appropriate audit evidence for interest on overdue consumer accounts due to the difference between the financial statements and the underlying records. I was unable to confirm the interest on overdue consumer accounts by alternative means. I was unable to determine whether any further adjustments were necessary to interest on overdue consumer accounts stated at R74 140 892 on note 20 to the financial statements.
20. I was unable to obtain sufficient appropriate audit evidence for revenue from water and sanitation due to the status of record keeping. Journals amounting to R42 823 572 processed under revenue from exchange transactions could not be supported. I was unable to confirm the revenue by alternative means. I was unable to determine whether any further adjustments were necessary to revenue from exchange transactions stated at R222 904 530 on note 19 to the financial statements.

### Revenue from non-exchange transactions

21. The municipality did not recognise and disclose services in kind in terms of GRAP 23, *Revenue from non-exchange transactions*. The municipality is occupying an office building belonging to the Limpopo Provincial Government for no consideration. Consequently revenue from non-exchange transactions stated at R1 501 386 075 (2021: R1 751 551 494) in note 23 and note 58 to the financial statements are understated. I was unable to determine the full extent of the understatement as it was impracticable to do so. There is a resultant impact on expenditure and surplus for the period.
22. I was unable to obtain sufficient appropriate audit evidence for revenue from non-exchange transactions: Water Services Infrastructure grant due to an unsupported journal amounting to R17 042 236 processed to adjust the grant revenue in the general ledger. I could not confirm the revenue from non-exchange transactions: Water Services Infrastructure grant by alternative means. I was unable to determine whether any further adjustments were necessary for revenue from non-exchange: Water Services Infrastructure grant stated at R44 126 981 in note 23 to the financial statements.
23. During 2021, The municipality recognised the revenue contrary to the requirements of GRAP 23, *Revenue from non-exchange transactions*, which requires that as an entity 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 shall reduce the carrying amount of the liability recognised and recognise an amount of revenue equal to that reduction. The municipality recognised the revenue on the grant without using it for its intended purpose. Consequently, the corresponding figure of revenue from non exchange: RBIG – COVID 19 relief grant stated at R36 090 004 in note 23 to the financial statements was overstated and unspent conditional grant was understated by the same amount. My audit opinion on the financial statements for the year ended 30 June 2021 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the revenue from non exchange: RBIG – COVID 19 relief grant for the current year.

## Inventories

24. I was unable to obtain sufficient appropriate audit evidence for inventories amounting to R32 859 058 due to the status of the accounting records. I was unable to confirm the inventories by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to inventories stated R37 219 405 in note 3 to the financial statements.

## Statement of comparison of budget and actual amounts

25. The municipality did not have adequate controls in place for reconciling the statement of comparison of budgets and actual amounts to the underlying records. I identified a difference between the approved budget and Statement of comparison of budget and actual amounts for bulk purchases stated as per final budget as R507 577 000 in the financial statements and nil amount per approved budget. Consequently the final budgeted bulk purchases disclosed as R507 577 000 in the statement of comparison of budget and actual amounts is overstated by R507 577 000.

## Contingent liabilities

26. The municipality did not account for contingent liabilities amounting R43 611 996 in accordance with GRAP 19, *Provisions, contingent liabilities and contingent assets* due to the municipality not implementing adequate internal control systems for recording and accounting for contingent liabilities. Consequently, contingent liabilities stated R157 806 708 in note 42 are understated by R43 611 996.
27. Included in contingent liabilities of R157 806 708 as per note 42 to the financial statements are cases amounting to R20 927 879 (matter also reported in paragraph 38 of my 2020-21 report) that do not meet the definition of a contingent liability as per GRAP 19, *Provisions, contingent liabilities and contingent assets*. Consequently, contingent liabilities stated at R157 806 708 as per note 42 to the financial statements are overstated by R20 927 879.

## Unauthorised expenditure

28. The municipality did not adjust unauthorised expenditure as per council approval. Unauthorised expenditure incurred in the previous year's amounting to R91 023 133 was investigated by the Municipal Public Accounts Committee (MPAC) and approved by the council to be written off. Consequently, unauthorised expenditure closing balance stated at R1 394 612 094 as per note 49 to the financial statements is overstated by R91 023 133.

## Fruitless and wasteful expenditure

29. During 2021, I identified that the municipality had not accounted for the interest on overdue invoices of Lepelle Northern Water amounting to R38 988 704. Consequently, the comparative figure for fruitless and wasteful expenditure disclosed as R412 321 621 in note 50 to the financial statements is understated by R38 988 704. My audit opinion on the financial statements for the year ended 30 June 2021 was modified accordingly. My opinion

on the current year financial statements is also modified because of the possible effect of this matter on the comparability of fruitless and wasteful expenditure.

### Irregular expenditure

30. The municipality did not implement adequate internal control systems to identify and record all instances of irregular expenditure in both the current and prior year. This resulted in the irregular expenditure disclosure being understated. The full extent of the misstatement of irregular expenditure could not be quantified as it was impracticable to do so. Consequently, I was unable to determine the extent of adjustments necessary to the opening and closing balance of irregular expenditure disclosure stated at R1 318 400 214 in note 51 to the financial statements.

### Commitments

31. The municipality did not maintain adequate internal control systems for recording and accounting for commitments. I identified differences amounting to R95 995 202 (2021: R70 139 389) between commitments as per the commitments register and the underlying records. In addition, I identified commitments of R20 304 468 (2021: R29 122 387) that were not recorded in the accounting records. Consequently, commitments stated at R857 504 798 (2021: R520 780 150) in note 41 to the financial statements are overstated by R75 690 733 (2021: R41 017 002).
32. I was unable to obtain sufficient appropriate audit evidence for commitments amounting to R77 478 030 due to the status of the accounting records. I was unable to confirm the commitments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to commitments stated at R857 504 798 in note 41 to the financial statements.

### Distribution losses

33. The municipality did not calculate water distribution losses in accordance to the requirements of section 125(2)(d) of the MFMA. The calculations only took into account water losses at the purification plant and excluded distribution losses from the reservoir to the final consumers. I was not able to determine the full extent of the error as it was impractical to do so. Consequently, I was unable to determine whether any adjustment to water distribution losses stated at R782 800 (2021: R224 641) in note 31 to the financial statements were necessary.
34. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
35. 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.

## **Emphasis of matter**

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

## **Restatement of corresponding figures**

37. As disclosed in note 44 to the financial statements, some corresponding figures for 30 June 2021 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2022.

## **Other matters**

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

## **Unaudited supplementary schedules**

39. The supplementary schedule set out on pages xx to xx does not form part of the financial statement and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

## **Unaudited disclosure notes**

40. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

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

41. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Financial Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (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.
42. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

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



44. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code), as well as the other ethical requirements that relevant to my audit of the in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

## Report on the audit of the annual performance report

### Introduction and scope

45. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected key performance area presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
46. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
47. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected key performance area presented in the municipality's annual performance report for the year ended 30 June 2021:

Key Performance Area	Pages in the annual performance report
KPA 2 – Basic Service Delivery	x – x

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

## KPA 2 – Basic Service Delivery

### Number of households with access to water

50. I was unable to obtain sufficient appropriate audit evidence that systems and processes were established to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. This was due to insufficient measurement definitions and processes. I was unable to validate the existence of systems and processes by alternative means.

### Number of by-laws gazetted by 30 June

51. The achievement of 3 was reported against target 5 in the annual performance report. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of 2.

### Various indicators

52. The achievements below were reported in the annual performance report for the listed indicators. However, some supporting evidence provided materially differed from the reported achievement, while in other instances I was unable to obtain sufficient appropriate audit evidence. This was due to the lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any further adjustments were required to these reported achievements.

Indicator description	Reported achievement
Number of households with access to water	6 446
Number of kilometres of gravel roads graded	12 694

### Other matters

53. I draw attention to the matters below.

### Achievement of planned targets

54. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraph xxx of this report.

## Report on the audit of compliance with legislation

### Introduction and scope

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

### Annual financial statements and annual reports

57. 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 identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a disclaimer audit opinion.
58. The annual financial statements were not submitted for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

### Utilisation of conditional grants

59. I was unable to obtain sufficient appropriate audit evidence that the Water Services Infrastructure Grant was spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the DoRA.
60. The Municipal Infrastructure Grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the DoRA.

### Procurement and contract management

61. Sufficient appropriate audit evidence could not be obtained that some of the contracts were awarded in accordance with the legislative requirements as supporting evidence could not be provided for audit purposes resulting in limitation of scope. Similar limitation was also reported in the prior year.
62. Sufficient appropriate audit evidence could not be obtained that goods and services with a transaction value of below R200 000 were procured using price quotations as required by supply chain management (SCM) Regulation 17(1)(a) and (c).
63. 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 non-compliance was also reported in the prior year.
64. Sufficient appropriate audit evidence could not be obtained that bid specifications were unbiased and allowed all potential suppliers to offer their goods or services, as required by SCM Regulation 27(2)(a). Similar non-compliance was also reported in the prior year.



65. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM Regulation 22(1) and 22(2). Similar non-compliance was also reported in the prior year.
66. Some of the contracts were awarded to bidders based on points given for criteria that were not stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations.
67. Some of the contracts were not awarded in an economical manner and/or the prices of the goods or services were not reasonable as required by section 62(1)(a) of the MFMA.
68. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA). Similar non-compliance was also reported in the prior year.
69. Sufficient appropriate audit evidence could not be obtained that contracts 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. Similar non-compliance was also reported in the prior year.
70. Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2). Similar non-compliance was also reported in the prior year.
71. 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) of the MFMA. Similar limitation was also reported in the prior year.
72. 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.
73. Awards were made to providers who were in the service of other state institutions, in contravention of MFMA 112(1)(j) and SCM Regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM Regulation 38(1).
74. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e) / the code of conduct for staff members issued in terms of the Municipal Systems Act.

#### **Expenditure management**

75. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

76. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval and payment of funds, as required by section 65(2)(a) of the MFMA.
77. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure incurred could not be quantified as indicated in the basis for disclaimer paragraph. The majority of the disclosed irregular expenditure was caused by functionality criteria drafted in an exclusionary manner.
78. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the fruitless and wasteful expenditure could not be quantified as indicated in the basis for disclaimer paragraph. The majority of the disclosed fruitless and wasteful expenditure was caused by penalties due to non-payment of bulk water purchases from the department of water and sanitation and Lepelle Northern Water.
79. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The majority of the disclosed unauthorised expenditure was caused by spending in excess of the approved limits in several votes.

#### Revenue management

80. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.
81. I was unable to obtain sufficient appropriate audit evidence that interest had been charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

#### Assets management

82. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

#### Consequence management

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

#### Strategic planning and performance management

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

## Other information

86. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
87. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
88. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
89. 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

90. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
91. The accounting officer did not exercise adequate oversight responsibility regarding financial and performance reporting and compliance with laws and regulations.
92. Consequence management was not adequately implemented to deter non-performance and promote clean administration.
93. The basic accounting and internal control disciplines of daily and monthly reconciliation of transactions was not adequately implemented and monitored.
94. The financial statements and the annual performance report are not reviewed for accuracy and completeness by the accounting officer.
95. The accounting officer and management did not effectively manage and monitor the water and sanitation functions delegated to the local municipalities.

- 96. Finance officials lack the necessary skills and competencies to fulfil their duties, resulting in the excessive reliance on consultants.
- 97. Internal controls for monitoring compliance with laws and regulations are ineffective as they do not detect and prevent instances of non-compliance with applicable laws and regulations.
- 98. The internal control monitoring mechanisms of the municipality are not functioning optimally, as many control weaknesses are only discovered during the audit of the financial statements and performance information.

#### Material irregularities

- 99. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit

#### Material irregularity in progress

- 100. I identified a material irregularity during the audit and notified the accounting officer, as required by the Material Irregularity Regulation 3(2). By the date of this auditor's report, the response of the accounting officer was not yet due. Details of this material irregularity and the progress thereto will be included in next year's auditor's report.

#### Other reports

- 101. I draw attention to the following engagement conducted by various parties which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

102. The Special Investigating Unit has investigated the procurement of goods and services that was in contravention of supply chain management laws and regulations and other matters as per the proclamations issued. The report was finalised and tabled to council in February 2022.

*Auditor-General*

Polokwane

03 December 2022



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected development priorities and on the municipality’s compliance with respect to the selected subject matters.

### **Financial statements**

2. 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 by the accounting officer
  - conclude on the appropriateness of the accounting officer’s 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 Mopani District Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern
  - 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**

3. 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.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to 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.





# CHAPTER - 7:

# APPENDICIES

**2021 - 2022**



## APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

#	Councillors, Committees Allocated and Council Attendance					
No	Council Members	Full Time/Part Time	Committee Allocated	*Ward and/or Party Represented	Number of meetings	Percentage of meetings attendance
		FT/PT			#	%
1	Cllr PJ Shayi	FT	MAYCO	ANC	10/10	100
2	Cllr MN Maswanganyi	FT	Council	ANC	9/10	90
3	Cllr M Lewele	FT	Council	ANC	10/10	100
4	Cllr L S Mohlala	FT	MAYCO	ANC	10/10	100
5	Cllr N R Khandhela	FT	MAYCO	ANC	9/10	90
6	Cllr M L Maloko	FT	MAYCO	ANC	9/10	90
7	Cllr M G Mangena	FT	MAYCO	ANC	9/10	90
8	Cllr MH Sefufi	FT	MAYCO	ANC	10/10	100
9	Cllr N N Baloyi	FT	MAYCO	ANC	8/10	80
10	Cllr D M Makhananisa	FT	MAYCO	ANC	10/10	100
11	Cllr M S Magomane	PT	MAYCO	ANC	8/10	80
12	Cllr D J Mmetle Ramohlola	FT	MAYCO	ANC	10/10	100
13	Cllr S Mothomogolo	PT	Committee of Chairs Chair	ANC	9/10	90
14	Cllr M P Hlungwani	PT	Chairperson MPAC	ANC	8/10	80
15	Cllr H N Ntsimbani	PT	Chair: Sports, Arts & Culture	ANC	10/10	100
16	Cllr N J Mbalati	PT	Chair: Roads & Transport	ANC	10/10	100
17	Cllr E Hlungwane	PT	Chair : Agriculture & Environment Management	ANC	7/10	70
18	Cllr F M Morwatshehla	PT	Chair: Water Services	ANC	8/10	80
19	Cllr S S Mathebula	PT	Chair: Community Development	ANC	10/10	100
20	Cllr B A Shibambu	PT	Chair: Governance & Shared Services	ANC	10/10	100
21	Cllr P Mampeule	PT	Chair : LED & Water Services	ANC	8/10	80
22	Cllr MP Matlou	PT	Chair :Ethics	ANC	7/10	70
23	Cllr J Rakgoale	PT	Chair :Infrastructure	ANC	9/10	90
24	Cllr MA Mathebula	PT	Chair: Finance	ANC	10	100

25	Cllr J Mashele	PT	Governance & Shared Services	ANC	10/10	100
26	Cllr M M Mukhabele	PT	Governance & Shared Services	ANC	8/10	80
27	Cllr NR Sekgobela	PT	Ethics	EFF	7/10	70
28	Cllr E Mathaba	PT	Governance & Shared Services	EFF	8/10	80
29	Cllr M W Mohale	PT	Governance & Shared Services	ANC	10	100
30	Cllr M S Baloyi	PT	Infrastructure	ANC	10	100
31	Cllr I Hlungwana	PT	Infrastructure	EFF	8/10	80
32	Cllr S M Shai	PT	Infrastructure	ANC	8/10	80
33	Cllr P Mashumu	PT	Finance	EFF	8/10	80
34	Cllr R Mavundza	PT	Finance	DA	10/10	100
35	Cllr T J Senyolo	PT	Finance	Cope	8/10	80
36	Cllr C Stoltz	PT	Finance	ANC	9/10	90
37	Cllr GE Kobane	PT	Agriculture & Environment Management	ANC	10/10	100
38	Cllr T Rabothata	PT	Agriculture & Environment Management	ANC	10/10	100
39	Cllr C Ramathoka	PT	Agriculture & Environment Management	EFF	7/10	70
40	Cllr S P Letebele	PT	Agriculture & Environment Management	ANC	7/10	70
41	Cllr PM Hlungwani	PT	MPAC	PA	10/10	100
42	Cllr S B Ramoshaba	PT	Roads & Transport	ANC	9/10	90
43	Cllr L Ramalepe	PT	Water & Sanitation Services	DA	10/10	100
44	Cllr T C Letsoalo	PT	Water & Sanitation Services	EFF	7/10	70
45	Cllr H D Lebeya	PT	Economic Development & Spatial Planning	ANC	10/10	100
46	Cllr D Mkhabela	PT	Sports Recreation Arts & Culture	ANC	10/10	100
47	Cllr M L Mokoena	PT	Sports Recreation Arts & Culture	Civic Warrior	9/10	90
48	Cllr L Mtebule	PT	Sports Recreation Arts & Culture	EFF	9/10	90
49	Cllr GN Bokisi	PT	MPAC	EFF	8/10	80
50	Cllr WM Maake	PT	MPAC	ANC	8/10	80
51	Cllr B Mabilo	PT	Roads & Transport	EFF	6/10	60
52	Cllr Morwatshehla MC	PT	MPAC	ANC	10/10	100
53	Cllr S Mavasa	PT	Community & Development	ANC	9/10	90
Note:* Councillors' appointed on a proportional basis do not have wards allocated to them						

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

COMMITTEES (OTHER THAN MAYORAL/EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
Municipal Committee	Purpose of Committee
Finance	Deal with financial related matters.
Infrastructure	Deal with infrastructure development & maintenance.
Community services	Deal with health services, disaster and fire services.
Governance and Shared Services	Deal with human resource matters, administration, legal and IT matters.
Sport, Arts and Culture	Coordinate anything related to sport, arts and culture in the district.
Roads and Transport	Dealing with roads and transport matters in the district
Planning & Development	Dealing with planning and development in the district.
Agriculture and environment	Dealing with environmental and agricultural matters.
Water and sanitation	Provision and maintenance of water and sanitation.
Municipal Public Accounts	Municipality's watch dog in terms of compliance with legislation and performance.
Rules Committee	Dealing with all rules and policies in the municipality.
By-laws and policies	Dealing with By-laws and policies in the municipality.
TB	

## APPENDIX C–THIRD TIER ADMINISTRATIVE STRUCTURE

THIRD TIER STRUCTURE	
Director	Director/Manager (State title and name)
Office of the Municipal Manager	TJ. Mogano – Acting Municipal Manager
	Seshoene ME – Manager Officer of the Municipal Manager
	Muedi LT - Chief Risk Officer
	Mphahlele MF- Manager Internal Audit
	Motau TL- Deputy Manager Specialised Audit
	Monaiwa M - Acting Deputy Manager IDP
	Malungane RS – Deputy Manager Performance Management
	Shai MM – Deputy Manager Risk Based Auditor
Corporate Services	Ngobeni SN - Senior Manager Corporate Services
	Rasekgala MJ – Deputy Manager IT
	Lebadika P – Deputy Manager Human Resources
	Mkhari – Deputy Manager Administration
	Tshikhovhi H-Manager Legal

	Mampuru K – Deputy Manager Organizational Development
	Lathane LP – Deputy Manager Labour Relations
<b>Budget and Treasury</b>	Mogano TJ Chief Financial Officer
	Pootona MR - Deputy Manager Budget & Control
	Kgabi NT – Deputy Manager - Revenue
	Seemela L – Deputy Manager Expenditure
<b>Office of the Executive Mayor</b>	Ngobeni NS- Manager Office of the Executive Mayor
	Makhananisa R – Deputy Manager Public Participation
	Ngobeni O – Deputy Manager Communications
	Mathebula ES- Deputy Manager Special Programmes
	Malwandla NJ- Deputy Manager Administration
<b>Community Services</b>	Ntimbane C – Senior Manager Community Services
	Mudau NR – Deputy Manager Environment and Waste Management
	Visser DJ – Deputy Manager Fire & Rescue services
	Masedi KS – Deputy Manager Traffic Services
<b>Water Services</b>	Shilowa P – Senior Manager Water Services
	Rammalo AM – Deputy Manager Maintenance and operations Services
	Chavalala R.S –Deputy Manager Water Quality
<b>Technical Services</b>	Mahayi L – Senior Manager Technical services
	M Mandiwana - PMU Manager
	Masipa MK Deputy Manager Infrastructure Planning
	Mabulane TJ Deputy Manager Energy
<b>Planning and Development</b>	Maboya FT - Senior Manager Planning and Development
	Ngobeni TR - Deputy Manager Spatial Planning
	Maponya GT - Deputy Manager GIS
	Mr Malatji K.P- Deputy Manager LED
<b>(T2.2.2).</b>	<b>T C</b>

## APPENDIX D–FUNCTIONS OF MUNICIPALITY / ENTITY

MUNICIPAL/ENTITY FUNCTIONS		
Municipal Functions	Function applicable to Municipality (Yes/No)*	Function applicable to Entity (yes/no)
<b>Constitution schedule 4, Part B functions</b>		
Air Pollution	Yes	n/a
Building Regulations	No	n/a
Child Care facilities	No	n/a
Electricity and gas reticulation	Yes	n/a
Firefighting services	Yes	n/a
Local tourism	Yes	n/a
Municipal airports	Yes	n/a
Municipal planning	Yes	n/a
Municipal Health Services	Yes	n/a
Municipal Public Transport	Yes	n/a
Municipal Public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this constitution or any other	No	n/a
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related	No	n/a
Storm water management systems in built up areas	No	n/a
Trading regulations	No	n/a
Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal systems	Yes	n/a

MUNICIPAL/ENTITY FUNCTIONS		
Municipal Functions	Function Applicable to Municipality (Yes/No)*	Function Applicable to entity (Yes/No)
<b>Constitution schedule 5, Part B Functions:</b>		
Beaches and amusement facilities	No	N/A
Billboards and the display of advertisements in public places	No	N/A
Cemeteries, funeral parlours and crematoria	Yes	N/A
Cleansing	No	N/A
Control of public nuisance	No	N/A
Control of undertakings that sell liquor to the public	Yes	N/A
Facilities for the accommodation, care and burial of animals	No	N/A
Fencing and fences	No	N/A
Licensing of dogs	No	N/A
Licensing and control of undertakings that sell food to the public	No	N/A
Local amenities	No	N/A
Local sport facilities	No	N/A
Markets	No	N/A
Municipal abattoirs	Yes	N/A
Municipal parks and recreation	No	N/A
Municipal roads	No	N/A
Noise pollution	Yes	N/A
Pounds	No	N/A
Public places	No	N/A
Refuse removal, refuse dumps and solid waste disposal	No	N/A
Street trading	Yes	N/A
Street lighting	No	N/A
Traffic and parking	No	N/A
*if municipality: indicate (yes or No); * if entity: provide name of entity TD		

## APPENDIX E – WARD REPORTING

As a District Municipality, there are no wards that directly fall under the Mopani District Municipality.

FUNCTIONALITY OF WARD COMMITTEES						
Ward (Number)	Name	Name of ward Councillor and elected ward committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of monthly reports submitted to Speakers office on time	Number of quarterly public ward meetings held during year
N/A		N/A	N/A	N/A	N/A	N/A
						TE

## APPENDIX F: WARD INFORMATION

CAPITAL PROJECTS: SEVEN LARGEST IN 2021/22 (FULL LIST AT APPENDIX N)				
Ward No	Project Name & Detail	Start Date	End Date	Total Value R`000
GLM	Sekgosese Water Scheme	01 July 2021	30 June 2022	R 68 973 642
GTM	Thabina to Lenyenye water scheme	01 July 2021	30 June 2022	R 64 778 951
GLM	Sefofotse to Ditshosine bulk water supply / Ramahlatsi bulk &reticulation	01 July 2021	30 June 2022	R 28 850 000
MLM	Mametja Sekororo bulk water scheme	01 July 2021	30 June 2022	R 70 000 000
BPM	Makhushane water scheme	01 July 2021	30 June 2022	R 54 164 953
GTM	Lephepane bulk water	01 July 2021	30 June 2022	R 54 326 321
MLM	Kampersrus Bulk water reticulation & Scortia water reticulation	01 July 2021	30 June 2022	R 27 055 524

## APPENDIX G –RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2021/22

## APPENDIX H–LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO 2021/22)					
Name of service provider (entity of municipal department)	Description of services rendered by the service provider	Start date of contract	Expiry date of contract	Project Manager	Contract Value
XLP Solution	Supply of managed printing services	01 Mar 2018	28 Feb 2021	Corporate Services	Rates
Kgatla Attorneys	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Verveen Attorneys	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Modjadji Raphesu Attorneys	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Mohale INC	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Raphela Attorneys	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Morero INC	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Maboku Mangena Att	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
MC Rathelele Att	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Popela Maake Attorneys	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Ramothwala M Attorneys	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Magabe Attorneys	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Lebea & Associates	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Mahowa Attorneys	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates



LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO 2021/22)					
Name of service provider (entity of municipal department)	Description of services rendered by the service provider	Start date of contract	Expiry date of contract	Project Manager	Contract Value
Mogaswa Attorneys	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Phungo INC	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
NN Mahumani INC	Legal Service (Attorneys)	1-May-18	30-Apr-21	Municipal Manager	Rates
Tshiamiso Trading 135	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Econocom 671	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Sihle Civil and Projects Development	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
LebP Construction	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
VME Projects and Construction	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Aventino Group JV Bathobohle	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Avansare Development Projects	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Eternity Star Investment 231	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Mbanga Trading Enterprise	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Nandzu Trade and General Projects	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Tainama Civils	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Selby Construction	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Titanic Business Enterprise	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates

LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO 2021/22)					
Name of service provider (entity of municipal department)	Description of services rendered by the service provider	Start date of contract	Expiry date of contract	Project Manager	Contract Value
Moepeng Trading 39	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Ndoni Properties	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Makgetsi construction	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Sohlangana Trading 241	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Zenobia Trading 242	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
PGN Civils	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Lettam Building and Civil (Pty) Ltd	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Mexcon Civil	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Motla Projects	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
HLTC (Pty) Ltd	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Tsentse Manufacture cc	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Nkomaba Trading	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Seedi Development Projects	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Casnan Civils	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Koephu Business Enterprise	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Cerimece Costruction	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates

LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO 2021/22)					
Name of service provider (entity of municipal department)	Description of services rendered by the service provider	Start date of contract	Expiry date of contract	Project Manager	Contract Value
Rekhuditse Construction	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Vharanani Properties	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Matshelane Trading	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Soaring Summits Developers	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Kamajou Trading & project	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Diges Group	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Mologadi A Nape Business Enterprise	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Shonisani Rambau Construction	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Civil Element (Pty) Ltd	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Maseakhole Construction+G42:G63	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
					TH.1

## APPENDIX I–MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

No service provider performance assessment conducted for 2021/22

## APPENDIX J–DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2021 to 30 June 2022		
Position	Name	Description of financial interest* (Nil/or details)
<b>Executive Mayor</b>	Cllr Shayi PJ	MTN Zakhele Nathi – 500 shares Erf 78 R 316 000 (Gravellote) Erf 80 R 316 000 (Gravellote)
<b>Speaker</b>	Cllr Maswanganye NM	Juta River Lodge (paying work outside MDM & Directorship) Juta Family Trust Pfunanani Eating house Juta River Lodge Property
<b>Chief whip</b>	Cllr Lewele M	Hope combined English medium School - R 60 000
<b>Mayoral Committee</b>	Cllr L S Mohlala	House 4 Tembisa R 500 000 Stand D Namakgale R 80 000 Stand R3 Mashishimale R150 000 Stand R3 Mashishimale R 500 000
	Cllr NR Khandhela	NIL
		Marylouie Trading (Trust) Maloko Brick yard (other Financial interest) House Tzaneen 2 Million
	Cllr Maloko ML	
	Cllr MG Mangena	NIL
	Cllr MH Sefofi	Poultry Farms (selling chickens) Liquor Rest

	Cllr NN Baloyi	African Pride Holding Financial Services Land ownership Giyani
	Cllr DM Makhananisa	House Sekgosese R 2000 000 Vehicles R750 000
	Cllr MS Magomane	Stand 554 Gravelotte R360 000
	Cllr DJ Mmetle Ramohlola	House no 2919 Nkowankowa R5000 000 House no 3277 Tzaneen Golden Acres R 1 200 000 HOUSE 4589 Riverside Tzaneen R 1 800 000
	Cllr MP Hlungwani	House 4 bedrooms Mavalani R500, 00
	Cllr PM Matlou	House a Mohlabaneng village R750 000 Modjadjiskloof house R1 Million
	Cllr PS Mothomogolo	NIL
	Cllr B Shibambu	Nil
	Cllr MJ Rakgoale	NIL
	Cllr M Mathebula	NIL
	Cllr E Hlungwane	Rooms Namakgale R980 000 Rooms Namakgale R400 000
	Cllr F Morwatshehla	NIL
	Cllr P Mampeule	Modjadi Resort ,Balobedu Kingdom Farm Portion 6HA Khekhothi Village
	Cllr Senyolo TJS	SASSA Manager Empty stand extent 900 (R550 000)
	Cllr HN Tshimbani	NIL

	Cllr NJ Mbalati	NIL
	Cllr S S Mathebula	NIL
	Cllr J Mashele	NIL
	Cllr MM Mukhabele	Nkhaveleni co operations ,Dali moss
	Cllr E M Mathaba	1/29 Doreen street Modjadjiskloof R 180 000 4/29 Doreen street Modjadjiskloof R 480 000
	Cllr MW Mohale	NIL
	Cllr MS Baloyi	NIL
	Cllr I Hlungwani	NIL
	Cllr L Ramalepe	NIL
	Cllr S M Shai	NIL
	Cllr P Mashumu	NIL
Councillors	Cllr R Mavundza	NIL
	Cllr C Stoltz	House R 500 000
	Cllr E Kobane	NIL
	Cllr T Rabothata	NIL
	Cllr C Ramathoka	Nil
	Cllr SP Letebele	NIL
	Cllr SB Ramoshaba	NIL
	Cllr TC Letsoalo	NIL
	Cllr HD Lebeya	NIL
	Cllr D G Mkhabele	House Dan Village R500 000
	Cllr ML Mokoena	NIL
	CllrL Mtebule	NIL

	Cllr S Mavasa	NIL
	Cllr MC Morwatshehla	NIL
	Cllr WM Maake	NIL
	Cllr GN Bokisi	Hluvukani Farm
	Cllr MP Hlungwani	NIL
	Cllr M Madike	NIL
	Cllr R N Sekgobela	NIL
Municipal Manager	Mr Mogano TJ	RSA Bonds shares R 100 000 Unit Trust R 200 000 TJ Mogano Investments 72% profit Homenet Rental R 5000 per month Residential town house R 700 000
Acting Chief Financial Officer	Ms Nkoane L	NIL
Director: Community Services	Ms C Ntimbane	NIL
Director Corporate Services	Ms SN Ngoben	NIL
Water & Engineering Services	Mr Shilowa P	WISA NGO-WATER R0 3QS QUALITY MANAG R 0 Dwelling plot R 800 000 Erven 4418 R 900 000 Stand No 37 PTO
Technical Services	Mr M Mahayi	Vankuna motocity R 0 new entity G.A home owner NPO Residential House R 2 100 000 Residential House R 2 400 000 Residential House R 8 000 000 Residential House R 3 200 000

Director Planning & Development		Own rental property R 20 000
		Justine & Avon (commission based)
		Rental of unit's R 12 000
		Property (Tzaneen) R 1 200 000
	Ms Maboya F	Property (fourways) R 1 400 000
*Financial interests to be disclosed even if they incurred for only part of the year. see MBRR SA34A TJ		

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

R' 000						
Description	2020/21	Current:			2021/22	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Financial Performance</b>						
Property rates					-	0
Service charges	309 328	155,83	155,83	222 904 530	198 711 000	-
Interest received				74 140 892	41 215 428	
Interest received (trading)						
Investment revenue	6 479	47,29	47,29	3 621 608	13 701 996	(7 378 424)
Transfers recognised - operational	1 134 912	99,97	100,01			
Other own revenue	231 771	500,18	130,63	2 343 422	241 149 000	(99 450 000)
<b>Total Revenue (excluding capital transfers and contributions)</b>	1 682 491	120,72	110,37	303 010 452	494 777 424	(106 828 424)
Employee costs	460 417	115,73	111,29	(465 971 228)	(492 773 000)	81 208 000
Remuneration of councillors	13 077	91,88	91,36	12 175 090	(13 477 608)	(8 034 392)
Depreciation & asset impairment	250 830	99,84	99,84	(240 666 731)	(210 524 700)	-
Finance charges	38 839	7 918,30	918,30	(52 068 433)	(358 344)	-
Materials and bulk purchases	489 679	136,51	103,75	(189 101 685)	(540 071 000)	32 494 000
Impairment loss/Reversal of impairments				(44 352 440)		



Contracted services				(93 030 490)	(205 846 000)	44 838 000
Debt Impairment				(31 947 898)	(65 173 668)	
Lease rentals on operating lease				(699 185)		
Transfers and grants	–	-	-	(1 937 143)		
Other expenditure	316 373	122,42	107,93	(519 254 474)	(184 251 000)	(1 257 000)
<b>Total Expenditure</b>	<b>1 569 215</b>	122,50	108,61	<b>(1 651 204 797)</b>	(1 712 475 320)	149 248 608
<b>Surplus/(Deficit)</b>	<b>113 276</b>	100,43	142,36	<b>193 896 941</b>	366 258 604	16 752 684
Transfers recognised - capital	616 639	116,65	79,02			
Contributions recognised - capital & contributed assets		-	-			
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>729 915</b>	113,80	84,88			
Share of surplus/ (deficit) of associate						
<b>Surplus/(Deficit) for the year</b>	<b>87 297</b>	<b>641 430</b>	<b>859 932</b>			
<b>Capital expenditure &amp; funds sources</b>			-			-
<b>Capital expenditure</b>	–	-	-	–	-	-
Transfers recognised - capital	612 637	115,08	88,16			
Public contributions & donations	–	-	-	519 500	-	-
Borrowing	–	-	-	–	-	-
Internally generated funds	8 924	35 070	152 660	–	-	-
<b>Total sources of capital funds</b>	<b>612 637</b>	107,97	72,28			
<b>Financial position</b>					-	-
Total current assets				540 206 545	2 260 448 604	(743 827 957)
Total non current assets				8 513 035 321	7 813 415 237	2 468 175 934
Total current liabilities				1 923 686 953	(2 767 027 614)	3 958 500 480
Total non current liabilities				85 830 714	255 715 200	4 118 445 000
Community wealth/Equity				–	-	-
<b>Cash flows</b>						
Net cash from (used) operating				479 097 015	63 471 000	541 240 000

Net cash from (used) investing				(437 801 221)	(77 170 000)	(523 194 000)
Net cash from (used) financing				(20 467 056)		
<b>Cash/cash equivalents at the year end</b>				50 266 043	(13 699 000)	37 974 000
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1</i>						
						T 5.1.1

## APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

R' 000						
Description	2020/21	Current: 2021/22			2021/22	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Financial Performance</b>						
Property rates					–	0
Service charges	234 161	198499	198 499	309 328	155,83	155,83
Investment revenue	19 298	13702	13 702	6 479	47,29	47,29
Transfers recognised - operational	928 151	1 13221	1 134 792	1 134 912	99,97	100,01
Transfer recognised Capital	342 470	528638	780 362	616 639	116,65	79,02
Other own revenue	67 439	46337	177 428	231 771	500,18	130,63
<b>Total Revenue (including capital transfers and contributions)</b>	<b>1 591 520</b>	<b>1 39760</b>	<b>1 524 421</b>	<b>2 299 130</b>	<b>120,72</b>	<b>110,37</b>

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Details	Budget	Adjustment Budget	Actual	Variance	Adjustment Budget
				Budget	
<b>WSIG</b>	18 246	95 000	58 757	61.8%	61.8%
<b>RRAMS</b>	1 370	1 370	1 370	100%	100%
<b>FMG</b>	2 330	2 330	2 330	100%	100%
<b>EPWP</b>	3 292	3 292	3 292	100%	100%
<b>LP HEALTH</b>	11 294	11 294	11 294	100%	
<b>LP ECON BIOSPHERE</b>	0	0	216	100%	100%
<b>LGW SETA</b>	0	0	725	100%	100%
<b>Disaster Relief COVID-19 relief fund</b>	2 384	2 384	2 384	100%	
<b>TOTAL</b>	<b>114 954</b>	<b>114 954</b>	<b>76 094</b>		

## APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2021/22

CAPITAL PROGRAMME BY PROJECT BY WARD: 2021/22			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
<b>Water</b>			
Tours water reticulation	GTM	Yes	
Refurbishment of Kampersrus booster pump station (COVID-19)	MLM	Yes	
Water reticulation infrastructure for Middle Letaba water scheme cluster 6	GGM	Yes	
Ritavi 2 water scheme	GTM	Yes	
Thabina to lenyenye water scheme	GTM	Yes	
Selwane water scheme	BPM	Yes	
Thapane Regional water scheme	GTM	Yes	
<b>Sanitation/Sewerage</b>			
Rural Household Sanitation (VIP Toilets) GGM	GGM	Yes	
Rural Household Sanitation (VIP Toilets) GTM	GTM	Yes	

Rural Household Sanitation (VIP Toilets) GLM	GLM	Yes
Rural Household Sanitation (VIP Toilets) BPM	BPM	Yes
Rural Household Sanitation (VIP Toilets) MLM	MLM	Yes
<b>Fire Services</b>		
Purchase & delivery of fire and rescue equipment's	<i>All wards in the district</i>	No
Purchase & deliver specialised fire and rescue vehicles	<i>All wards in the district</i>	No
T O		

## APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Households (HHs)				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	0	%	249925	84
Sanitation		%	251976	85
Electricity		%	257798	87
Waste management		%	55300	19
Housing		%	271518	92
<i>% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.</i>				
T 5.8.2				



# ANNUAL FINANCIAL STATEMENTS

(VOLUME II)

2021 - 2022



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**Mopani District Municipality  
(Registration number DC33)  
Annual Financial Statements  
for the year ended 30 June 2022**

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## General Information

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<b>Legal form of entity</b>	Local Government
<b>Nature of business and principal activities</b>	<p>Integrated Development Planning for the district municipality as a whole, including a framework for integrated development plans for the local municipalities within the area of the district municipality, taking into account the integrated developments plans on those local municipalities,</p> <p>Bulk supply of water that affects a significant proportion of municipalities in the district</p> <p>Bulk sewerage purification works and main sewage disposal that affects a significant proportion of the municipalities in the district.</p> <p>Solid waste disposal sites serving the area of the district municipality as a whole.</p> <p>Municipal Health Services serving the area of the district municipality as a whole</p> <p>Fire Fighting services serving the area of the district municipality as a whole</p> <p>The establishment, conduct and control of cemeteries and crematoria serving the area of the district municipality as a whole</p> <p>Solid waste disposal sites serving the area of the district municipality as a whole.</p> <p>Disaster Management services</p> <p>Provision of the water and sanitation services</p>
<b>Accounting Officer</b>	Mr T.J Mogano
<b>Grading of local authority</b>	4
<b>Accounting Officer</b>	<p>Mr Kgatla Q (Until 08 February 2022)</p> <p>Mr T.J Mogano (With effect from 10 February [Acting] and 01 June 2022 [Substantive])</p>
<b>Chief Finance Officer (CFO)</b>	<p>Mr T.J Mogano (up to 10 February 2022)</p> <p>Ms L. Nkoane (Acting from 01 March 2022)</p>
<b>Registered office</b>	<p>Government Building</p> <p>Main Road</p> <p>Giyani</p> <p>0826</p>
<b>Business address</b>	<p>Government Building</p> <p>Main Road</p> <p>Giyani</p> <p>0826</p>
<b>Postal address</b>	<p>Private Bag X9687</p> <p>Giyani</p> <p>0826</p>
<b>Bankers</b>	First National Bank
<b>Auditors</b>	Auditor General - South Africa
<b>Attorneys</b>	<p>Selokela Mashola</p> <p>Verveen Attorneys</p> <p>Nyoffu Attorneys</p> <p>Mphoke Magane Attorneys</p> <p>M &amp; M Maiwashe Attorneys</p> <p>T C Pilusa Attorneys</p> <p>Nkgapele &amp; Nkgapele Attorneys</p> <p>Moloko Phooko Attorneys</p> <p>Machaka Inc</p> <p>Phungo Incorporated</p>

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## General Information

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Ramusi Attorneys  
Kovani Machete Attorneys  
Mello Attorneys  
Mafa & Associates  
Ndobela & Associates  
Phuthi Manamela Inc  
M T Matsau Inc  
Lebea & Associates  
Mvundlela & Associates  
Ngoako Seabela Incorporated  
Mohale Incorporated  
Modjadji Raphesu Inc Attorneys  
Mmakola Matsimela Attorneys  
Maboku Mangena Attorneys  
T J Machete Attorneys  
SC Mdhuli Inc Attorneys  
Buthane Rasemana Attorneys  
Michael Raphela Attorneys  
Tlane & Associates  
P K Legodi Attorneys  
Kgatla Inc  
Mabuza Attorneys  
Phambane Mokone Attorneys  
Raphela Attorneys  
Mahumani Inc  
M M Maiwashe Attorneys  
Mahowa Attorneys  
Machaba Inc

### Audit Committee

Mr Modipane T.C CA(SA) Chairperson (Reappointed 02 August 2021)  
Ms Mabuza J.M (Appointed 02 August 2021)  
Mr Ngobeni S.A.B (Reappointed 02 August 2021 and resigned 02 June 2022)  
Mr Nevhutalu T.G CA(SA) (Term ended 31 July 2021)  
Mr Lekoloane T.A (Appointed 02 August 2021)

### Executive Mayor

Cllr. P.J. Shayi  
Cllr. NM. Maswanganyi (Speaker)  
Cllr. M. Lewele (Chief Whip)  
Cllr. NR. Khandhela  
Cllr. DJ. Mmetle Ramohlola  
Cllr. MH. Sefufi  
Cllr. NN. Baloyi  
Cllr. ML. Maloko  
Cllr. MS. Magomane  
Cllr. MG. Mangena  
Cllr. SL. Mohlala  
Cllr. MD. Makhananisa

### Mayoral Committee



# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## General Information

---

### Councillors (from November 2021)

Cllr. MP. Hlungwani (Chairperson of MPAC)

Cllr. I. Hlungwana

Cllr. MM. Mukhabele

Cllr. WL. Mtebule

Cllr. GN. Bokisi

Cllr. E. Hlungwani

Cllr. NH. Tshimbana

Cllr. RT. Mavundza

Cllr. HD. Lebeya

Cllr. MW. Mohale

Cllr. NJ. Mbhalati

Cllr. J. Mashele

Cllr. MG. Mangena

Cllr. DG. Mkhabela

Cllr. ML. Ramalepe

Cllr. MC. Morwatshehla

Cllr. TC. Letsoalo

Cllr. MS. Baloyi

Cllr. SB. Ramoshaba

Cllr. WM. Maake

Cllr. C. Stoltz

Cllr. CM. Ramathoka

Cllr. SL. Mohlala

Cllr. MMA. Mathebula

Cllr. SM. Shayi

Cllr. SP. Mashumu

Cllr. FM. Moroatshehla

Cllr. PJ. Mampeule

Cllr. MD. Makhananisa

Cllr. TJ. Senyolo

Cllr. MP. Matlou

Cllr. PS. Mothomogolo

Cllr. EM. Mathaba

Cllr. BT. Mabilo

Cllr. MJ. Rakgoale

Cllr. SP. Letebele

Cllr. SS. Mathebula

Cllr. S. Mavasa

Cllr. BA. Shibambu

Cllr. MP. Hlungwani

Cllr. AT. Rabothata

Cllr. GE. Kobane

Cllr. RN. Sekgobela

Cllr. MN. Madike

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## General Information

---

### Councillors (From July 2021 to October 2021)

Cllr. P.J. Shayi (Executive Mayor)  
Cllr. WD. Sedibeng (Speaker of Council)  
Cllr. NM. Maswanganyi (Chief Whip)  
Cllr. MC. Mohale (Member of Mayoral Committee)  
Cllr. MH. Sefufi (Member of Mayoral Committee)  
Cllr. E.J. Mathonsi (Member of Mayoral Committee)  
Cllr. NN. Baloyi (Member of Mayoral Committee)  
Cllr. GH. Modjadji (Member of Mayoral Committee)  
Cllr. GA. Maluleke (Member of Mayoral Committee)  
Cllr. MD. Maake (Member of Mayoral Committee (Deceased))  
Cllr. MI. Shimangefazi (Member of Mayoral Committee)  
Cllr. MC. Nkwashu (Chairperson of MPAC)  
Cllr. ML. Maloko  
Cllr. MO. Maswanganyi  
Cllr. MI. Mokgobi  
Cllr. NH. Zandamela  
Cllr. NA. Sono (Deceased)  
Cllr. KJ. Malepe  
Cllr. PT. Malatji  
Cllr. SJ. Nkuna  
Cllr. MA. Helm  
Cllr. CM. Ramathoka  
Cllr. MR. Chauke  
Cllr. JG. Mashele  
Cllr. FM. Moroatshehla  
Cllr. MM. Makwela  
Cllr. KI. Rapatsa  
Cllr. D. Malemela  
Cllr. CT. Shisinga  
Cllr. MM. Makwala  
Cllr. SC. Makwala  
Cllr. GM. Malatji  
Cllr. MF. Madike  
Cllr. MA. Mathaba  
Cllr. MD. Popela  
Cllr. R. Makasela  
Cllr. MMA. Mathebula  
Cllr. B. Ramotwala  
Cllr. TN. Mthombeni  
Cllr. XJ. Valoyi  
Cllr. TC. Zitha  
Cllr. T. Makhubela  
Cllr. MR. Maake  
Cllr. MV. Mangoro  
Cllr. M. Mathedimosa  
Cllr. TJ. Senyolo  
Kgosi gadi MJ. Sekgopo  
Kgosi SSS. Sekororo (Deceased)  
Kgosi gadi MJ. Mametja

# Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

## General Information

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Hosi TLP. Nwamitwa  
Kgosigadi MA. Shayi  
Hosi MAM. Haneki  
Hosi MC. Mathevula  
Hosi M. Ntsanwisi  
Kgosi MB. Pheeha  
Cllr. I. Hlungwana  
Cllr. MPT. Maluleke  
Cllr. Hosi SM. Maluleke  
Cllr. RN. Sekgobela  
Cllr. PP. Machete  
Cllr. ML. Ramalobela  
Cllr. SP. Moshole  
Cllr. MJ. Maaake  
Cllr. MP. Mailula

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Contents

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

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# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Contents

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### Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
COIDA	Compensation of Occupational Injuries and Diseases Act
COVID-19	Coronavirus Disease
CPI	Consumer Price Index
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
DWS	Department of water and sanitation
FMG	Financial management grant
GRAP	Generally Recognised Accounting Practice
LG SETA	Local Government Sector Education and Training
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MTREF	Medium Term Expenditure and Revenue Framework
PEMA	Post-Employment Medical Aid
SALGA	South African Local Government Association
SALGBC	South African Local Government Bargaining Council
MPAC	Municipal Public Accounts Committee
VAT	Value Added Taxation
PAYE	Pay As You Earn
UIF	Unemployment Insurance Fund
INEP	Integrated National Electrification Programme
MDM	Mopani District Municipality
LSA	Long Service Award

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2023 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 9 to 124, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed on its behalf by:

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**Mr T.J Mogano**  
**Municipal Manager**

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Officer's Report

---

The accounting officer submits his report for the year ended 30 June 2022.

### 1. Review of activities

#### Main business and operations

The municipality operates in the Mopani district in South Africa and is involved in the following activities:

Integrated Development Planning for the district municipality as a whole, including a framework for integrated development plans for the local municipalities within the area of the district municipality, taking into account the integrated developments plans on those local municipalities,

Bulk supply of water that affects a significant proportion of municipalities in the district

Bulk sewerage purification works and main sewage disposal that affects a significant proportion of the municipalities in the district.

Solid waste disposal sites serving the area of the district municipality as a whole.

Municipal Health Services serving the area of the district municipality as a whole

Fire Fighting services serving the area of the district municipality as a whole

The establishment, conduct and control of cemeteries and crematoria serving the area of the district municipality as a whole

Solid waste disposal sites serving the area of the district municipality as a whole.

Disaster Management services

Provision of the water and sanitation services.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the municipality was R 193 896 941 (2021: surplus R 93 022 031).

### 2. Going concern

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will be met on time. Contingent liabilities will be managed accordingly.

The municipality continues to receive its equitable share in line with Constitutional mandate and the Division of Revenue Act.

As at 30 June 2022, the municipality's current liabilities exceed the current assets by R(1 383 480 418) (2 021 : R(1 391 800 611) ) resulting in the municipality being technically insolvent. The fact on its own does not bar the municipality to continue being a going concern given that going concern implies that the municipality will be in existence within 12 months of the balance sheet dates.

The following factors could have undermined the going concern assumptions indicated above if they were not properly managed as indicated:

- The municipality is experiencing challenges of collecting for revenue relating to water and sanitation. This is due to weakness in controls that are intended to manage of revenue at the local municipalities. The Local Municipalities are appointed as service providers and the District Municipality is the Water Service Authority;
- The obligation to Lepelle Northern Water at R324 083 570 (2021: R332 129 437) and Department of Water and Sanitation at R537 896 642 (2021: R478 334 357) contributes as biggest creditors for the municipality over which there continue to threaten the going concern for the municipality. The municipality has signed payment agreements with both Lepelle Northern Water and the Department of Water and Sanitation to manage this risk; and
- The litigation against the municipality to the value of R157 806 708 (2021: R223 380 065) provided continuity risk for the district municipality. However, management continues to monitor the risk.

Based on the above assessment done, the District Municipality is a going concern and thus should prepare its financial statements for the year ended 30 June 2022 under going concern assumptions. The municipality will continue with its endeavours to increase revenue and reserve, as well as, reducing the financial commitments to ensure good financial health.

### 3. Subsequent events

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

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Officer's Report

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### 4. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

### 5. Accounting Officer's interest in contracts

The Accounting Officer declares that he has no interest whatsoever in the contracts of the Municipality.

### 6. Accounting Officer

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

Name	Nationality	Changes
Mr Kgatla Q	South Africa	Resigned 08 February 2022
Mr T.J Mogano	South Africa	Appointed 01 June 2022

Mr T.J Mogano performed the duties of Municipal Manager from the 1st of June 2022 until his contract appointment by council. He, however, had been acting in that capacity from the 10<sup>th</sup> of February 2022 following the departure of the previous incumbent Mr Q. Kgatla on the 8<sup>th</sup> of February 2022.

### 7. Bankers

The District Municipality banks with First National Bank.

### 8. Auditors

Auditor General - South Africa will continue in office for the next financial period.

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Mr T.J Mogano  
Municipal Manager



# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Position as at 30 June 2022

	Notes	2022 R	2021 Restated* R
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	37 723 406	23 006 182
Receivables from exchange transactions	4	257 752 593	121 600 213
VAT receivable	5	214 230 299	194 464 507
Cash and cash equivalents	6	30 500 247	29 437 305
		<b>540 206 545</b>	<b>368 508 207</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	7	8 505 286 736	8 311 244 018
Intangible assets	8	3 291 963	3 794 796
Heritage assets	10	432 000	432 000
Operating lease asset	9	4 024 622	4 723 806
		<b>8 513 035 321</b>	<b>8 320 194 620</b>
<b>Total Assets</b>		<b>9 053 241 866</b>	<b>8 688 702 827</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	11	3 397 673	23 405 642
Payables from exchange transactions	12	1 795 960 071	1 645 351 310
VAT payable	13	25 701 913	1 965 713
Consumer deposits	14	3 866 790	3 615 153
Employee benefit obligation	15	4 676 597	4 254 822
Unspent conditional grants and receipts	17	90 083 919	81 716 178
		<b>1 923 686 963</b>	<b>1 760 308 818</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	15	80 426 723	72 794 086
Landfill site provision	18	5 403 991	5 772 678
		<b>85 830 714</b>	<b>78 566 764</b>
<b>Total Liabilities</b>		<b>2 009 517 677</b>	<b>1 838 875 582</b>
<b>Net Assets</b>		<b>7 043 724 189</b>	<b>6 849 827 245</b>
Accumulated surplus		7 043 724 189	6 849 827 245
<b>Total Net Assets</b>		<b>7 043 724 189</b>	<b>6 849 827 245</b>

\* See Note 44

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Performance

		2022	2021
	Notes	R	Restated* R
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	19	222 904 530	314 074 836
Interest charged on overdue consumer accounts	20	74 140 892	68 039 122
Other income	21	2 343 422	1 123 611
Investment revenue	22	3 621 608	6 479 246
<b>Total revenue from exchange transactions</b>		<b>303 010 452</b>	<b>389 716 815</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants and subsidies	23	1 501 386 075	1 751 551 494
Public contributions and donations	24	519 500	3 798 435
<b>Total revenue from non-exchange transactions</b>		<b>1 501 905 575</b>	<b>1 755 349 929</b>
<b>Total revenue</b>		<b>1 804 916 027</b>	<b>2 145 066 744</b>
<b>Expenditure</b>			
Employee related costs	25	(465 971 228)	(460 666 220)
Remuneration of councillors	26	(12 175 090)	(13 077 370)
Depreciation and amortisation	27	(240 666 731)	(226 913 718)
Finance costs	28	(52 068 433)	(61 140 647)
Lease rentals on operating lease	29	(699 185)	(699 185)
Debt Impairment	30	(31 947 898)	(333 649 522)
Bulk purchases	31	(189 101 685)	(287 665 825)
Contracted services	32	(93 030 490)	(82 689 293)
Transfers and Subsidies	33	(1 937 143)	-
General Expenses	34	(240 130 484)	(146 356 219)
Consulting and professional fees	35	(77 343 698)	(74 518 987)
Repairs and maintenance	36	(169 317 479)	(240 588 408)
VIP Toilets	37	(32 462 813)	(108 977 590)
<b>Total expenditure</b>		<b>(1 606 852 357)</b>	<b>(2 036 942 984)</b>
<b>Operating surplus</b>		<b>198 063 670</b>	<b>108 123 760</b>
Gain on disposal of assets and liabilities		40 238 335	-
Actuarial gains/losses	15	(52 624)	(770 231)
Impairment loss	38	(44 352 440)	(14 331 498)
		<b>(4 166 729)</b>	<b>(15 101 729)</b>
<b>Surplus for the year</b>		<b>193 896 941</b>	<b>93 022 031</b>

\* See Note 44

## Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

### Statement of Changes in Net Assets

	Accumulated surplus / deficit R	Total net assets R
Opening balance as previously reported	4 626 287 311	4 626 287 311
Adjustments		
Correction of errors Note 44	2 130 517 903	2 130 517 903
<b>Balance at 01 July 2020 as restated*</b>	<b>6 756 805 214</b>	<b>6 756 805 214</b>
Changes in net assets		
Surplus for the year	93 022 031	93 022 031
Total changes	93 022 031	93 022 031
<b>Restated* Balance at 01 July 2021</b>	<b>6 849 827 248</b>	<b>6 849 827 248</b>
Changes in net assets		
Surplus for the year	193 896 941	193 896 941
Total changes	193 896 941	193 896 941
<b>Balance at 30 June 2022</b>	<b>7 043 724 189</b>	<b>7 043 724 189</b>

\* See Note 44

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Cash Flow Statement

	2022	2021
	R	Restated* R
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Sale of goods and services	131 288 566	100 653 653
Grants	1 509 753 816	1 659 080 431
Interest income	3 621 608	6 479 246
	1 644 663 990	1 766 213 330
<b>Payments</b>		
Employee costs	(470 576 886)	(479 535 437)
Suppliers	(651 473 246)	(595 112 558)
Finance costs	(43 516 843)	(53 077 238)
VAT payments	(19 765 796)	(74 511 793)
	(1 185 332 771)	(1 202 237 026)
<b>Net cash flows from operating activities</b>	<b>459 331 219</b>	<b>563 976 304</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(437 801 221)	(723 172 237)
Purchase of other intangible assets	-	(1 378 891)
<b>Net cash flows from investing activities</b>	<b>(437 801 221)</b>	<b>(724 551 128)</b>
<b>Cash flows from financing activities</b>		
Finance lease payments	(20 467 056)	(26 759 930)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1 062 942</b>	<b>(187 334 754)</b>
Cash and cash equivalents at the beginning of the year	29 437 305	216 772 059
<b>Cash and cash equivalents at the end of the year</b>	<b>30 500 247</b>	<b>29 437 305</b>

\* See Note 44

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## 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 R	Reference
	R	R	R	R		
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	198 711 000	-	198 711 000	222 904 530	24 193 530	[BC1]
Interest received (trading)	41 215 428	-	41 215 428	74 140 892	32 925 464	[BC3]
Other income	241 149 000	(99 450 000)	141 699 000	2 343 422	(139 355 578)	[BC2]
Investment revenue	13 701 996	(7 378 424)	6 323 572	3 621 608	(2 701 964)	[BC3]
<b>Total revenue from exchange transactions</b>	<b>494 777 424</b>	<b>(106 828 424)</b>	<b>387 949 000</b>	<b>303 010 452</b>	<b>(84 938 548)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants and subsidies	1 583 956 500	(25 667 500)	1 558 289 000	1 501 386 075	(56 902 925)	[BC4]
Public contributions and donations	-	-	-	519 500	519 500	
<b>Total revenue from non-exchange transactions</b>	<b>1 583 956 500</b>	<b>(25 667 500)</b>	<b>1 558 289 000</b>	<b>1 501 905 575</b>	<b>(56 383 425)</b>	
<b>Total revenue</b>	<b>2 078 733 924</b>	<b>(132 495 924)</b>	<b>1 946 238 000</b>	<b>1 804 916 027</b>	<b>(141 321 973)</b>	
<b>Expenditure</b>						
Personnel	(492 773 000)	81 208 000	(411 565 000)	(465 971 228)	(54 406 228)	[BC5]
Remuneration of councillors	(13 477 608)	(8 034 392)	(21 512 000)	(12 175 090)	9 336 910	[BC6]
Depreciation and amortisation	(210 524 700)	-	(210 524 700)	(240 666 731)	(30 142 031)	[BC7]
Impairment loss/ Reversal of impairments	-	-	-	(44 352 440)	(44 352 440)	
Finance costs	(358 344)	-	(358 344)	(52 068 433)	(51 710 089)	[BC8]
Lease rentals on operating lease	-	-	-	(699 185)	(699 185)	
Debt Impairment	(65 173 668)	-	(65 173 668)	(31 947 898)	33 225 770	[BC9]
Bulk purchases	(540 071 000)	32 494 000	(507 577 000)	(189 101 685)	318 475 315	[BC10]
Contracted Services	(205 846 000)	44 838 000	(161 008 000)	(93 030 490)	67 977 510	[BC11]
Transfers and Subsidies	-	-	-	(1 937 143)	(1 937 143)	
General Expenses	(184 251 000)	(1 257 000)	(185 508 000)	(519 254 474)	(333 746 474)	[BC12]
<b>Total expenditure</b>	<b>(1 712 475 320)</b>	<b>149 248 608</b>	<b>(1 563 226 712)</b>	<b>(1 651 204 797)</b>	<b>(87 978 085)</b>	
<b>Operating surplus</b>	<b>366 258 604</b>	<b>16 752 684</b>	<b>383 011 288</b>	<b>153 711 230</b>	<b>(229 300 058)</b>	
Gain on disposal of assets and liabilities	-	-	-	40 238 335	40 238 335	
Actuarial gains/losses	-	-	-	(52 624)	(52 624)	
	-	-	-	40 185 711	40 185 711	
<b>Surplus</b>	<b>366 258 604</b>	<b>16 752 684</b>	<b>383 011 288</b>	<b>193 896 941</b>	<b>(189 114 347)</b>	

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## 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
	R	R	R	R	R	

### Statement of Financial Position

#### Assets

##### Current Assets

Inventories	114 691 000	32 494 000	147 185 000	37 723 406	(109 461 594)	[BC13]
Receivables from exchange transactions	2 037 108 000	(769 999 957)	1 267 108 043	257 752 593	(1 009 355 450)	[BC14]
VAT receivable	70 675 604	-	70 675 604	214 230 299	143 554 695	[BC15]
Cash and cash equivalents	37 974 000	(6 322 000)	31 652 000	30 500 247	(1 151 753)	[BC16]
	2 260 448 604	(743 827 957)	1 516 620 647	540 206 545	(976 414 102)	

##### Non-Current Assets

Property, plant and equipment	733 338 000	9 523 664 174	10 257 002 174	8 505 286 736	(1 751 715 438)	[BC17]
Intangible assets	1 734 173 000	(1 710 248 937)	23 924 063	3 291 963	(20 632 100)	[BC18]
Heritage assets	664 934	-	664 934	432 000	(232 934)	[BC19]
Operating lease asset	-	-	-	4 024 622	4 024 622	
	2 468 175 934	7 813 415 237	10 281 591 171	8 513 035 321	(1 768 555 850)	

<b>Total Assets</b>	<b>4 728 624 538</b>	<b>7 069 587 280</b>	<b>11 798 211 818</b>	<b>9 053 241 866</b>	<b>(2 744 969 952)</b>	
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#### Liabilities

##### Current Liabilities

Finance lease obligation	(188 302 806)	-	(188 302 806)	3 397 673	191 700 479	[BC20]
Payables from exchange transactions	3 760 620 000	(2 562 149 778)	1 198 470 222	1 795 960 061	597 489 839	[BC21]
VAT payable	173 744 286	-	173 744 286	25 701 913	(148 042 373)	[BC15]
Consumer deposits	-	-	-	3 866 790	3 866 790	
Employee benefit obligation	-	-	-	4 676 597	4 676 597	
Unspent conditional grants and receipts	-	-	-	90 083 919	90 083 919	[BC22]
Consumer deposits	212 439 000	(204 877 836)	7 561 164	-	(7 561 164)	[BC23]
	3 958 500 480	(2 767 027 614)	1 191 472 866	1 923 686 953	732 214 087	

##### Non-Current Liabilities

Finance lease obligation	4 489 795 000	5 715 528	10 205 323	-	(10 205 323)	[BC20]
Employee benefit obligation	(371 350 000)	249 999 672	(121 350 328)	80 426 723	201 777 051	[BC24]
Landfill site provision	-	-	-	5 403 991	5 403 991	[BC25]
	4 118 445 000	255 715 200	(111 145 005)	85 830 714	196 975 719	

<b>Total Liabilities</b>	<b>8 076 945 480</b>	<b>(2 511 312 414)</b>	<b>1 080 327 861</b>	<b>2 009 517 667</b>	<b>929 189 806</b>	
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<b>Net Assets</b>	<b>(3 348 320 942)</b>	<b>9 580 899 694</b>	<b>10 717 883 957</b>	<b>7 043 724 199</b>	<b>(3 674 159 758)</b>	
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#### Net Assets

##### Net Assets Attributable to Owners of Controlling Entity

##### Reserves

Accumulated surplus	(3 348 320 942)	9 580 899 694	10 717 883 957	7 043 724 199	(3 674 159 758)	
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# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## 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 R	Reference
	R	R	R	R		
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Sale of goods and services	139 210 000	-	139 210 000	131 288 566	(7 921 434)	
Grants	1 583 956 000	29 405 000	1 613 361 000	1 509 753 816	(103 607 184)	
Interest income	13 702 000	(7 378 000)	6 324 000	3 621 608	(2 702 392)	
Other receipts	241 149 000	(99 450 000)	141 699 000	-	(141 699 000)	
	<b>1 978 017 000</b>	<b>(77 423 000)</b>	<b>1 900 594 000</b>	<b>1 644 663 990</b>	<b>(255 930 010)</b>	
<b>Payments</b>						
Suppliers and employees	(1 436 419 000)	148 272 000	(1 288 147 000)	(1 122 050 132)	166 096 868	
Finance costs	(358 000)	(7 378 000)	(7 736 000)	(43 516 843)	(35 780 843)	
	<b>(1 436 777 000)</b>	<b>140 894 000</b>	<b>(1 295 883 000)</b>	<b>(1 165 566 975)</b>	<b>130 316 025</b>	
<b>Net cash flows from operating activities</b>	<b>541 240 000</b>	<b>63 471 000</b>	<b>604 711 000</b>	<b>479 097 015</b>	<b>(125 613 985)</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(523 194 000)	(77 170 000)	(600 364 000)	(437 801 221)	162 562 779	
<b>Cash flows from financing activities</b>						
Finance lease payments	-	-	-	(20 467 056)	(20 467 056)	
Net increase/(decrease) in cash and cash equivalents	18 046 000	(13 699 000)	4 347 000	20 828 738	16 481 738	
Cash and cash equivalents at the beginning of the year	19 928 000	-	19 928 000	29 437 305	9 509 305	
<b>Cash and cash equivalents at the end of the year</b>	<b>37 974 000</b>	<b>(13 699 000)</b>	<b>24 275 000</b>	<b>50 266 043</b>	<b>25 991 043</b>	

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

	2022 R	2021 R
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### 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.

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

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

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

#### 1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### 1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

#### 1.4 Offsetting

Financial assets and liabilities are offset, and net amount reported on the statement of Financial Position only when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### 1.5 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Receivables from exchange transactions

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, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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

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

An allowance is estimated to write stock down to the lower of cost or net replacement cost. Management have made estimates of the replacement costs on certain inventory items using replacement prices of the same items of inventory at year end. The write down is included in the operation surplus note.



# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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

#### Impairment testing

The recoverable amounts of 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 assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

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

#### Provisions

Provisions were raised and management determined an estimate based on the information available. estimated expenditure to be incurred to settle the liability is recognised as a provision. Where the effect of time value of money is material, the liability is discounted. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

#### Useful lives of waste and water network and other assets

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

#### Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 15.

#### Effective interest rate

The municipality used the prime interest rate of 8.25% at year end to discount future cash flows where the effect of time value of money is material, unless otherwise stated.

#### Allowance for doubtful debts

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

#### Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied are as follows:

The municipality assesses whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit. The municipality also considers whether it has the power to direct significant terms and conditions of the transaction in determining whether it is an agent or principal.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of 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.

Additional information is disclosed in Note 55.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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

#### Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures and impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

#### Point that water meet the definition of inventory

Key judgements made and assumptions applied to establish where water, minerals, oils and gas and other non-regenerative resources meet the definition of inventory, are as follows:

Water is regarded as inventory when the Municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the Municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not classified as inventory.

#### Designation of assets as non-cash-generating, or cash-generating

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash generating. The designation is made based on a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

#### Cash and cash equivalents

Cash and cash equivalents are measured at cost.

Cash includes cash on hand with banks. Cash equivalents are short term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on the call with banks.

#### Long-term liabilities

Liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

#### Long services awards

The entitlement to long service award benefits is based on the employee remaining in service and the completion of a minimum service period of 10 years. Independent qualified actuaries carry out valuations of these obligations using the projected unit method. The assumptions used in determining the liability include the discount rate. Any changes in these assumptions will impact on the carrying amount of long service award. Additional information is disclosed in Note 15.

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

#### Subsequent events

Recognised amounts in the financial statements are adjusted to reflect events arising after the reporting date that provide evidence of conditions that existed at the reporting date. Events after the reporting date that are indicative of conditions that arose after the balance sheet date are disclosed by way of note to the financial statements.

Disclosure for each material category of non - adjusting events after the reporting date is done disclosing the nature of the event and the estimation of its financial effect of a statement that such an estimation cannot be made.

### 1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

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Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	10 - 30 years
Plant and machinery	Straight-line	4 - 10 years

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

Furniture and fixtures	Straight-line	5 - 7 years
Motor vehicles	Straight-line	7 - 15 years
Information Technology equipment	Straight-line	4 years
Specialised vehicles	Straight-line	15 years
Water reservoir reticulation	Straight-line	5 - 60 years
Sewerage purification	Straight-line	5 - 60 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use.

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 7).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 7).

### 1.7 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

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### 1.8 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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:

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Item	Depreciation method	Average useful life
Computer software	Straight-line	5 years
Blyde water utility	Straight-line	20 years
Licenses	Straight-line	5 years

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The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

Intangible assets are derecognised:

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

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### 1.8 Intangible assets (continued)

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.9 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 10).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 10).

### Recognition

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

### Initial measurement

Heritage assets are measured at cost.

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

### Subsequent measurement

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

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### 1.9 Heritage assets (continued)

#### Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Financial instruments comprise of financial assets and liabilities in accordance with GRAP 104.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A residual interest is any contract that entitles the holder to an interest in the assets of a municipality after deducting all of its liabilities net assets.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

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### 1.10 Financial instruments (continued)

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

#### Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

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

Class	Category
Finance lease obligation	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

#### Initial recognition

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

The municipality recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

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

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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

- Financial instruments at amortised cost.

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

#### Fair value measurement considerations



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### 1.10 Financial instruments (continued)

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short term receivables and payables are not discounted were initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

#### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

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

#### Impairment and uncollectibility of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

#### Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

#### Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

#### Derecognition

##### Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

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### 1.10 Financial instruments (continued)

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

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

#### Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

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

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

#### Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

### 1.11 Statutory receivables

#### Identification

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

#### Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- 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

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### 1.11 Statutory receivables (continued)

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.

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### 1.11 Statutory receivables (continued)

#### Accrued interest

The municipality does not charge any interest on statutory receivables.

#### Other charges

The municipality does not levy any other charges statutory receivables.

#### Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

#### Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

### 1.12 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

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### 1.12 Leases (continued)

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

### 1.13 Inventories

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

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

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

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

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

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

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

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### Water inventory

Water is regarded as inventory when the Municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the Municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated and is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

### 1.14 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.

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### 1.14 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.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets.

### Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

### 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.

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

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

#### Reversal of an impairment loss

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

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

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

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

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

### 1.15 Net Assets

Net assets consist of residual interest of the municipality after deducting all of its liabilities.

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### 1.16 Employee benefits

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

The Municipality provides short term benefits, long term benefits and long service awards for its employees and councillors.

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits provided by the municipality are as follows:

- 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 cars and cellphones) for current employees.

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service.

#### Leave pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end and is shown as an accrual in the Statement of Financial Position.

#### Bonus Provisions

The Municipality recognises the expected cost of bonuses as a provision only when the Municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made at reporting date.

#### 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.

#### Multi-employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality account for the plan as if it was a defined contribution plan.



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## Accounting Policies

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### 1.16 Employee benefits (continued)

#### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount 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 obligation.

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### 1.16 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 recognises 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 recognises 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 measures 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 determines 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.

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;

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### 1.16 Employee benefits (continued)

- 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 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.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out by independent qualified actuaries regularly, as may be required for fair presentation.

The municipality provides post-employment medical care benefits to retired employees after completion of a minimum service period. The expected cost of these benefits is accrued over the life expectancy of the retired employees.

The Municipality has an obligation to provide Long-service Allowance Benefits to all its employees.

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### 1.16 Employee benefits (continued)

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect 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 post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

#### Long-service Allowance

The Municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the Municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The Municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

### 1.17 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus.

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

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### 1.17 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

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.

### 1.18 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

### 1.19 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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### 1.19 Revenue from exchange transactions (continued)

#### Services charges

Service charges relating to water is based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

#### Interest Income

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

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

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

### 1.20 Revenue from non-exchange transactions

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.

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.

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

#### Recognition

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

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

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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

#### Unconditional grants

Equitable share allocations are recognised in revenue at the start of the financial year.

#### Conditional grants

Conditional grants recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

#### Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

#### Gifts and donations, including goods in-kind

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. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

#### Services in-kind

Services in kind are recognised at its fair value when it is significant to the operations and/or service delivery objectives and 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. If the services in-kind are not significant to the operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, only the nature and type of services in-kind received during the reporting period is disclosed.

#### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

### 1.21 Investment income

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

### 1.22 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.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.23 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 a 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.

#### 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.

#### 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.

#### 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.

### 1.24 Comparative figures

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

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.



# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.25 Unauthorised expenditure

Unauthorised expenditure means:

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

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

### 1.26 Fruitless and wasteful expenditure

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

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

### 1.27 Irregular expenditure

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

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

### 1.28 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

#### Measurement

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

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

### 1.29 Budget information

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

The approved budget covers the fiscal period from 2021/07/01 to 2022/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.30 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

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

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

### 1.31 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).

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

### 1.32 Additional disclosure in terms of Municipal Finance Management Act

The Municipal Finance Management Act requires the Municipality to disclose details of amounts invoiced, amounts paid and outstanding balances relating to Contributions to organised local government, Audit fees, payments to SARS in respect of employee taxes (PAYE, UIF and SDL), Pension and Medical Aid Deductions as well as VAT. The Municipality collects such information from its records and disclosed it in Note 52

### 1.33 Taxes - Value added tax

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position. The Municipality is registered at SARS for VAT on the payment basis. VAT control debit and credit accounts (recognised on transaction(s) date before payments) are presented separately and they do not form part of financial instruments. Once payments are received or paid, the VAT receivable or payable from/(to) SARS is presented on a net basis and is accounted as a statutory receivable under GRAP 108 or statutory payable in line with GRAP 19.

# Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
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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 2022 or later periods:

##### **Guideline: Guideline on Accounting for Landfill Sites**

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

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

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

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

The impact of this standard is currently being assessed.

##### **GRAP 25 (as revised): Employee Benefits**

##### **Background**

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

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

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

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

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

##### **Key amendments to GRAP 25**

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

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

The effective date of these revisions have not yet been set. 01 April 2023.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

The municipality expects to adopt the revisions for the first time in the 2022/2023 annual financial statements.

The impact of this revisions is currently being assessed.

#### **iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction**

##### **Background**

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

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

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

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

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

The effective date of these revisions have not yet been set. 01 April 2023.

The municipality expects to adopt the revisions for the first time on 01 April 2023.

The impact of this revisions is currently being assessed.

#### **Guideline: Guideline on the Application of Materiality to Financial Statements**

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The guideline is encouraged to be used by entities.

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

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

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

#### GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too 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 revisions is for years beginning on or after 01 April 2025.

The municipality expects to adopt the revisions for the first time on 01 April 2025.

The impact of this standard is currently being assessed.

#### iGRAP 21: The Effect of Past Decisions on Materiality

##### Background

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

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

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

iGRAP 21 addresses the following two issues:

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

The effective date of these interpretation have not yet been set. 01 April 2023.

The municipality expects to adopt the interpretation for the first time on 01 April 2023.

The impact of this interpretation is currently being assessed.

#### GRAP 2020: Improvements to the standards of GRAP 2020

Every three years, the Accounting Standards Board undertakes periodic revisions of the Standards of GRAP, in line with best practice internationally among standard setters.

Improvements to Standards of GRAP are aimed at aligning the Standards of GRAP with international best practice, to maintain the quality and to improve the relevance of the Standards of GRAP.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

Amendments include,

#### GRAP 5 – Borrowing Costs

- For general borrowings, borrowing costs eligible for capitalisation determined by applying a capitalisation rate
  - Clarify that borrowings made specifically for purposes of obtaining a qualifying asset are excluded until substantially all the activities necessary to prepare asset for intended use or sale are complete

#### GRAP 13 – Leases

- Operating leases & Sale and leaseback transactions are currently assessed for impairment in accordance with GRAP 26
- Clarify that these arrangements may also be assessed in accordance with GRAP 21

#### GRAP 16 – Investment Property

- Clarify that GRAP 21 may be applied to assess investment property for impairment
- Include heading “Classification of property as investment property” (par 6 and 7) & delete existing headings
- Investment property under construction (within scope of GRAP 16)
  - Added heading “Guidance on initially measuring self-constructed investment property at fair value”
  - Added clarification that investment property is measured at fair value at earliest of:
    - o completion of construction or development; or
    - o when fair value becomes reliably measurable
- Clarify requirements on transfers to and from Investment property
  - Change in use involves an assessment on whether:
    - o property meets, or ceases to meet definition of investment property and
    - o evidence exists that a change in use has occurred
  - List of examples of a change in use is regarded as non-exhaustive

#### GRAP 17 – Property, Plant and Equipment

- Delete example indicating that quarries and land used for landfill may be depreciated in certain instances
  - Land has an unlimited useful life and cannot be consumed through its use

#### GRAP 20 – Related Party Disclosures

- Clarify that entity, or any member of a group of which it is part, providing management services to reporting entity (or controlling entity of reporting entity) is a related party
  - Disclose amounts incurred by the entity for the provision of management services that are provided by a separate management entity
  - If an entity obtains management services from another entity (“the management entity”) the entity is not required to apply the requirements in paragraph .35 to the remuneration paid or payable by the management entity to the management entity’s employees or those charged with governance of the entity in accordance with legislation, in instances where they are required to perform such functions
  - Management services are services where employees of management entity perform functions as “management” as defined

#### GRAP 24 – Presentation of Budget Information in Financial Statements

- Terminology amended
  - Primary financial statements amended to “financial statements” or “face of the financial statements”

#### GRAP 31 – Intangible Assets

- Extend requirement to consider whether reassessing useful life of intangible asset as finite rather as indefinite indicates that asset may be impaired
  - Both under cost model or revaluation model

#### GRAP 32 – Service Concession Arrangements: Grantor

- Clarify disclosure requirement for service concession assets
  - Disclose carrying amount of each material service concession asset recognised at the reporting date

#### GRAP 37 – Joint Arrangements

- Application guidance clarified
  - When party obtains joint control in a joint operation where activity of joint operation constitutes a function (GRAP 105 or GRAP 106), previous held interest in joint operation is not remeasured

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations (continued)

#### **GRAP 106 – Transfer of Functions Between Entities Not Under Common Control**

- When party obtains control of joint operation and entity had rights to assets, or obligations to liabilities before acquisition date, it comprises an acquisition received in stages
  - Apply the requirements for an acquisition achieved in stages, including remeasuring previously held interest in joint operation

#### **Directive 7 – The Application of Deemed Cost**

- Clarify that bearer plants within scope of Directive

The effective date of these improvements is 01 April 2023.

The municipality expects to adopt the improvements for the first time in the 2022/2023 annual financial statements.

The impact of this improvements is currently being assessed.

#### **GRAP 1 (amended): Presentation of Financial Statements**

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

Summary of amendments are:

#### **Materiality and aggregation**

The amendments clarify that:

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

#### **Statement of financial position and statement of financial performance**

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

#### **Notes structure**

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

#### **Disclosure of accounting policies**

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

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

The effective date of this amendment is for years beginning on or after 01 April 2025.

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

The impact of this amendment is currently being assessed.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>3. Inventories</b>		
Consumable stores	37 219 406	22 885 316
Water for distribution	504 000	120 866
	<b>37 723 406</b>	<b>23 006 182</b>

Inventories recognised as an expense during the year	32 071 868	66 022 903
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### Inventory pledged as security

No inventory was pledged as security in the period under review.

### Prior period errors

In the process of finalising financial statements for current year, the municipality identified and corrected errors relating to completeness, accuracy and validity of inventory purchases, issues and valuations affecting the previous year's financial statements. Some items of inventory had quantities on the valuation report but were excluded from valuation while others had values without quantities. Also, some items of property, plant and equipment were incorrectly reported as inventory. The valuation also resulted in some items with negative values. Water for distribution was reported separately per municipality without specifying that it was water inventory. In the current year, the two were consolidated into one line item. Further, other reclassifications affecting consumable stores were processed. The Municipality also corrected prior period errors relating to completeness, accuracy and valuation on inventories that were reported in the 2021 financial year. The table below summarises the effects:

Details	As previously reported R	Reclassifications R	Correction of errors R	Restated R
Consumable stores	30 346 771	(3 900)	(7 457 555)	22 885 316
Greater Letaba Municipality	66 746	(66 746)	-	-
Greater Tzaneen Municipality	54 120	(54 120)	-	-
Water for distribution	-	120 866	-	120 866
	<b>30 467 637</b>	<b>(3 900)</b>	<b>(7 457 555)</b>	<b>23 006 182</b>

### 4. Receivables from exchange transactions

Ba - Phalaborwa Municipality [2]	4.1	-	-
Consumer debtors - Water and sanitation	4.2	237 497 387	96 544 063
Eskom - deposits		8 182 917	9 441 949
Prepaid expenditure	4.3	2 088 223	1 104 133
RBIG project- Mametja Sekororo		(333 860)	590 717
Service providers	4.4	9 068 909	10 764 670
Staff debtors	4.5	1 249 017	3 154 681
		<b>257 752 593</b>	<b>121 600 213</b>

Other non-financial asset receivables included in receivables from exchange transactions above are as follows:

Prepaid expenditure	2 088 223	1 104 133
Staff debtors	1 249 017	3 154 681
	<b>3 337 240</b>	<b>4 258 814</b>

<b>Financial asset receivables included in receivables from exchange transactions above</b>	<b>254 415 353</b>	<b>117 341 399</b>
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<b>Total receivables from exchange transactions</b>	<b>257 752 593</b>	<b>121 600 213</b>
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There are no statutory receivable in the receivables from exchange transactions disclosed above.

#### 4.1. Ba - Phalaborwa Municipality



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### Notes to the Annual Financial Statements

	2022 R	2021 R
<b>4. Receivables from exchange transactions (continued)</b>		
The debt owed by Ba-Phalaborwa Local Municipality has been impaired at year end following the assessment performed by Council. This was mainly informed by the realisation that the prospects of ever getting cash out of this reasonable are very minimum. The table below details the gross amount as well as impairment:		
<b>Description</b>		
Gross carrying amount	397 043 179	419 008 931
Less impairment allowance	(397 043 179)	(419 008 931)
	-	-

The loan account is broken down into loan accounts and agency fees as tabulated below:

<b>Description</b>		
Loan Balance	455 202 869	453 376 831
Agency Fees Payable	(58 159 690)	(34 367 900)
	<b>397 043 179</b>	<b>419 008 931</b>

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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>4. Receivables from exchange transactions (continued)</b>		
<b>4.2. Consumer debtors - Water and sanitation</b>		
The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to their historical information about how they service their municipal accounts.		
<b>Gross balances</b>		
Sewerage	287 816 217	254 263 887
Water	1 439 764 430	1 280 204 059
	<b>1 727 580 647</b>	<b>1 534 467 946</b>
<b>Less: Allowance for impairment</b>		
Sewerage	(253 652 733)	(238 190 467)
Water	(1 236 430 528)	(1 199 733 416)
	<b>(1 490 083 261)</b>	<b>(1 437 923 883)</b>
<b>Net balance</b>		
Sewerage	34 163 484	16 073 420
Water	203 333 902	80 470 643
	<b>237 497 386</b>	<b>96 544 063</b>
<b>Sewerage - Ageing</b>		
Current (0 -30 days)	5 464 454	5 104 492
31 - 60 days	5 093 322	2 990 938
61 - 90 days	3 330 544	3 297 738
91 - 120 days	3 435 602	3 307 827
121 - 365 days	270 492 295	239 562 892
	<b>287 816 217</b>	<b>254 263 887</b>
<b>Water - Ageing</b>		
Current (0 -30 days)	30 901 492	30 111 910
31 - 60 days	25 876 102	18 810 263
61 - 90 days	14 212 190	16 948 722
91 - 120 days	15 882 068	15 820 368
121 - 365 days	1 352 892 577	1 198 512 796
	<b>1 439 764 429</b>	<b>1 280 204 059</b>
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	24 757 773	42 925 983
31 - 60 days	24 084 202	17 657 359
61 - 90 days	12 925 121	14 660 466
91 - 120 days	15 997 389	15 395 426
121 - 365 days	1 447 907 358	1 286 334 371
<b>Subtotal</b>	<b>1 525 671 843</b>	<b>1 376 973 605</b>
Less: Allowance for impairment	(1 316 040 227)	(1 287 653 790)
	<b>209 631 616</b>	<b>89 319 815</b>

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### Notes to the Annual Financial Statements

	2022 R	2021 R
<b>4. Receivables from exchange transactions (continued)</b>		
<b>Industrial/ commercial</b>		
Current (0 -30 days)	6 736 679	4 505 053
31 - 60 days	4 702 250	1 545 919
61 - 90 days	3 762 290	1 290 361
91 - 120 days	1 887 807	1 315 752
121 - 365 days	71 990 621	57 174 496
<b>Subtotal</b>	<b>89 079 647</b>	<b>65 831 581</b>
Less: Allowance for impairment	(78 676 460)	(62 651 594)
	<b>10 403 187</b>	<b>3 179 987</b>
<b>National and provincial government</b>		
Current (0 -30 days)	4 871 493	3 399 949
31 - 60 days	2 182 973	1 127 876
61 - 90 days	855 323	1 022 377
91 - 120 days	1 432 474	1 084 443
121 - 365 days	103 486 893	85 028 117
<b>Subtotal</b>	<b>112 829 156</b>	<b>91 662 762</b>
Less: Allowance for impairment	(95 366 575)	(87 618 499)
	<b>17 462 581</b>	<b>4 044 263</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(1 437 923 884)	(1 221 977 316)
Contributions to allowance	(52 159 378)	(215 946 568)
	<b>(1 490 083 262)</b>	<b>(1 437 923 884)</b>

#### Receivables breakdown by municipality

The table below shows the gross consumer debtors by category and municipality of origin as well as related impairment.

2022	Ba-Phalaborwa	Tzaneen	Giyani	Letaba	Maruleng	Total
Sewerage	168 183 999	30 263 760	40 209 483	48 579 696	579 280	287 816 218
Water	1 070 987 891	126 499 192	179 321 456	60 134 924	2 820 967	1 439 764 430
<b>Subtotal</b>	<b>1 239 171 890</b>	<b>156 762 952</b>	<b>219 530 939</b>	<b>108 714 620</b>	<b>3 400 247</b>	<b>1 727 580 648</b>
Less: Allowance for impairment	(1 038 055 055)	(155 522 639)	(186 651 626)	(107 917 156)	(1 936 785)	(1 490 083 261)
	<b>201 116 835</b>	<b>1 240 313</b>	<b>32 879 313</b>	<b>797 464</b>	<b>1 463 462</b>	<b>237 497 387</b>
2021	Ba-Phalaborwa	Tzaneen	Giyani	Letaba	Maruleng	Total
Sewerage	145 258 002	27 059 610	35 252 564	46 229 624	464 087	254 263 887
Water	918 275 834	121 519 295	180 144 770	57 902 771	2 361 390	1 280 204 060
<b>Subtotal</b>	<b>1 063 533 836</b>	<b>148 578 905</b>	<b>215 397 334</b>	<b>104 132 395</b>	<b>2 825 477</b>	<b>1 534 467 947</b>
Less: Allowance for impairment	(1 058 351 057)	(144 760 073)	(130 323 330)	(102 912 697)	(1 576 727)	(1 437 923 884)
	<b>5 182 779</b>	<b>3 818 832</b>	<b>85 074 004</b>	<b>1 219 698</b>	<b>1 248 750</b>	<b>96 544 063</b>

#### Consumer debtors pledged as security

There were no consumer receivables that were pledged as security against any of the municipal liabilities at year end.

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>4. Receivables from exchange transactions (continued)</b>		
<b>4.3. Prepaid expenditure</b>		
Prepaid expenditure relates to fuel that has been paid in advance at the end of the year.		
<b>4.4. Service providers</b>		
Service provider debtors are stated at net carrying amount after deducting the allowance for impairment as detailed in the table below:		
<b>Description</b>		
Gross carrying amount	10 413 347	12 109 108
Less impairment allowance	(1 344 438)	(1 344 438)
	<b>9 068 909</b>	<b>10 764 670</b>

### 4.5. Staff debtors

Staff debtors are stated at net carrying amount after deducting the allowance for impairment as detailed in the table below:

<b>Description</b>		
Gross carrying amount	4 285 892	4 437 282
Less impairment allowance	(3 036 874)	(1 282 600)
	<b>1 249 018</b>	<b>3 154 682</b>

### Trade and other receivables pledged as security

There were no receivables from exchange transactions that were pledged as security against any of the municipal liabilities at year end.

### Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to their historical information about how they service their municipal accounts.

### Trade and other receivables past due but not impaired

Consumer debtors which are between 0-30 days are not to be impaired. As at 30 June 2022, R36 365 946 (2021: R35 216 402) was current and not impaired.

### Trade and other receivables impaired

As of 30 June 2022, trade and other receivables of R1 691 214 701 (2021: R1 499 251 544) were impaired and provided for.

The amount of impairment was R1 490 083 261 as of 30 June 2022 (2021: R1 437 923 883).

### 4.6. Prior period errors

During the current financial year, errors were identified where the municipality misstated its consumer debtors in the previous years. These were due to incomplete billing, errors in impairment calculations, preparing financial statements that were not tying to general ledger, payroll, and billing reports. Further, the municipality's accrual inventories at local municipalities had been misstated by mixing it with local municipality's own consumables. Also, errors in calculations of the agency fees due to the local municipalities were identified and corrected. These errors resulted in the district having differences between financial statements and underlying supporting documents. The municipality was incorrectly recording cash paid as debit orders for fuel as fuel expenses even though this was monthly upfront payments, and the consumption was much less than the amount advance. This resulted in overstatement of expenditure and understatement of prepayments. Also noted and corrected was the fact that the municipality was incorrectly recognising revenue from its Agency relations with the department of Water Affairs with respect to the RBIG Mamejita Sekororo project when the contract did not allow for this. Corrections have been made in the current financial year, where these items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The accounts payable and the related expenditure were updated accordingly.

# Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R		
<b>4. Receivables from exchange transactions (continued)</b>				
<b>Details</b>	<b>As previously reported R</b>	<b>Reclassifications R</b>	<b>Correction of errors R</b>	<b>Restated R</b>
Ba - Phalaborwa Municipality	472 903 827	(4 336 893)	(468 566 934)	-
Consumer debtors - Water and sanitation	227 447 094	-	(130 903 030)	96 544 064
Eskom - deposits	9 441 949	-	-	9 441 949
Other receivables	-	-	1 104 133	1 104 133
RBIG project- Mametja Sekororo	2 381 417	1 516 653	(3 307 353)	590 717
Service providers	11 547 513	-	(782 843)	10 764 670
Greater Tzaneen Municipality	7 700	(7 700)	-	-
VAT receivables	222 484 993	(222 484 993)	-	-
Staff debtors	3 186 682	-	(32 001)	3 154 681
	<b>949 401 175</b>	<b>(225 312 933)</b>	<b>(602 488 028)</b>	<b>121 600 214</b>

### 5. VAT receivable

VAT	214 230 299	194 464 507
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The VAT receivable represents VAT on invoice recognition dates pending their settlement. Also included in the amount above is VAT receivable from the South African Revenue Service following the submission of the returns. The table below shows the breakdown:

VAT due from SARS	24 060 646	10 058 926
VAT input accrual	190 169 653	184 405 581
	<b>214 230 299</b>	<b>194 464 507</b>

### Prior period errors

In the previous year, VAT receivable and VAT output accrual were incorrectly netted off and reported as part of receivables from exchange transactions. These have now been reclassified to their own financial statement areas of the Statement of Financial Position to achieve a more accurate presentation. Further, errors involving expenditure and assets recorded inclusive of VAT, inclusion of VAT on transactions that had no VAT, transactions recorded in correct accounting periods and well as duplications were identified and corrected retrospectively in accordance with GRAP 3 - Changes in Accounting Policies, Accounting Estimates and Errors.

<b>Details</b>	<b>As previously reported R</b>	<b>Reclassifications R</b>	<b>Correction of errors R</b>	<b>Restated R</b>
VAT receivable	-	224 858 659	(30 394 156)	194 464 503

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>6. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	2 347 977	8 054 805
Short-term deposits	28 152 270	21 382 500
	<b>30 500 247</b>	<b>29 437 305</b>

### Cash and cash equivalents pledged as collateral

No item of cash and cash equivalents has been pledged as security.

Credit quality of cash at bank and short term deposits, excluding cash on hand has been disclosed on Note 46

### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
FNB BANK - 62854372093 [1]	64 092	8 059 207	-	2 349 457	8 059 207	-
FNB BANK - 62858452205	26 854	20 490 148	-	26 854	20 490 148	-
FNB BANK - 62858453568	28 125 402	892 334	-	28 125 402	892 331	-
ABSA BANK - 40-5277-1364	-	-	7 850 964	-	-	7 850 964
ABSA BANK- 40-8091-1671	-	-	40 684 580	-	-	40 684 580
ABSA BANK - 40-8091-0832	-	-	65 090 651	-	-	65 090 651
GROWBUS - 40-8937-0	-	-	1 973	-	-	1 973
ABSA BANK - 93-5597-9404	-	-	103 143 929	-	-	103 143 929
<b>Total</b>	<b>28 216 348</b>	<b>29 441 689</b>	<b>216 772 097</b>	<b>30 501 713</b>	<b>29 441 686</b>	<b>216 772 097</b>

[1] The difference between the cash book balance and bank statement was due to valid reconciling items which all cleared after year end.

### Prior period errors

In the previous year, interest receivable from the call accounts was incorrectly reported under bank balances instead of short-term deposits. Further, the municipality identified some duplicated transactions and some transactions reported on financial statements but not posted in the general ledgers. These errors misstated the 2021 previously reported bank balances. These were all corrected retrospectively in accordance with GRAP 3 - Changes in Accounting Policies, Accounting Estimates and Errors.

Details	As previously reported R	Reclassifications R	Correction of errors R	Restated R
Bank balances	8 150 118	(897 080)	801 766	8 054 804
Short-term deposits	22 899 478	897 080	(2 414 058)	21 382 500
	<b>31 049 596</b>	<b>-</b>	<b>(1 612 292)</b>	<b>29 437 304</b>

## Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

	2022 R	2021 R
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#### 7. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	192 316 269	(82 971 126)	109 345 143	191 476 869	(74 609 815)	116 867 054
Infrastructure	8 508 130 851	(2 171 264 848)	6 336 866 003	8 278 719 783	(1 937 682 032)	6 341 037 751
Land	11 980 776	-	11 980 776	11 980 776	-	11 980 776
Other leased Assets	8 563 961	(8 441 433)	122 528	61 772 413	(43 655 737)	18 116 676
Other property, plant and equipment	166 623 623	(68 615 328)	98 008 295	101 920 449	(44 037 269)	57 883 180
Work in progress	1 948 963 991	-	1 948 963 991	1 765 358 581	-	1 765 358 581
<b>Total</b>	<b>10 836 579 471</b>	<b>(2 331 292 735)</b>	<b>8 505 286 736</b>	<b>10 411 228 871</b>	<b>(2 099 984 853)</b>	<b>8 311 244 018</b>

## Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

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

##### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Transfers	Other Changes [1]	Write Offs	Depreciation	Impairment loss	Total
Buildings	116 867 054	839 400	-	-	-	(7 962 368)	(398 943)	109 345 143
Infrastructure	6 341 037 751	105 753 917	124 535 193	(878 039)	-	(202 956 774)	(30 626 045)	6 336 866 003
Land	11 980 776	-	-	-	-	-	-	11 980 776
Other leased Assets	18 116 676	-	-	-	-	(17 994 148)	-	122 528
Other property, plant and equipment	57 883 180	24 464 840	40 238 335	-	-	(11 250 608)	(13 327 452)	98 008 295
Work in progress	1 765 358 581	308 140 603	(124 535 193)	-	-	-	-	1 948 963 991
	<b>8 311 244 018</b>	<b>439 198 760</b>	<b>40 238 335</b>	<b>(878 039)</b>	<b>-</b>	<b>(240 163 898)</b>	<b>(44 352 440)</b>	<b>8 505 286 736</b>

[1] This amount arose due to the annual valuation of the landfill site. There was a decrease in the liability at the end of the year and IGRAP 2 paragraph 5 requires this to be credited to the asset and only be taken to Statement of Financial Performance when the asset has been reduced to Nil.

##### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Transfers	Write Offs	Depreciation	Impairment loss	Total
Buildings	111 846 872	12 143 412	-	-	(7 123 230)	-	116 867 054
Infrastructure	6 237 669 362	136 877 613	148 352 128	-	(178 628 519)	(3 232 833)	6 341 037 751
Land	11 980 776	-	-	-	-	-	11 980 776
Other leased Assets	55 440 565	-	-	(6 733 116)	(30 590 773)	-	18 116 676
Other property, plant and equipment	35 417 561	32 385 445	-	-	(9 919 826)	-	57 883 180
Work in progress	1 372 512 056	552 297 318	(148 352 128)	-	-	(11 098 665)	1 765 358 581
	<b>7 824 867 192</b>	<b>733 703 788</b>	<b>-</b>	<b>(6 733 116)</b>	<b>(226 262 348)</b>	<b>(14 331 498)</b>	<b>8 311 244 018</b>

#### Pledged as security

There were no assets held as security for any of the municipal liabilities.



## Mopani District Municipality

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### Notes to the Annual Financial Statements

	2022 R	2021 R
<b>7. Property, plant and equipment (continued)</b>		
<b>Compensation received for losses on property, plant and equipment – included in operating profit.</b>		
Insurance claims	582 692	457 405
<b>Assets subject to finance lease (Net carrying amount)</b>		
Motor vehicles	122 524	18 082 339
Office equipment	-	34 338
	<b>122 524</b>	<b>18 116 677</b>
<b>Property, plant and equipment in the process of being constructed or developed</b>		
<b>Cumulative expenditure recognised in the carrying value of property, plant and equipment</b>		
Sanitation network	195 926 071	197 079 019
Water network	1 753 038 005	1 568 279 648
	<b>1 948 964 076</b>	<b>1 765 358 667</b>

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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>7. Property, plant and equipment (continued)</b>		
<b>Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected</b>		
Refurbishment of Nkowankowa sewer plant	5 706 000	5 706 000
Appointed contractors withdrew from the project. A new report was developed to ensure both refurbishment and upgrading. Municipality currently sourcing funds to complete the project..		
Refurbishment of sewer pump	2 091 552	2 091 552
The project was delayed by project management.		
Sekgosese Ground water development scheme	6 781 442	6 781 442
The overall project is a multi-year project. Delays were experienced on construction phases due to delay in ESKOM to connect boreholes and pump stations.		
Construction of water reticulation in GA-Wally village	4 650 971	4 650 971
The project was delayed by project management.		
Refurbishment DWAF	10 269 856	10 269 856
The project was delayed by project management.		
Borehole development	251 645 634	251 645 634
The project was delayed by project management and Eskom energising.		
Upgrading of water reticulation Maruleng	45 635 103	45 635 103
The project was delayed by project management..		
Selwane Water Phase 2 D	9 895 782	9 895 782
The project was delayed by project management..		
Tours Bulk Water Scheme	60 031 583	60 031 583
The project was delayed by project management..		
Lenyenye Sewerage plant	42 533 661	42 533 661
The project was delayed by project management..		
Upgrading of Senwamokgope Sewage Plant	21 987 362	21 987 362
The project was delayed by project management..		
Upgrading of Phalaborwa Sewage Plant	37 201 383	37 201 383
The project was delayed by project management..		
Upgrading of Nkowankowa Sewage Plant	16 350 998	16 350 998
The project was delayed by project management..		

# Mopani District Municipality

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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>7. Property, plant and equipment (continued)</b>		
Kampersrus Sewage Plant	56 786 033	56 786 033
The project was delayed by project management..		
Jopie Mawa - Ramotshinyadi	171 119 154	171 119 154
The project was delayed by project management..		
Namakgale Sewarage Project	3 518 468	3 518 468
The project was delayed by project management..		
Upgrade of Water Reticulation GTM	15 740 464	15 740 464
The project was delayed by project management..		
Kampersrus Water Supply	32 780 364	32 780 364
The project was delayed by project management..		
Tours - Refurbishment	15 526 533	15 526 533
The project was delayed by project management..		
Hoedspruit Bulk Water Supply	59 556 733	59 556 733
The project was delayed by project management..		
Refurbishment - Giyani water works	17 464 513	17 464 513
The project was delayed by project management..		
Extension of scope for Sekgosese and Worcester Schemes - Senakwe	1 843 586	1 843 586
The project was delayed by project management..		
Extension of scope for Sekgosese and Worcester Schemes - Kuranta	1 972 479	1 972 479
The project was delayed by project management..		
Upgrading of Tshelang Gape Sewer Reticulation	6 768 761	6 768 761
The project was delayed by project management..		
Construction of Muhlava Water Pump Station	2 564 261	2 564 261
The project was delayed by project management..		
Upgrading of Maapane Water Reticulation Network	1 140 514	1 140 514
The project was delayed by project management..		
Upgrading of the internal water reticulation and extensions-Kuranta	824 904	824 904
The project was delayed by project management..		

# Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>7. Property, plant and equipment (continued)</b>		
Makosha Village: Construction of A 1.7 km, 110 mm PVC Bulk pipeline and 300kl elevated Steel Tank	55 102	55 102
The project was delayed by project management..		
Replacement and resizing of Water storage tank-Makhushane( Mapikiri Reservoir)	11 918 200	11 918 200
The project was delayed by project management..		
Upgrading of Internal Water Reticulation network-Zava	6 689 188	6 689 188
The project was delayed by project management..		
Refurbishment of Control panels for clear water at Giyani water Works	1 306 060	1 306 060
The project was delayed by project management..		
Assesment and refurbishing of water infrustructure in the willows and sedawa village	4 611 115	4 611 115
The project was delayed by project management..		
Drought Relief (WSIG) Boreholes	41 521 948	41 521 948
The project was delayed by project management..		
Assesment and refurbishing of water infrustructure of electro mechanical components Khanyisa village	3 436 050	3 436 050
The project was delayed by project management..		
Lephephane water reticulation	49 526 794	49 526 794
The project was delayed by project management..		
Lulekani water scheme (Namakgale)	3 822 181	3 822 181
The project was delayed by project management..		
Upgrade and refurbishment of middle letaba water treatment works	5 658 570	5 658 570
The project was delayed by project management..		
Molalane Water works	7 687 660	7 687 660
The project was delayed by project management..		
Repair and Installation of Pumps and Motor ( Nkambako Water Works)	3 120 350	3 120 350
The project was delayed by project management..		
Lulekani water scheme- covid 19 project	2 453 257	2 453 257
The project was delayed by project management..		
Construction of water Reticulation Ngovhe	13 912	13 912
The project was delayed by project management..		

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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>7. Property, plant and equipment (continued)</b>		
Nkambako Water Treatment works	3 994 424	3 994 424
The project was delayed by project management..		
Sekgopo Water Supply Covid 19	4 838 510	4 838 510
The project was delayed by project management..		
Refurbishment of Kgapanne Waste Water Treatment	4 446 132	4 446 132
The project was delayed by project management..		
Tours Water Reticulation covid 19	8 305 862	8 305 862
The project was delayed by project management..		
Tours Bulk Water Scheme (Upgrading of Tours Water Treatment	18 969 512	18 969 512
The project was delayed by project management..		
Dzumeri upgrading of internal Reticulation	26 155	26 155
The project was delayed by project management..		
Makhuvha upgrading of internal water reticulation newwork	335 970	335 970
The project was delayed by project management..		
Maruleng LM Ground Water Augmentation	2 605 072	2 605 072
The project was delayed by project management..		
	<b>1 087 730 118</b>	<b>1 087 730 118</b>
This disclosure was not reported completely and accurately in the previous year.		
<b>Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)</b>		
Buildings (Mopani Office buildings)	1	1
The municipality abandoned construction of new office building at the Tzaneen Disaster Centre due to termination of service provider (Kgafela Cosntruction) which subsequently let to Litigation. The project was impaired to the carrying value of R1 in the 2017/2018 financial period.		
Modjadji Royal Pavilion and extension of fencing	1	1
The municipality abandoned project due to land dispute between the royal household and the municipality The royal household gave the municipality another site to execute the project other than the initially provided at the beginning of the project. The project was also impaired to the carrying value of R1 in the 2017/18 financial period.		
Namakgale Sewer Project	1	1
The municipality abandoned project due to the fact that the municipality terminated contract with consultant responsible for running the project. The project was also impaired to the carrying value of R1 in the 2017/18 financial period.		
	<b>3</b>	<b>3</b>

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### Notes to the Annual Financial Statements

	2022 R	2021 R
<b>7. Property, plant and equipment (continued)</b>		
The three projects impaired had a total cost of R54 940 945 in the financial period 2017/2018 when there were impaired.		
This disclosure was not reported completely and accurately in the previous year.		
<b>Reconciliation of Work-in-Progress 2022</b>		
	<b>Sanitation</b>	<b>Water</b>
Opening balance	197 079 019	1 568 279 648
Additions/capital expenditure	1 449 348	306 691 255
Transferred to completed items	(2 602 295)	(121 932 898)
	<b>195 926 072</b>	<b>1 753 038 005</b>
		<b>1 948 964 077</b>

#### Reconciliation of Work-in-Progress 2021

	<b>Sanitation</b>	<b>Water</b>	<b>Total</b>
Opening balance	190 018 522	1 182 493 532	1 372 512 054
Additions/capital expenditure	7 060 497	541 944 384	549 004 881
Transferred to completed items	-	(29 488 277)	(29 488 277)
Prior period error	-	(126 669 991)	(126 669 991)
	<b>197 079 019</b>	<b>1 568 279 648</b>	<b>1 765 358 667</b>

#### Expenditure incurred to repair and maintain property, plant and equipment

##### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Maintenance of buildings and facilities	186 868	-
Maintenance of infrastructure	146 691 103	191 117 134
Motor vehicle and other general municipal services	10 611 141	46 032 671
Materials and supplies consumed	11 828 367	3 438 603
	<b>169 317 479</b>	<b>240 588 408</b>

This disclosure was omitted from the financial statements of the previous year.

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.

#### Prior period errors

In the previous year, management incorrectly reported Furniture and fixtures and IT equipment separately with carrying amounts of R 1 424 286 and R (1 232 845) respectively instead of combining them with all other items of "Other property, plant and equipment". These were corrected through reclassifications retrospectively. The municipality identified a multiple number of errors affecting property, plant and equipment and related depreciation, residual, values, impairment loss of assets. In the previous years, some items of property, plant and equipment were recorded as expenses, some assets were duplicated in error while some assets on the books of the municipality did not exist. The municipality also incorrectly carried some completed project in WIP thereby understating completed assets and related depreciation. also incorrectly assessed residual values of some assets. Some payment certificates' retention liabilities were not accrued and projects were being capitalised in WIP resulting in understatements to both WIP and retention liabilities. These have been corrected in the current financial year, where these items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

# Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

			2022 R	2021 R
<hr/>				
7.    Property, plant and equipment (continued)				
Details	As previously reported R	Reclassifications R	Correction of errors R	Restated R
Buildings	90 753 935	-	26 113 119	116 867 054
Infrastructure	4 096 068 203	(1 606 653)	2 246 576 199	6 341 037 749
Land	11 980 776	-	-	11 980 776
Other leased Assets	45 247 553	-	(27 130 877)	18 116 676
Other property, plant and equipment	46 719 030	93 900	11 070 252	57 883 182
Work in progress	1 889 423 361	-	(124 064 781)	1 765 358 580
	6 180 192 858	(1 512 753)	2 132 563 912	8 311 244 017

## 8. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	5 456 672	(2 164 709)	3 291 963	5 456 672	(1 661 876)	3 794 796

### Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software	3 794 796	(502 833)	3 291 963

### Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	3 067 275	1 378 891	(651 370)	3 794 796

### Pledged as security

None of the intangible assets has been pledged as security for any liability of the municipality.

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## Notes to the Annual Financial Statements

	2022 R	2021 R
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### 8. Intangible assets (continued)

#### Prior period errors

The municipality identified and corrected some errors relating to transactions incorrectly posted to the Blyde Utility instead of software. Further, management incorrectly recorded the operating lease between itself and the Blyde utility company for the lease of the pipeline for 20 years as an intangible asset instead of operating lease. These errors have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The table below summarises the effects:

Details	As previously reported R	Reclassifications R	Correction of errors R	Restated R
Bylde utility	6 647 256	(6 647 256)	-	-
Computer software	1 378 892	6 647 256	(4 231 352)	3 794 796
	<b>8 026 148</b>	<b>-</b>	<b>(4 231 352)</b>	<b>3 794 796</b>

### 9. Operating lease asset

Non-current assets	4 024 622	4 723 806
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The Municipality is leasing a pipeline from Blyde River Water Utility company for a period of 20 years effective from 01 April 2008 to 31 March 2008. Under the arrangement, the municipality is entitled to abstract 152 803 cubic meters of water per month from the Blyderivierspoort dam without any further payments. The lease payments were agreed at R16 210 144 including VAT and this was paid upfront at the commencement of lease. The municipality is liable for contingent rent should it abstract more than the 152 803 in a month. This is to be charged at R0.83 per cubic meter.

### 10. Heritage assets

	2022			2021		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain	432 000	-	432 000	432 000	-	432 000

#### Reconciliation of heritage assets 2022

	Opening balance	Total
Mayoral chain	432 000	432 000

#### Reconciliation of heritage assets 2021

	Opening balance	Total
Mayoral chain	432 000	432 000

#### Pledged as security

None of the heritage assets has been pledged as security for any liability of the Municipality.



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	2022 R	2021 R
<b>11. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	3 411 176	20 467 056
- in second to fifth year inclusive	-	3 411 176
	3 411 176	23 878 232
less: future finance charges	(13 503)	(472 590)
<b>Present value of minimum lease payments</b>	<b>3 397 673</b>	<b>23 405 642</b>
<b>Present value of minimum lease payments due</b>		
- within one year	3 397 673	20 007 969
- in second to fifth year inclusive	-	3 397 673
	<b>3 397 673</b>	<b>23 405 642</b>

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 7.

### Finance lease - photo copy machines

The municipality has leased printing machines under a finance lease.

The average lease term was 3 years and the average effective borrowing rate is 13.00% per annum (2021: 13.00%).

Interest rates were fixed at the contract date. All leases had fixed repayments and included additional charges for contingent rent based on paper usage.

Contingent rents	-	603 959
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### Finance lease - vehicles

The municipality had entered into an instalment sale agreement with Petrobrite to provide fleet solution for the municipality. The lease agreement was for effective for 36 months. Upon conclusion of the lease agreement, Mopani District Municipality would take the ownership of the vehicles. The nature of the agreement is an instalment sale agreement.

The average lease term was 3 years and the average effective borrowing rate is 9.50% per annum (2021: 9.50%).

Interest rates were fixed at the contract date. All leases had fixed repayments. There was no contingent rental on this agreement.

### Prior period errors

During the current financial year, the municipality identified errors of overstatement that occurred in the previous year affecting finance lease obligation. This was overstated by R2 182 259 because of using and incorrect amortisation schedules. This was corrected retrospectively, and the details are tabulated below:

Details	As previously reported R	Reclassifications R	Correction of errors R	Restated R
Finance lease obligation	25 587 901	-	(2 182 259)	23 405 642

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

		2022 R	2021 R
<b>12. Payables from exchange transactions</b>			
Agency fees payables		455 257	210 628
Bonus accrual	12.1	8 756 331	9 193 718
Debtors with credit balances	12.2	2 998 070	15 984 719
Greater Giyani Municipality		26 025 194	29 194 815
Greater Letaba Municipality		166 657 994	141 523 987
Greater Tzaneen Municipality		333 908 725	304 247 808
Leave accrual	12.3	48 663 834	46 913 920
Maruleng Municipality		31 047 085	29 039 427
Payroll liabilities		14 236 672	8 398 405
Retentions		96 854 434	99 424 827
Trade creditors at local municipalities		9 952 772	3 760 121
Trade payables	12.5	1 056 403 703	957 458 935
		<b>1 795 960 071</b>	<b>1 645 351 310</b>

### 12.1. Bonus accrual

Municipality employees have structured their salary packages to include 13<sup>th</sup> cheque as bonus on the anniversary of their employment date except for employees who were transferred from Health Department and Water Department as their bonus is linked to the date, they joined the municipality. This arrangement is not applicable to Section 57 employees. In addition to the Bonus Maruleng Local Municipality has however cascaded the performance management system to its employees wherein the staff responsible for water and sanitation has been affected by the arrangement and receive the performance bonus relating to a performance. In addition to Bonus accrual the MDM has included the performance bonus awarded by Maruleng Local Municipality.

### 12.2. Debtors with credit balances

This relates to overpaid accounts by consumers.

### 12.3. Leave accrual

The municipality grants its employees 21 working days leave per year, except for section 57 employees who are entitled to 24 working days per calendar period. This leave is cumulative up to a limit of 48 working days.

There is no discounting applied to the calculation of the annual leave provisions. The leave provision is based on the estimated salaries and is capped at 48 days.

### 12.4. All other payables from exchange transactions

These relate to operational creditors of the municipality.

### 12.5. Trade payables

These represent outstanding municipal liabilities for its main operations are are tabulated below:

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Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

	2022 R	2021 R
<b>12. Payables from exchange transactions (continued)</b>		
Department of Water and Sanitation [1]	537 896 642	478 334 357
Eskom trade payables	3 253 536	8 103 945
Lepelle Northern Water [2]	324 083 570	332 129 437
SITA	257 587	223 021
Trade creditors	190 911 863	138 668 175
	<b>1 056 403 198</b>	<b>957 458 935</b>

[1] The municipality signed a settlement agreement with the Department of Water and Sanitation for a monthly payment of R15 million until the debt is fully paid up. The municipality is up to date with this commitment and interest being charged on outstanding amounts.

[2] The municipality entered into a debt settlement arrangements with Lepelle Northern Water. However, the municipality has defaulted on the arrangement and is now being charged interest on amounts overdue.

#### 12.6. Prior period errors

During the current financial year, errors were identified where the municipality had duplicated certain suppliers' invoices, omitted recording of supplier invoices, misallocated expense items amongst expense general ledgers and or posted invoices in incorrect accounting periods. The municipality also incorrectly recognised revenue from discount received amounting to R160 942 118 relating to the amount owed to Lepelle Northern Water even though the municipality was not entitled to this. Also identified and corrected was the SITA liability that was stated at R2 745 496 when the municipality only owed R223 021. Corrections have been made in the current financial year, where these items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The accounts payable and the related expenditure were updated accordingly.

Details	As previously reported R	Reclassifications R	Correction of errors R	Restated R
Agency fees payables	21 068 630	(20 858 002)	-	210 628
Bonus accrual	9 193 719	-	-	9 193 719
Debtors with credit balances	17 915 526	-	(1 930 807)	15 984 719
Greater Giyani Municipality	23 318 127	6 050 288	(173 600)	29 194 815
Greater Letaba Municipality	135 247 503	2 147 136	4 129 348	141 523 987
Greater Tzaneen Municipality	290 900 918	7 198 724	6 148 166	304 247 808
Leave accrual	46 913 920	-	-	46 913 920
Maruleng Municipality	27 922 166	1 117 261	-	29 039 427
Other payables	(475 485 640)	475 485 640	-	-
Payroll liabilities	-	13 861 235	(5 462 829)	8 398 406
Retentions	99 424 827	-	-	99 424 827
Trade creditors at local municipalities	13 487 109	-	(9 726 988)	3 760 121
Department of Water and Sanitation	(217 400 000)	217 400 000	-	-
Lepelle Northern Water	1 548 293 993	(1 548 293 993)	-	-
Trade payables	109 132 675	841 547 118	6 779 140	957 458 933
	<b>1 649 933 473</b>	<b>(4 344 593)</b>	<b>(237 570)</b>	<b>1 645 351 310</b>

#### 12.7. Financial liabilities in payables from exchange transactions

The table below shows the reconciliation of payables from exchange transactions to financial liabilities disclosed in note 40

Payables from exchange transactions on Statement Financial of Position	1 795 960 071	1 645 351 310
Less: Bonus accrual - employee benefits	(8 756 331)	(9 193 718)
Less: Leave accrual - employee benefits	(48 663 834)	(46 913 920)
Less: Payroll liabilities - employee benefits	(14 236 672)	(8 398 405)
<b>Financial liabilities included in payables from exchange transactions</b>	<b>1 724 303 234</b>	<b>1 580 845 267</b>

#### 12.8. Local municipalities loan accounts

# Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
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### 12. Payables from exchange transactions (continued)

The loan accounts of the local municipalities are broken down into loan accounts and agency fees as tabulated below:

2022	Tzaneen	Giyani	Letaba	Maruleng	Total
Loan balance	324 945 364	18 647 590	164 169 102	29 681 433	537 443 489
Agency fees payable	8 963 361	7 377 604	2 488 892	1 365 651	20 195 508
	<b>333 908 725</b>	<b>26 025 194</b>	<b>166 657 994</b>	<b>31 047 084</b>	<b>557 638 997</b>

2021	Tzaneen	Giyani	Letaba	Maruleng	Total
Loan balance	297 041 384	23 144 527	139 374 781	27 922 166	487 482 858
Agency fees payable	7 206 424	6 050 288	2 149 205	1 117 261	16 523 178
	<b>304 247 808</b>	<b>29 194 815</b>	<b>141 523 986</b>	<b>29 039 427</b>	<b>504 006 036</b>

### 13. VAT payable

VAT accrual	25 701 913	1 965 713
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#### Prior period errors

In the previous year, VAT receivable and VAT output accrual we incorrectly netted off and reported as part of receivables from exchange transactions. These have now been reclassified to their own financial statement areas of the Statement of Financial Position to achieve a more accurate presentation. Further, errors involving expenditure and assets recorded inclusive of VAT, inclusion of VAT on transactions that had no VAT, transactions recorded in correct accounting periods and well as duplications were identified and corrected retrospectively in accordance with GRAP 3 - Changes in Accounting Policies, Accounting Estimates and Errors.

Details	As previously reported R	Reclassifications R	Correction of errors R	Restated R
VAT payable	-	2 373 666	(407 955)	1 965 711

### 14. Consumer deposits

Water	3 866 790	3 615 153
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#### Prior period errors

The municipality identified and corrected retrospectively some prior period errors amounting to R7 056 on consumer deposits' balance of last year.

# Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
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### 15. Employee benefit obligations

#### Defined benefit plan

Defined benefit plan for the municipality consists of post-employment medical aid plan and long service award. In accordance with prevailing legislation, the defined benefits funds are actuarially valued at intervals of not more than two years. The Projected Unit Credit valuation method is used. The latest valuation was performed as at 30 June 2022 by ARCH Actuarial Consulting.

The municipality has no legal obligations to settle this liability with any immediate contributions or additional once off contributions.

The municipality intends to contribute to each defined benefit post-retirement medical scheme in accordance with the latest recommendations of the actuary to each scheme.

#### [A] Post employment medical benefit plan (PEMA)

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependants. Some options also differentiate on the basis of income.

Eligible employees will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement. All continuation members and their eligible dependants receive a 60% subsidy. Upon a member's death-in-service or death-in-retirement the surviving dependants will not continue to receive a subsidy.

This obligation is not cash backed at the end of the year. Further, the municipality does not have separate investments or assets to fund this (the obligation is wholly unfunded).

#### [B] Long service award (LSA)

The municipality provides long-service award to its permanent employees.

The Municipality offers employees LSA for every five years of service completed, from ten years of service to 45 years of service, inclusive.

In accordance with the prevailing legislation, the defined benefits funds are actuarially valued at intervals of not more than two years. The Projected Unit Credit valuation method is used. The latest valuation was performed as at 30 June 2022.

The benefits awarded for long term are calculated as follows:

Completed service (In years)	Long services Bonuses (% of annual Earnings)	Description
10 years	0.40	%10/250 x annual earnings
15 years	0.80	%20/250 x annual earnings
20,25,30,35,40,45 years	12.00	%30/250 x annual earnings

The municipality has no legal obligation to settle this liability with any immediate contributions or additional once-off contribution.

This obligation is not cash backed at the end of the year. Further, the municipality does not have separate investments or assets to fund this (the obligation is wholly unfunded).

# Mopani District Municipality

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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>15. Employee benefit obligations (continued)</b>		
<b>Post retirement medical aid plan and Long service award</b>		
<b>Valuation Method</b>		
The projected Unit Credit Funding method has been used to determine the past service liabilities at the valuation date and expense in the year following the valuation date.		
<b>Liability of employer</b>		
Liabilities of an employer may be split between a past-service (or accrued) element and a future-service element. This serves to recognise the manner in which the accounting standards suggest that the liabilities be accrued uniformly over an employee's period of service. The method of accrual that has been used in this valuation is based on length of service at the valuation date relative to total potential service until the expected retirement date.		
<b>Valuation assets</b>		
As at the valuation date, the medical aid liability and long service award of the Municipality are unfunded. (No dedicated assets have been set aside to meet this liability. We therefore did not consider any assets as part of our valuation.		
<b>The amounts recognised in the statement of financial position are as follows:</b>		
<b>Carrying value</b>		
Present value of the defined benefit obligation - wholly unfunded - PEMA	(59 910 151)	(53 464 820)
Present value of the defined benefit obligation-wholly unfunded - LSA	(25 193 169)	(23 584 088)
	<b>(85 103 320)</b>	<b>(77 048 908)</b>
Non-current liabilities	(80 426 723)	(72 794 086)
Current liabilities	(4 676 597)	(4 254 822)
	<b>(85 103 320)</b>	<b>(77 048 908)</b>
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening balance	77 048 908	70 717 727
Benefits paid	(3 887 119)	(5 103 225)
Net expense recognised in the statement of financial performance	11 941 531	11 434 406
	<b>85 103 320</b>	<b>77 048 908</b>
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost	4 305 756	3 940 657
Interest cost	7 583 151	6 723 518
Actuarial (gains) losses	52 624	770 231
	<b>11 941 531</b>	<b>11 434 406</b>
<b>Calculation of actuarial gains and losses</b>		
Actuarial (gains) losses – Obligation	52 624	770 231

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## Notes to the Annual Financial Statements

	2022 R	2021 R
15. Employee benefit obligations (continued)		
Key assumptions used		
[A] Post-employment medical aid plan		
In estimating the liability for the post-employment health care benefits a number of assumptions are required. The GRAP 25 statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.		
It should be noted that the valuation method and assumptions do not affect the ultimate cost of the post-employment health care arrangement – this is determined by actual experience and by the benefits provided. The method and assumptions influence how the past service liability and future-service costs are recognised over time. The key financial and demographic assumptions are summarised below:		
Financial variables		
The most important financial variables used in our valuation are the discount and medical aid inflation rates. We have assumed the following values for these variables.		
Discount rates used	11.84 %	10.57 %
Maximum subsidy inflation rate	5.96 %	4.94 %
Health care cost inflation rate	8.45 %	7.08 %
Demographic Assumptions		
Average retirement age	62	62
Continuation of membership at retirement	75.00 %	75.00 %
Proportion with a spouse dependent at retirement	60.00 %	60.00 %
Proportion of eligible in-service non-members joining a scheme by retirement	15.00 %	15.00 %
Mortality during retirement	SA85-90	SA85-90
Mortality post retirement	PA (90)-1	PA (90)-1
[B] Long service award		
Key assumptions for long service awards are as follows:		
Financial variables		
Discount rate used	10.93 %	8.89 %
General earnings inflation rate (Long-term)	7.34 %	5.74 %
Net effective discount rate	3.34 %	3.07 %
The earnings used in the valuation include assumed increase of 4% as per the SALGBC Circular No.: 23/2021. At the time of this report the increase was still under consideration.		
Demographic assumptions		
Average retirement age	62	62
Mortality during employment	SA 85-90	SA 85-90
Withdrawal from service	Age	Female Male
	20	9.00 % 9.00 %
	30	6.00 % 6.00 %
	40	5.00 % 5.00 %
	50	3.00 % 3.00 %
	55	0.00 % 0.00 %

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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>15. Employee benefit obligations (continued)</b>		
<b>Membership for Post-employment medical aid data:</b>		
The number of members entitled to receive post-employment medical aid subsidies from the municipality were:		
<b>Category</b>	<b>30-06-2022 Valuation</b>	<b>30-06-2021 Valuation</b>
Current (In-service) members	627	577
Continuation members (Pensioners)	19	12
	<b>646</b>	<b>589</b>

### Accrued Contractual Liability

The figures below reflect the total value of the accrued contractual liability of the municipality in respect of the municipality in respect of post-employment medical aid benefit offered to employees:

<b>Category</b>	<b>30-06-2022 Valuation</b>	<b>30-06-2021 Valuation</b>
Current (In-service) members	36 840 000	45 766 211
Continuation members (Pensioners)	7 430 000	4 596 000
	<b>44 270 000</b>	<b>50 362 211</b>

### Financial Assumptions

#### [i] Discount rate

A discount rate of 10.93% per annum has been used. The corresponding index-linked yield at this term is 4.25%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2022.

#### [ii] Health care inflation rate

The medical 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.

This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

The next contribution increase was assumed to occur with effect from 1 January 2023.

#### [iii] Replacement Ratio

This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income dependent. A replacement ratio of 65% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary.

### Demographic assumptions

Demographic assumptions are required to estimate the changing profile of current employees and retirees who are eligible for post-employment benefits.

#### [i] Pre-retirement Mortality

SA85-90 ultimate table, adjusted for female lives.

#### [ii] Post-retirement Mortality

PA (90) ultimate table, adjusted down by one year of age, and a 1% annual compound mortality improvement from 2010. This means that we expect 1% fewer people to die next year. In the year thereafter, we expect 1.99% fewer people to die, i.e. 1.99% is derived from  $[1-(1-1\%)^2]$  and so on.



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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>15. Employee benefit obligations (continued)</b>		
<b>[iii] Withdrawal from service</b>		
If an eligible employee leaves, the employer's liability in respect of that employee ceases. It is therefore important not to overstate withdrawal rates. A sample of the assumed rates is set out below:		
<b>Age</b>	<b>Females</b>	<b>Males</b>
20	9.00 %	9.00 %
25	8.00 %	8.00 %
30	6.00 %	6.00 %
35	5.00 %	5.00 %
40	5.00 %	5.00 %
45	4.00 %	4.00 %
50	3.00 %	3.00 %
55	0.00 %	0.00 %
> 55	0.00 %	0.00 %

### [iv] Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement.

### [v] Continuation of Membership

It has been assumed that 75% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

### [vi] Proportion of Eligible In-Service Non-Members Joining a Scheme by Retirement

It has been assumed that 15% of eligible in-service non-members will be on a medical scheme at retirement (should they not exit employment before then).

### [vii] Family Profile

It has been assumed that female spouses will be four years younger than their male counterparts. Furthermore, we've assumed that 60% of eligible employees on a health care arrangement at retirement will have a spouse dependent on their medical aid. For current retiree members, actual medical aid dependents were used and the potential for remarriage was ignored.

### Sensitivity Analysis for Post-Employment Medical Aid

The liability at the Valuation Date was recalculated to show the effect of:

- a 1% increase and decrease in the assumed rate of health care cost inflation;
- a 1% increase and decrease in the discount rate;
- a one-year age reduction in the assumed rates of post-employment mortality;
- a one-year decrease in the assumed average retirement age;
- a 10% decrease in the assumed proportion of in-service members that continue to receive the subsidy after retirement.

In order to illustrate the sensitivity of the results to changes in certain key variables, the liability has been recalculated using the assumptions as below:

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## Notes to the Annual Financial Statements

				2022 R	2021 R
<b>15. Employee benefit obligations (continued)</b>					
Assumption	Change	In-service members	Continuation members	Total	% Change
Central assumption	0.00 %	33 245 000	4 596 000	37 841 000	0.00 %
Health care inflation	1.00 %	36 248 000	4 978 000	41 226 000	9.00 %
	(1.00)%	29 758 000	4 225 000	33 983 000	(10.00)%
Discount rate	1.00 %	28 896 000	4 194 000	33 090 000	(13.00)%
	(1.00)%	38 593 000	5 070 000	43 663 000	15.00 %
Post retirement mortality	1 year	32 290 000	4 464 000	36 754 000	(3.00)%
	-1 year	34 190 000	4 727 000	38 917 000	3.00 %
Average retirement age	-1 year	36 361 000	4 596 000	40 957 000	8.00 %
Continuation of members at retirement	10.00 %	24 809 000	4 596 000	29 405 000	(22.00)%

The table above indicates, for example, that if medical inflation is 1% greater than the long-term assumption made, the liability will be 9% higher than that shown.

The sensitivity analysis on current-service and interest cost for the year ending 30 June 2022.

Assumption	Change	Current Service Costs	Interest Cost	Total	% Change
Central assumptions	0.00 %	1 678 000	3 982 000	5 660 000	0.00 %
Health care inflation rate	1.00 %	1 843 000	4 340 000	6 183 000	9.00 %
	(1.00)%	1 463 000	3 574 000	5 037 000	(11.00)%
Discount rate	1.00 %	1 405 000	3 809 000	5 214 000	(8.00)%
	(1.00)%	2 021 000	4 162 000	6 183 000	9.00 %
Post-employment mortality	1 year	1 631 000	3 867 000	5 498 000	(3.00)%
	-1 year	1 750 000	4 096 000	5 816 000	3.00 %
Average retirement age	-1 year	1 818 000	4 311 000	6 129 000	8.00 %
Continuation of members at retirement	(10.00)	1 451 000	3 512 000	4 964 000	(12.00)%

### [B] Sensitivity analysis for long service awards

The liability at the valuation date was recalculated to show the effect of:

- a 1% increase and decrease in the assumed general earnings inflation rate;
- a 1% increase and decrease in the discount rate;
- a two-year increase and decrease in the assumed average retirement age of eligible employees; and
- a two-fold increase and 50% increase in the assumed rates of withdrawal from services.

### Sensitivity analysis on the unfunded liability

Assumption	Change	Liability	% Change
Central assumptions	0.00 %	22 834 000	0.00 %
General earnings inflation	1.00 %	24 031 000	5.00 %
	(1.00)%	21 735 000	(5.00)%
Discount rate	1.00 %	21 687 000	(5.00)%
	(1.00)%	24 105 000	6.00 %
Average retirement age	2 years	26 114 000	14.00 %
	-2 years	18 689 000	(18.00)%
Withdrawals	x2	19 341 000	(15.00)%
	x0.50	25 149 000	10.00 %

Sensitivity analysis on current service and interest costs for the year ending 30 June 2022:

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## Notes to the Annual Financial Statements

				2022 R	2021 R
<b>15. Employee benefit obligations (continued)</b>					
Assumption	Change	Current Service Costs	Interest Cost	Total	% Change
Central assumptions	0.00 %	1 630 000	1 452 000	3 082 000	0.00 %
General earnings inflation	1.00 %	1 756 000	1 535 000	3 291 000	7.00 %
	(1.00)%	1 521 000	1 376 000	2 897 000	(6.00)%
Discount rate	1.00 %	1 532 000	1 575 000	3 104 000	1.00 %
	(1.00)%	1 745 000	1 317 000	3 062 000	(1.00)%
Average retirement age	2 years	1 800 000	1 677 000	3 477 000	13.00 %
	-2 years	1 418 000	1 185 000	2 603 000	(16.00)%
Withdrawal rates	x2	1 240 000	1 214 000	2 454 000	(20.00)%
	x0.50	1 911 000	1 610 000	3 521 000	14.00 %

### Key Assumptions for Long service award

#### Financial variables

##### [i] Discount Rate

A discount rate of 10.93% per annum has been used. The first step in the derivation of this yield is to calculate the liability-weighted average of the yields corresponding to the actual terms until payment of long service awards, for each employee. The 10.93% is then derived as the liability-weighted average of the yields derived in the first step. The corresponding liability-weighted index-linked yield is 3.61%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2022.

The liability-weighted average term of the total liability is 5.65 years.

##### [ii] Earnings Inflation Rate

This assumption is required to reflect the estimated growth in earnings of the eligible employees until retirement. It is important in that the LSA are based on an employee's earnings at the date of the award.

The assumption is traditionally split into two components, namely General Earnings Inflation and Promotional Earnings Escalation. The latter is considered under demographic assumptions.

##### [iii] General Earnings Inflation

This assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, earnings inflation is between 1.0% and 1.5% above CPI inflation.

##### [iv] Impact of COVID - 19

The actuary was not able to estimate the impact the pandemic is likely to have on the Municipalities liability at the stage of the report. There is much uncertainty as to how it will affect mortality, and whether (and) when a treatment or vaccine will become available. If the return to economic normalcy is extended, then the municipality's experience regarding resignations and retrenchments may also be affected.

At 30 June 2022 long term government bonds yields increased dramatically since the early stages of the pandemic. This pushes up the net discount rate which in turns reduces the liability. it is impossible to say how long lasting this volatility in the prescribed discount rate and its consequent impact on the liability is likely to be.

#### Demographic assumptions

Demographic assumptions are required about the future characteristics of current employees who are eligible for LSA.

##### [i] Promotional Earnings Scale

The annual inflation rates below are in addition to the General Earnings Inflation assumption of 3.68% per annum for all employees:

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	2022 R	2021 R
<b>15. Employee benefit obligations (continued)</b>		
<b>Age band</b>		<b>Additional promotional scale</b>
20 - 24		5.00 %
25 - 29		4.00 %
30 - 34		3.00 %
35 - 39		2.00 %
40 - 44		1.00 %
> 44		0.00 %

### [ii] Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement. Employees who have passed the assumed average retirement age have been assumed to retire at their next birthday.

### [iii] Pre-retirement Mortality

SA85-90 ultimate table, adjusted down for female lives.

### [iv] Withdrawal from Service

If an employee leaves, the employer's liability in respect of that employee ceases. It is therefore important not to overstate withdrawal rates. A sample of the assumed rates is set out below.

Age	Females	Males
20	9.00 %	9.00 %
25	8.00 %	8.00 %
30	6.00 %	6.00 %
35	5.00 %	5.00 %
40	5.00 %	5.00 %
45	4.00 %	4.00 %
50	3.00 %	3.00 %
55	0.00 %	0.00 %
> 55	0.00 %	0.00 %

### Disclosures on the actuarial valuations of Mopani employees stationed at local municipalities

The actuarial valuation for Mopani employers that are stationed at local municipalities were performed by different actuaries. The actuaries at the respective local municipality relied on the information as per the submission from the local municipality concerned. The methodologies used for valuations of PEMA and LSA are similar across the board.

The number of employees stationed at local municipalities is too insignificant in comparison to the employees at MDM to have any negative influence on the total value of liability. It is against this background that further detailed assumptions and sensitivity analysis per local municipality are not disclosed.

### Other assumptions

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

	2022 R	2021 R	2020 R	2019 R	2018 R
Defined benefit obligation - PEMA	(59 910 151)	(53 464 820)	(44 803 443)	(51 016 481)	(44 803 350)
Defined benefit obligation - LSA	(25 193 169)	(23 584 088)	(25 914 513)	(25 461 879)	(25 050 724)

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## Notes to the Annual Financial Statements

	2022 R	2021 R
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### 15. Employee benefit obligations (continued)

#### Defined contribution plans

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

The total economic entity contribution to such schemes recognised as an expense 43 875 555 40 662 417

#### Employee benefits obligation breakdown by municipality

The table below shows the Employee benefits obligation category and municipality of origin:

2022	Mopani	Ba-Phalaborwa	Tzaneen	Giyani	Letaba	Maruleng
PEMA	23 732 000	964 339	2 366 000	289 000	399 500	357 000
LSA	44 270 000	5 371 260	4 227 000	1 256 000	1 298 900	572 000
<b>Total</b>	<b>68 002 000</b>	<b>6 335 599</b>	<b>6 593 000</b>	<b>1 545 000</b>	<b>1 698 400</b>	<b>929 000</b>
Less current portion	(3 858 000)	(222 814)	(441 122)	(37 718)	(63 614)	(53 330)
<b>Non-current portion</b>	<b>64 144 000</b>	<b>6 112 785</b>	<b>6 151 878</b>	<b>1 507 282</b>	<b>1 634 786</b>	<b>875 670</b>

2021	Mopani	Ba-Phalaborwa	Tzaneen	Giyani	Letaba	Maruleng
PEMA	37 841 000	4 205 211	5 625 000	1 125 000	1 090 000	476 000
LSA	22 834 000	742 476	2 174 000	268 000	342 900	325 000
<b>Total</b>	<b>60 675 000</b>	<b>4 947 687</b>	<b>7 799 000</b>	<b>1 393 000</b>	<b>1 432 900</b>	<b>801 000</b>
Less current portion	(3 433 000)	(195 971)	(528 938)	(27 109)	(37 874)	(31 929)
<b>Non-current portion</b>	<b>57 242 000</b>	<b>4 751 716</b>	<b>7 270 062</b>	<b>1 365 891</b>	<b>1 395 026</b>	<b>769 071</b>

### 16. Multi-employer plan

The municipality makes provision for post-retirement benefits to eligible councilors and employees who belong to different pension schemes.

All councilors belong to the pension fund for municipal councilors.

Employees belong to a variety of approved Pension funds and provident funds as described below.

All these afore-mentioned funds are multi-employer plans and are subjected to either a tri-annual, bi-annual or annual actuarial valuations, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

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

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefits plans is to make the specified contributions. Where councilors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R43 875 555 (2021 :R40 662 417) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The retirement funds have been valued by making use of the discounted cash flow method of valuation.

#### Defined Benefit Schemes -Valuation outcome

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	2022 R	2021 R
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### **Municipal Employee Pension Fund:**

The scheme is subject to a tri-annual actuarial valuation. We could not obtain the latest actuarial valuation report to determine impact on future contribution relating this scheme. We are unable to assess performance of the scheme.

### **Defined Contribution Schemes**

#### **Municipal Council pension fund:**

The scheme is subject to a tri-annual actuarial valuation. We could not obtain the latest actuarial valuation report to determine impact on future contribution relating this scheme. We are unable to assess performance of the scheme.

#### **Municipal Employees Gratuity Fund:**

The scheme is subject to a tri-annual actuarial valuation. We could not obtain the latest actuarial valuation report to determine impact on future contribution relating this scheme. We are unable to assess performance of the scheme.

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## Notes to the Annual Financial Statements

	2022 R	2021 R
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### National Fund for Municipal Workers:

The Scheme is subject to an annual actuarial valuation. We could not obtain the latest actuarial valuation report to determine impact on future contribution relating this scheme. We are unable to assess performance of the scheme.

### Government Employee Pension Fund:

The scheme is subject to an actuarial valuation at least once in every 3 years. We could not obtain the latest actuarial valuation report to determine impact on future contribution relating this scheme. We are unable to assess performance of the scheme.

The results of the March 2020 actuarial valuation show that the Fund is 108.3% funded, The Funding policy requires that the Board of Trustees ensure that the funding level of liabilities is above 90%. This is in line with Rule 7.2 of the Rules of the Fund, which states that the employer contributions should be sufficient to ensure that the Fund is able to always meet its obligations, subject to a funding level of liabilities of at least 90%.

### 17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Drought Relief WISG	6 777 182	6 777 182
Municipal Infrastructure Grant (MIG)	40 210 722	4 098 169
Rural roads asset management grant	-	1 257 580
Water Services Infrastructure Grant	43 096 015	69 583 247
	<b>90 083 919</b>	<b>81 716 178</b>

#### Movement during the year

Balance at the beginning of the year	81 716 178	174 187 241
Current-year receipts (additions)	485 427 816	541 110 431
Income recognition during the year	(456 981 075)	(628 913 803)
Unapproved rollover	(20 079 000)	(4 667 691)
	<b>90 083 919</b>	<b>81 716 178</b>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited.

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 23 for reconciliation of grants from National/Provincial Government.

The municipality has applied from roll over for these unspent conditional grants.

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## Notes to the Annual Financial Statements

	2022 R	2021 R
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### 18. Landfill site provision

#### Reconciliation of landfill site provision - 2022

	Opening Balance	Reductions	Change in discount factor	Total
Environmental rehabilitation	5 772 678	(878 039)	509 352	5 403 991

#### Reconciliation of landfill site provision - 2021

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	3 139 785	2 400 213	232 680	5 772 678

#### Landfill site provision

The landfill site provision relates to the costs of rehabilitating its landfill site that is located in Maruleng Municipality when it reaches the end of its useful and has been discounted to reflect its present value at 30 June 2022.

The evaluation, audit and computation of the provision for rehabilitation of the sites have been carried out by Environmental & Sustainability Solution CC.

Provision has been made for this cost based on the estimated present value of future cash flow arising from the landfill cost expected as at 30 June 2022, the discount rate used for present value calculation was based on average CPI of 6.61%, a discount rate of 10.61% and net effective discount rate of 4.00%.

The landfill site is expected to be used for the next thirty-eight (38) years and it is estimated that R23 749 951 (2021: R26 759 527) will be spent to rehabilitate the site.

This obligation is not cash backed at the end of the year. Further, the municipality does not have separate investments or assets to fund this (the obligation is wholly unfunded).

#### Prior period errors

Landfill site provision movement was incorrectly reported as discount factor of R927 093 and reductions of R7 644 612. The municipality had not factored into the prior year (2020 financial year) restatements into the comparative figures following revision of the provision. This was corrected in current year.

Description	Opening balance R	Change in landfill R	Change in discount factor R	Additions R	Closing balance R
As previously reported	12 510 196	(7 664 612)	927 093	-	5 772 677
Correction of errors	(9 370 411)	7 664 612	(694 413)	2 400 213	1
<b>Restated</b>	<b>3 139 785</b>	<b>-</b>	<b>232 680</b>	<b>2 400 213</b>	<b>5 772 678</b>



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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>19. Service charges</b>		
Sale of water	188 176 113	279 128 645
Sewerage and sanitation charges	34 728 417	34 946 191
	<b>222 904 530</b>	<b>314 074 836</b>

### Prior period errors

The municipality identified and corrected a classification error relating to Maruleng Local Municipality's Sewerage and sanitation charges amounting to R445 332 which were incorrectly reported on the 2021 financial statements as sale of water. There were also errors due to incomplete billing, preparing financial statements that were not tying to general ledger, and billing reports from local municipalities. Further, the municipality's revenue accrual for unbilled water meters were understated for Ba-Phalaborwa local municipality. The errors resulted in the district municipality having differences between financial statements and underlying supporting documents. Corrections have been made in the current financial year, where these items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The table below details the impact.

Details	As previously reported R	Reclassifications R	Correction of errors R	Restated R
Sale of water	274 431 735	(445 332)	5 142 243	279 128 646
Sewerage and sanitation charges	34 895 922	445 332	(395 063)	34 946 191
	<b>309 327 657</b>	<b>-</b>	<b>4 747 180</b>	<b>314 074 837</b>

### 20. Interest charged on overdue consumer accounts

Interest charged on overdue consumer accounts	74 140 892	68 039 122
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This relates to interest charged by the municipality for late payment of water and sanitation accounts by consumers.

### Prior period errors

This was combined on note 18 to the previous year's financial statements together with discount received, other income and interest from investments in bank call accounts. Further the municipality identified errors amounting to R1 445 423 due to using incomplete billing reports from local municipalities.

### 21. Other income

Insurance claims	582 692	457 405
Reconnection fees	240 648	206 148
Sundry income	876 837	290 698
Tender fees	643 245	169 360
	<b>2 343 422</b>	<b>1 123 611</b>

### Prior period errors

This was combined on note 18 to the previous year's financial statements together with discount received, interest from investments in bank call accounts and interest charged on overdue consumer accounts. Furthermore, the municipality reclassified tendering fees of R166 531 (previously reported separately) and insurances claims income of R457 405 (previously reported under general expenses) into other income.

### 22. Investment revenue

#### Interest revenue

Interest received - Investment	3 621 608	6 479 246
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This was combined on note 18 to the previous year's financial statements together with discount received, other income and interest charged on overdue consumer accounts.

# Mopani District Municipality

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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>23. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	1 044 405 000	1 122 637 963
EPWP grant	10 129 000	9 433 000
Finance management grant	2 900 000	2 700 000
LGW SETA grant	983 816	141 428
	<b>1 058 417 816</b>	<b>1 134 912 391</b>
<b>Capital grants</b>		
Municipal infrastructure grant	396 586 278	557 232 574
RBIG - COVID 19 relief grant	-	36 090 004
Rural roads asset management grant	2 255 000	967 419
Water services infrastructure grant	44 126 981	22 349 106
	<b>442 968 259</b>	<b>616 639 103</b>
	<b>1 501 386 075</b>	<b>1 751 551 494</b>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
Conditional grants received	456 981 075	628 913 531
Unconditional grants received	1 044 405 000	1 122 637 963
	<b>1 501 386 075</b>	<b>1 751 551 494</b>
<b>Equitable Share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
<b>Municipal infrastructure grant</b>		
Balance unspent at beginning of year	4 098 169	115 809 743
Current-year receipts	436 797 000	445 521 000
Conditions met - transferred to revenue	(396 586 278)	(557 232 574)
Unapproved rollover	(4 098 169)	-
	<b>40 210 722</b>	<b>4 098 169</b>
Conditions still to be met - remain liabilities (see note 17).		
The purpose of this grant is to improve access to basic service infrastructure for poor communities.		
<b>Finance management grant</b>		
Current-year receipts	2 900 000	2 700 000
Conditions met - transferred to revenue	(2 900 000)	(2 700 000)
	<b>-</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 17).

The Finance Management Grant (FMG) is the grant to assist with the appointment of finance interns and also to augment the salary for the Chief Finance Officer and lastly to capacitate the employees to meet minimum competency requirement to work in finance.

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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>23. Government grants and subsidies (continued)</b>		
<b>Rural roads asset management grant</b>		
Balance unspent at beginning of year	1 257 580	967 963
Current-year receipts	2 255 000	2 224 999
Conditions met - transferred to revenue	(2 255 000)	(967 691)
Unapproved rollover	(1 257 580)	(967 691)
	-	1 257 580

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to improve data on rural roads to guide infrastructure development.

### Expanded Public Works Programme Integrated Grant

Current-year receipts	10 129 000	9 433 000
Conditions met - transferred to revenue	(10 129 000)	(9 433 000)
	-	-

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to improve opportunities for sustainable employment based on experiential learning attained through the programme.

### LGW SETA grant

Current-year receipts	983 816	141 428
Conditions met - transferred to revenue	(983 816)	(141 428)
	-	-

Conditions still to be met - remain liabilities (see note 17).

The purpose of this grant is to support staff skills development at the District Municipality.

### RBIG - COVID 19 relief grant

Current-year receipts	-	36 090 004
Conditions met - transferred to revenue	-	(36 090 004)
	-	-

Conditions still to be met - remain liabilities (see note 17).

The municipality received a RBIG grant relating to Covid 19. The purpose of the grant was to assist the municipality in implementing maintenance on bulk infrastructure.

### Water service infrastructure grant

Balance unspent at beginning of year	69 583 247	50 632 353
Current-year receipts	32 363 000	45 000 000
Conditions met - transferred to revenue	(44 126 981)	(22 349 106)
Unapproved rollover	(14 723 251)	(3 700 000)
	43 096 015	69 583 247

Conditions still to be met - remain liabilities (see note 17).

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### Notes to the Annual Financial Statements

	2022 R	2021 R
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#### 23. Government grants and subsidies (continued)

The purpose of this grant is to support refurbishment of water services infrastructure projects. Due to COVID 19 interruptions on operations, grant rollover were finalised in November 2020 which lead to certain portions of the grants being unapproved.

##### Drought Relief WISG

Balance unspent at beginning of year	6 777 182	6 777 182
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Conditions still to be met - remain liabilities (see note 17).

The Department of Water and Sanitation allocated the municipality Drought relief grant in the financial period 2018/2019. The municipality could not fully spend the allocation. The grant allocation was not extended to period under review.

#### 24. Public contributions and donations

Assets received as donation	519 500	3 798 435
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##### Prior period errors

The municipality incorrectly omitted recording donated assets valued at R3 978 from the financial statements of the previous financial year. This understated property plant and equipment, related depreciation, and donations income. This error was corrected in current year and the amounts for the previous year have been restated in line with GRAP 3 requirements.

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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>25. Employee related costs</b>		
Basic	261 026 784	257 061 275
Bonus	18 241 668	17 974 423
Medical aid - company contributions	16 715 119	13 916 277
UIF	1 718 442	1 501 307
Workman compensation	761 418	709 825
SDL	3 267 994	3 278 747
Other allowances and levies	8 664 928	7 574 113
Post-employment medical aid - service cost	2 162 527	2 040 452
Defined contribution plans	43 875 555	40 662 417
Overtime payments	48 887 723	63 488 014
Long-service awards - service cost	1 814 061	1 697 693
Car allowance	33 593 910	31 098 582
Housing benefits and allowances	5 190 745	5 034 986
Leave expenditure	19 682 493	14 521 323
Bargaining council	46 746	19 882
Non-pensionable allowance	321 115	86 904
	<b>465 971 228</b>	<b>460 666 220</b>

Detailed senior management remuneration disclosures for Section 57 managers have been disclosed in note 43.

### Prior period errors

During the process of finalisation of the financial statements, the municipality reclassified some employee related costs accounts to achieve an improved presentation. There was also some reclassification of accounts to and from remuneration of councillors as well as correction of some errors for local municipalities to bring them in line with respective payrolls. The effects are tabulated below:

Details	As previously reported R	Reclassifications R	Correction of errors R	Restated R
Bargaining council	19 880	-	-	19 880
Basic	261 654 363	(10 472 820)	5 879 731	257 061 274
Bonus	17 974 422	-	-	17 974 422
Car allowance	31 098 580	-	-	31 098 580
Defined contribution plans	40 516 392	151 135	(5 112)	40 662 415
Housing benefits and allowances	5 034 988	-	-	5 034 988
Leave pay provision charge	3 000 481	(3 000 481)	-	-
Leave expenditure	11 460 920	2 694 219	366 187	14 521 326
Long-service awards - service cost	(65 555)	-	1 763 248	1 697 693
Medical aid - company contributions	14 193 277	-	(277 001)	13 916 276
Non-pensionable allowance	-	124 356	(37 452)	86 904
Other allowances and levies	7 168 529	327 985	77 597	7 574 111
Overtime payments	63 432 067	55 945	-	63 488 012
Post-employment medical aid - service cost	(914 590)	-	2 955 042	2 040 452
SDL	3 278 746	-	-	3 278 746
UIF	1 504 719	(3 408)	-	1 501 311
Pensionable allowance	135 366	(135 366)	-	-
Shift allowance	214 386	(214 386)	-	-
Workman compensation	709 824	-	-	709 824
	<b>460 416 795</b>	<b>(10 472 821)</b>	<b>10 722 240</b>	<b>460 666 214</b>

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	2022 R	2021 R
<b>26. Remuneration of councillors</b>		
Executive Mayor	888 162	934 650
Speaker	722 997	755 878
Chief Whip	253 226	711 187
Councillors	10 310 705	10 675 655
	<b>12 175 090</b>	<b>13 077 370</b>

### In-kind benefits

The Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle for official duties.

### Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

Detailed councillors' remuneration disclosures have been disclosed in note 43.

### Prior period errors

During the process of finalisation of the financial statements, the municipality reclassified of remuneration to councillors to and from employee related costs. The effects are tabulated below:

Details	As previously reported R	Reclassifications R	Correction of errors R	Restated R
Chief Whip	-	380 961	330 226	711 187
Councillors	12 954 970	-	(2 279 315)	10 675 655
Executive Mayor	81 600	4 940 937	(4 087 887)	934 650
Speaker	40 800	5 150 923	(4 435 845)	755 878
	<b>13 077 370</b>	<b>10 472 821</b>	<b>(10 472 821)</b>	<b>13 077 370</b>

### 27. Depreciation and amortisation

Property, plant and equipment	240 163 898	226 262 348
Intangible assets	502 833	651 370
	<b>240 666 731</b>	<b>226 913 718</b>

### Prior period errors

As stated in note 7, the municipality identified and corrected errors relation to property plant and equipment as well as intangible assets which necessitated revision to related depreciation and amortisation amounts which were previously reported. The table below shows the effect on the corrections:

Details	As previously reported R	Reclassifications R	Correction of errors R	Restated R
Intangible assets	-	-	651 370	651 370
Property, plant and equipment	205 892 405	-	20 369 943	226 262 348
	<b>205 892 405</b>	<b>-</b>	<b>21 021 313</b>	<b>226 913 718</b>

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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>28. Finance costs</b>		
Interest on late payment of trade and other payables	43 516 843	53 077 238
Finance leases	459 087	1 107 211
Discounting of landfill site provisions	509 352	232 680
Post-employment benefits	7 583 151	6 723 518
	<b>52 068 433</b>	<b>61 140 647</b>

In the previous financial year, the municipality did not split finance costs into their respective categories showing finance leases, discounting of landfill site provisions, employee benefits and the one as a result of late payment of suppliers. Furthermore, interest was disclosed as from "service concession arrangements" in error.

### Prior period errors

In the previous financial year, the municipality did not split finance costs into their respective categories showing finance leases, discounting of landfill site provisions, employee benefits and the one as a result of late payment of suppliers. Furthermore, interest was disclosed as from "service concession arrangements" in error. Interest incurred on outstanding obligations to Lepelle Northern Water, Department of Water Affairs and Eskom was understated while finance lease interest was overstated by R 1 930 908. These errors were corrected retrospectively as required by GRAP3 and the financial statement area was restated as detailed below:

Details	As previously reported R	Reclassifications R	Correction of errors R	Restated R
Discounting of landfill site provisions	-	-	232 680	232 680
Finance leases	-	-	1 107 211	1 107 211
Interest on late payment of trade and other payables	-	37 430 757	15 646 481	53 077 238
Service concession arrangements	38 839 275	(38 839 275)	-	-
Post-employment benefits	-	1 408 518	5 315 000	6 723 518
	<b>38 839 275</b>	<b>-</b>	<b>22 301 372</b>	<b>61 140 647</b>

### 29. Lease rentals on operating lease

#### Plant and equipment

Contractual amounts	699 185	699 185
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The Municipality is leasing a pipeline from Blyde River Water Utility company for a period of 20 years effective from 01 April 2008 to 31 March 2008. Under the arrangement, the municipality is entitled to abstract 152 803 cubic meters of water per month from the Blyderivierspoort dam without any further payments. The lease payments were agreed at R16 210 144 including VAT and this was paid upfront at the commencement of lease. The municipality is liable for contingent rent should it abstract more than the 152 803 in a month. This is to be charged at R0.83 per cubic meter.

### 30. Debt impairment

Debt impairment - Consumer debtors	52 159 377	216 395 370
Debt impairment - Ba-Phalaborwa loan account	(21 965 753)	116 271 499
Debt impairment - Staff debtors	1 754 274	982 653
	<b>31 947 898</b>	<b>333 649 522</b>

### Prior period errors

Debt impairment was reported as a consolidated amount in prior year. In the current year the municipality classified it to respective categories. It also calculated and recorded impairment for Ba-Phalaborwa loan account which was omitted from the books last year. Recalculations of the impairment for consumer debtors also resulted in adjustments to the previously reported amount.

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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>31. Bulk purchases</b>		
Water	189 101 685	287 665 825

### Prior period errors

The municipality identified and corrected prior period errors to bulk purchases as result of incomplete invoice recording, recording invoices in incorrect period as well as VAT accounting errors.

### Water losses

	Megalitres 2022	Megalitres 2021
Units purchased	3 994 080	3 451 499
Unbilled authorised consumption	-	-
Units sold	(3 977 738)	(3 446 810)
<b>Total</b>	<b>16 342</b>	<b>4 689</b>

### Percentage Loss:

Technical losses	0.409 %	0.136 %
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### Water distribution loss rand value

	R782 800	R224 641
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Water losses occur due to inter alia, leakages, the tampering of reading meters, faulty reading meters, and illegal connections. The problem with tampering meters and illegal connections is an on-going process which the municipality is attempting to resolve. Faulty meters and leakages are replaced/ repaired as soon as they are reported.

The average Rand Value per unit was calculated using the average purchase price per kilolitre/cubic meter. For the year under review, our average purchase price was R0,051/KL. The technical losses were determined by the Water Technical Services team.

### Prior period adjustment

The disclosure on water losses was incorrectly omitted from the annual financial statements of the 2020/2021 financial year. The inclusion of these in current year also effected the comparative figures for the previous year. This effectively corrected the prior year error retrospectively in line with the requirements of GRAP 3.

### 32. Contracted services

#### Presented previously

Information Technology Services	-	21 644
Fleet Services	2 420 295	3 451 490
Security Services	64 155 327	48 220 263
Agency fees	23 914 241	29 598 851

#### Outsourced Services

Meter Management	2 540 627	1 272 941
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#### Consultants and Professional Services

Business and Advisory	-	124 104
	<b>93 030 490</b>	<b>82 689 293</b>



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Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

	2022 R	2021 R
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#### 32. Contracted services (continued)

##### Prior period errors

The municipality identified and corrected prior period errors to incorrect computation of Agency fees for Local municipalities as well as some classification errors. The table below shows the effect:

Details	As previously reported R	Reclassifications R	Correction of errors R	Restated R
Agency fees	8 078 860	1 527 546	19 992 445	29 598 851
Business and Advisory	124 104	-	-	124 104
Fleet Services	3 451 490	-	-	3 451 490
Information Technology Services	21 644	-	-	21 644
Meter Management	-	1 272 941	-	1 272 941
Security Services	48 220 263	-	-	48 220 263
	<b>59 896 361</b>	<b>2 800 487</b>	<b>19 992 445</b>	<b>82 689 293</b>

#### 33. Transfer and subsidies

Employee Bursaries	1 937 143	-
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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>34. General expenses</b>		
Advertising	819 560	799 818
Audit committee remuneration	3 235 596	4 558 674
Auditors remuneration	10 231 071	7 973 674
Bank charges	34 392	63 320
Catering services	651 801	846 237
Chemicals	455 430	440 097
Conferences and seminars	269 680	279 781
Consumable stores - Water	74 582 369	1 943 656
Electricity	55 411 374	76 617 727
Fuel and oil	15 010 901	12 402 287
IT expenses	1 001 803	24 628
Insurance	3 153 918	1 448 687
Motor vehicle expenses	413 800	422 806
Other expenses	4 764 665	7 439 902
Postage and courier	939	2 972
Printing and stationery	614 058	500
Protective clothing	6 641 408	3 761 320
Water tanker services	24 977 395	-
Road management system	2 255 000	841 234
Software expenses	2 986 344	161 294
Subscriptions and membership fees	5 081 611	5 579 883
Telephone and fax	4 942 578	2 656 851
Training	2 157 834	724 081
Travel - local	20 436 957	17 139 618
Utilities - Other	-	227 172
	<b>240 130 484</b>	<b>146 356 219</b>

### Prior period errors

During the current financial year, errors were identified where the municipality had duplicated certain suppliers' invoices, omitted recording of supplier invoices, misallocated expense items amongst expense general ledgers and or posted invoices in incorrect accounting periods. Also, some expenditure accounts were incorrectly classified in the previous year. Corrections have been made in the current financial year, where these items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The related expenditure were updated accordingly as detailed in the table below:

Details	As previously reported R	Reclassifications R	Correction of errors R	Restated R
Advertising	479 893	319 925	-	799 818
Audit committee remuneration	4 558 674	-	-	4 558 674
Auditors remuneration	9 121 160	-	(1 147 486)	7 973 674
Bank charges	63 320	-	-	63 320
Catering services	928 739	(80 919)	(1 584)	846 236
Chemicals	(3 525 605)	3 965 702	-	440 097
Conferences and seminars	151 334	128 447	-	279 781
Consulting and professional fees	52 217 636	(52 217 636)	-	-
Consumable stores - Water	3 168 158	(2 451 599)	1 227 095	1 943 654
Electricity	-	74 480 543	2 137 184	76 617 727
Fuel and oil	13 733 265	-	(1 330 978)	12 402 287
Insurance	1 448 687	-	-	1 448 687
IT expenses	23 628	-	1 000	24 628
Motor vehicle expenses	362 568	60 238	-	422 806
Other expenses	31 983 578	(24 543 675)	-	7 439 903
Postage and courier	2 972	-	-	2 972
Printing and stationery	-	500	-	500
Protective clothing	3 769 425	-	(8 105)	3 761 320

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## Notes to the Annual Financial Statements

			2022 R	2021 R
<b>34. General expenses (continued)</b>				
Road management system	841 234	-	-	841 234
Software expenses	4 551 166	(4 389 872)	-	161 294
Subscriptions and membership fees	276 993	5 302 890	-	5 579 883
Telephone and fax	2 656 851	-	-	2 656 851
Training	727 441	-	(3 360)	724 081
Travel - local	17 151 094	111 034	(122 509)	17 139 619
Community services	264 111	(264 111)	-	-
Levies	4 944 390	(4 944 390)	-	-
Utilities - Other	227 172	-	-	227 172
VIP toilets	105 578 802	(105 578 802)	-	-
	<b>255 706 686</b>	<b>(110 101 725)</b>	<b>751 257</b>	<b>146 356 218</b>

### 35. Consultation and professional fees

Accounting and advisory	16 083 402	29 988 682
Legal advice and litigation	43 458 464	32 477 242
Project management	17 801 832	12 053 063
	<b>77 343 698</b>	<b>74 518 987</b>

Consulting and professional fees expenditure was previously reported under general expenditure and has now been classified to be a stand alone financial statement area on the face of the Statement of Financial Performance. Errors amounting to R24 001 were identified and corrected retrospectively on this section in line with the requirements of GRAP 3.

### 36. Repairs and maintenance

Maintenance of buildings and facilities	186 868	-
Maintenance of infrastructure	146 691 103	191 117 134
Motor Vehicle and other general municipal services	10 611 141	46 032 671
Materials and supplies consumed	11 828 367	3 438 603
	<b>169 317 479</b>	<b>240 588 408</b>

### Prior period errors

The municipality identified and corrected duplicated certain suppliers' invoices, omitted recording of supplier invoices, misallocated capital expenditure items incorrect posted as repairs and maintenance, misallocation of repairs expenditure to other expenditure codes as well as reclassification of repairs and maintenance accounts to and from other expenditure items. These errors resulted in the misstatement of the amounts reported in the previous year. They have been corrected retrospectively.

Details	As previously reported R	Reclassifications R	Correction of errors R	Restated R
Repairs and maintenance	305 510 232	(72 363 146)	7 441 323	240 588 409

### 37. VIP Toilets

VIP Toilets	32 462 813	108 977 590
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This expenditure relates to projects being carried out by the municipality in providing sanitation facilities in the homes of the community. These costs cannot be capitalised since the municipality does not have control of the assets following their installation.

Expenditure incurred on VIP toilets was previously reported under general expenditure and has now been classified to be a stand alone financial statement area on the face of the Statement of Financial Performance due to its materiality and significance.

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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>38. Impairment and write off - assets</b>		
Property, plant and equipment	44 352 440	14 331 498
<p>The assessment of property, plant and equipment conditions was performed in current year and impairment loss was identified on some items of property, plant and equipment.. The review led to the recognition of an impairment loss of R44 352 440 (2021: R14 331 498).</p> <p>The amount reported in the previous year was adjusted by an amount of R15 449 504 which arose as a result of understating impairments on certain infrastructure assets and work in progress projects of the 2021 financial year.</p>		
<b>39. Cash generated from operations</b>		
Surplus	193 896 941	93 022 031
<b>Adjustments for:</b>		
Depreciation and amortisation	240 666 731	226 913 718
Loss on sale of assets and liabilities	(40 238 335)	-
Finance costs - Finance leases	459 087	1 107 211
Discounting of landfill site provisions	509 352	232 680
Impairment and write off - assets	44 352 440	14 331 498
Debt impairment	31 947 898	333 649 522
Movements in operating lease assets and accruals	699 184	699 185
Movements in retirement benefit assets and liabilities	8 054 412	6 330 952
Movements in provisions	(878 039)	2 400 213
Public contributions and donations	(519 500)	(3 798 434)
Rounding	15	-
<b>Changes in working capital:</b>		
Inventories	(14 717 224)	(8 740 092)
Receivables from exchange transactions	(168 100 277)	(282 583 917)
Payables from exchange transactions	150 608 753	331 620 611
VAT	3 970 405	(57 785 954)
Unspent conditional grants and receipts	8 367 739	(92 471 062)
Consumer deposits	251 637	(951 858)
	<b>459 331 219</b>	<b>563 976 304</b>

## 40. Financial instruments disclosure

### Categories of financial instruments

#### 2022

#### Financial assets

	At amortised cost	Total
Receivables from exchange transactions	254 415 353	254 415 353
Cash and cash equivalents	30 500 247	30 500 247
	<b>284 915 600</b>	<b>284 915 600</b>

#### Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	1 724 303 234	1 724 303 234
Finance lease obligation	3 397 673	3 397 673
	<b>1 727 700 907</b>	<b>1 727 700 907</b>

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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>40. Financial instruments disclosure (continued)</b>		
<b>2021</b>		
<b>Financial assets</b>		
	<b>At amortised cost</b>	<b>Total</b>
Receivables from exchange transactions	121 600 213	121 600 213
Cash and cash equivalents	29 437 305	29 437 305
	<b>151 037 518</b>	<b>151 037 518</b>
<b>Financial liabilities</b>		
	<b>At amortised cost</b>	<b>Total</b>
Payables from exchange transactions	1 580 845 267	1 580 845 267
Finance lease obligation	23 405 642	23 405 642
	<b>1 604 250 909</b>	<b>1 604 250 909</b>
<b>Financial instruments in Statement of financial performance</b>		
<b>2022</b>		
	<b>At amortised cost</b>	<b>Total</b>
Interest income (calculated using effective interest method) for financial instruments at amortised cost	77 762 500	77 762 500
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(43 975 930)	(43 975 930)
Debt impairment	(31 947 898)	(31 947 898)
	<b>1 838 672</b>	<b>1 838 672</b>
<b>2021</b>		
	<b>At amortised cost</b>	<b>Total</b>
Interest income (calculated using effective interest method) for financial instruments at amortised cost	74 518 368	74 518 368
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(54 184 449)	(54 184 449)
Debt impairment	(333 649 522)	(333 649 522)
	<b>(313 315 603)</b>	<b>(313 315 603)</b>

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	2022 R	2021 R
<b>41. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	658 550 543	520 780 150
<b>Total capital commitments</b>		
Already contracted for but not provided for	658 550 543	520 780 150
<b>Authorised operational expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Services	198 954 255	-
<b>Total operational commitments</b>		
Already contracted for but not provided for	198 954 255	-
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	658 550 543	520 780 150
Authorised operational expenditure	198 954 255	-
	<b>857 504 798</b>	<b>520 780 150</b>

Capital commitment represent future, capital expenditure. The municipality has an obligation to spend these amounts due to signed contracts with suppliers and approval as per Medium-Term Revenue and Expenditure Framework (MTREF). This committed expenditure relates to capital expenditure projects that are in line with municipalities service delivery. The municipality has unspent grants on WSIG and MIG amounting to R90 083 919 which are not cash backed. However, a rollover application has been done, which on approval will be utilised in meeting the commitments. The balance of the commitments will be further financed by the equitable share that will be received from National Treasury.

### Prior period errors

Certain errors were identified and corrected retrospectively for commitments disclosure of the 2020/2021 financial year. The table below shows the impact:

Details	Amount
Amount Previously disclosed	365 256 879
Correction of error [1]	155 523 271
<b>Balance restated</b>	<b>520 780 150</b>

[1] The errors were due to understatements caused by including contracts with negative balances as commitments.

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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>42. Contingencies</b>		
Litigation is in the process against the municipality relating to a number of disputes. The municipality's lawyers and management treat each case in its merits and does not see likelihood of these cases being successful. The contingent raised is based on litigation the municipality has instituted against third parties and management has assessed there is high possibility of the litigation working out in their favour.		
<b>Pending Legal Cases</b>		
Matter between Anna Magaretha Botha and MOM for the injury she sustained at a MOM sewage manhole in Modjadiskloof. The matter is before the high court	950 000	950 000
Matter between Esorfranki and MDM for incorrect tender awarding. The matter is before the Constitutional Court.	10 284 387	10 284 387
Matter between Palm Kwekery and MDM for failure to prevent wildfire. The summons have been issued.	4 684 140	4 685 140
Matter between Johannes Jacobus Swart/LebP construction/MDM and others. The plaintiff is suing MDM for failure to settle a cession	1 680 499	1 680 499
Matter between Shosholoza A team contractors and MDM. The Plaintiff has issued simple summonses for the services rendered as a Sub Contractor at Nandoni pipeline project. [1]	-	939 641
Matter between Oryx Pipes and MDM for payment of outstanding invoice on the Nandoni pipeline project	2 183 903	2 183 903
Matter between Maile Nkoane and MDM seeking compensation relating to her car damages. The summons have been issued.	37 384	37 384
Borehole operators claims for services rendered for the municipality. Full list of operator claims on the register. [2]	8 844 923	14 566 467
Matter between EMC Consulting and MDM application for settlement of account on work done for the sefotse and ditshosine/ ramahlatsi bulk water and reticulation.	29 730 284	29 730 284
Matter between Kgafela Construction and MDM for termination of contract for the building of Offices in Tzaneen. A counter claim was instituted against Kgafela Construction by the Municipality.	-	43 611 996
Matter between MN Nengovhela and MDM. Civil non-payment of a claim for work done by themunicipality.	4 500 136	4 500 136
Matter between KA Moshabela and MDM - Delict / vicarious liability. A letter of demand in the amount of R2m for loss of income, past and future medical expenses and damages.	2 000 000	2 000 000
Civil Mater- Matter between Bicacon and MDM on the extension of time claim.	2 454 395	2 454 395
Civil matter- Matter between Makgetsi Construction and MDM on the Namakgale Sewage works.	4 107 720	4 107 720
Matter between Dr Mazana and MDM for accident due to road maintenance.	27 384	27 384
Civil - Cession claim based on a cession, Matter between BD Finance and MDM.	375 000	370 000
Matter between Civcon Civils Jv Tainama and MDM for damages and retention.	-	22 147 291
Matter between TR Building and MDM for Nkowankowa Sewer Project.	-	3 262 474
Matter between SGL Engineering and MDM for Nkowankowa Sewer Project	2 412 437	2 412 437
Matter Between Arena Venus and MDM for VIP Toilets unpaid claim	348 000	348 000
Matter between Tsurikom SSS and MDM for termination of contract on the Kampersrus Sewage Plant	5 774 485	5 774 485
Civil claim based on cession between Tainama Jv Civicon on the Tours bulk water supply	963 647	963 647
A claim by MN Nengovhela for alleged work done at Senakwe project	461 664	461 664
A claim by Sipiwe Engineering and MDM for failing to make payment in respect of service rendered and disbursement incurred up to the completion of stage 3 for design development on the Thapane project.	17 554 634	17 554 634
A claim by Makasela Consulting & Projects and MDM for failing to make payment for completion of designs.	5 219 666	5 219 666
A civil matter between Hlimbyi and MDM. Hlimbyi is claiming unpaid invoices relating to escalation costs security contract it had with the municipality.	2 978 401	2 978 401
Sebata has instituted Arbitration proceedings claiming an amount of for alleged work done prior to the termination of contract.	4 608 397	4 608 397
Matter between Sebene Traffic Academy and MDM - Nonpayment of claim	275 437	275 437
Matter between Kgatla Family and MDM/Civil Element. The family is suing for damages to property on Thapane water scheme phase 28.	995 000	515 000
Matter between Lilitalethu Trading and MDM. Lilitalethu Trading served with MDM a provisional sentence summons for retention on a completed project.	1 817 564	1 817 564
Matter between Nkuriso and MDM. Mkuriso is claiming damage for services that were rendered and the municipality refuses to settle the account.	25 180 676	25 180 676
Matter between Patoka Trading and MDM. Patoka is suing for damages relating to use of property without permission	1 663 000	1 663 000
Matter between CV Chabane and MDM	5 120 169	5 120 169
Matter between VME Projects and MDM. VME projects is claiming for unpaid retention on Sefofotse Oitsosene BWS (Ramoroka reticulation).	-	947 787

# Mopani District Municipality

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	2022 R	2021 R
<b>42. Contingencies (continued)</b>		
Matter between MDM and Endecon Ubuntu. Endecon launched legal action and claimed R1 530 513 for variation and work done.	1 530 513	-
Matter involving MD and Chem Tech. This is claim for alleged services rendered in the amount of R822 192.	822 192	-
Matter involving MD and Joachim Johannes Nienaber relating to a motor vehicle accident claim	190 193	-
Matter involving MDM and BMK Electro mechanics relating to a civil contract claim for work done amounting to R2 500 680	2 500 690	-
Matter involving MDM and Manengo Ngobeni for a civil – claim for damages as a result of a car accident in the amount of R63 884	63 884	-
Matter involving MDM and Mpumamanzi Group relating to a civil – claim for alleged work done in the amount of R5 047 104	5 047 104	-
Matter involving MDM and Ramalepe & Others in respect of a labour review of arbitration award.	418 800	-
	<b>157 806 708</b>	<b>223 380 065</b>

[1] Matter was settled after year end, and has now been removed and moved to accounts payable.

[2] The other portion of the matter amounting to R2 999 225 was settled after year end and has been moved to accounts payable. The remainder are still pursuing the case.

### Contingent assets

MDM is suing Came a Lot for fraudulently claiming funds not due to them. The company was appointed to build 150 units of VIP Toilets.	1 080 000	1 080 000
MDM filed a review of appointment against Endecon Ubuntu on the Extension of Modjadji Water Works and the project value on appointment was R2 185 000.	-	2 185 000
Civil overpayment - MDM has sent a letter of demand for overpayment. MDM has sent a letter of demand for payment.	-	629 519
The municipality is suing the contractor and the contractor is counter suing MDM for cancellation of same contract. by Kgafela is R43 611 996.	14 140 977	14 140 977
The municipality is claiming penalties and damages from Tainama Civcon JV	-	91 619 051
Matter between MDM and former employee. The municipality is claiming refund for fraud committed by the employee.	661 982	661 982
Matter between MOM and Tsurikomi SSV JV. The municipality is claiming refunds for overpayment on Kampersrus sewer phase 2.	1 373 881	1 373 881
Matter Between MOM and Modiro Consulting. MDM is claiming recovery of funds as a result of negligence by the consulting engineer.	3 503 266	3 503 266
Matter between MDM and Twin Corner Construction. The municipality is claiming refunds for payment made for services not performed.	11 004 513	-
	<b>31 764 619</b>	<b>115 193 676</b>

### Prior period errors

The Municipality discovered errors of overstatement of contingent liabilities which have now been corrected retrospectively in current year. The table below details the corrections:

Details	Amount
Amount previously reported	400 025 981
Matter between DWS and MDM relating to un-serviced account for bulk water abstraction. This was incorrectly included as a contingent liability when a settlement agreement had been concluded and the amount was already included in payables.	(176 645 916)
	<b>223 380 065</b>



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### 43. Related parties

#### Relationships

Accounting Officer	Refer to accounting officers' report note 5
Councillors	Refer to General Information pages 3 to 6.
Members of key management	Mr Kgatla Q (Municipal manager) Mr Magano T.J (Chief financial officer and Municipal manager) Mr Lebepe G (Corporate services) Mr Ntimbani C (Community services) Mrs Maboya F (Planning and development) Mr Mahayi M (Engineering services) Mr Shilowa P (Water services) Ms L. Nkoane (Acting Chief financial officer from 01 March 2022)

#### Related party balances

##### Amounts included in Trade receivables regarding related parties

2022	Members of key management	Councillors	Total
Staff receivables	189 216	3 399 068	3 588 284
Subtotal	189 216	3 399 068	3 588 284
Less impairment recognised	(189 216)	(2 538 986)	(2 728 202)
	-	860 082	860 082

2021	Members of key management	Councillors	Total
Staff receivables	249 674	3 501 443	3 751 117
Subtotal	249 674	3 501 443	3 751 117
Less impairment recognised	(189 216)	(793 437)	(982 653)
	60 458	2 708 006	2 768 464

The impairment was recognised based on the related party (senior management and council) having left the municipality without signing repayment agreements, no payments received in the past year and in some cases the related party having been deceased. The municipalities assessed these factors as objective evidence of impairment.

The municipality has not guarantee in relation to the debt raised.

#### Compensation to accounting officer and other key management

Short-term employee benefits	4 595 068	5 995 027
Defined contribution plans	1 600 111	1 014 527
	6 195 179	7 009 554

#### Key management information

Class	Description	Number
Section 57 Directors	Head off departments within the municipality	7
Councillors	Political appointments	53

# Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
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### 43. Related parties (continued)

#### Remuneration of management

#### Management class: Section 57 Directors

#### 2022

Name	Basic salary	Car allowances	Other short-term employee benefits	Acting allowance	Total
Q. Kgatla (Municipal Manager) [1]	610 508	200 192	243 863	-	1 054 563
T.J. Mogano (Chief Financial Officer) [2]	818 357	481 455	322 333	4 170	1 626 315
SN. Ngobeni (Corporate Services) [3]	160 000	36 272	3 624	-	199 896
F. Maboya (Planning and development) [4]	950 004	50 000	329 518	-	1 329 522
JP. Shilowa (Water services)	869 947	243 182	299 233	-	1 412 362
ML. Mahayi (Engineering Services)	754 736	503 158	22 952	-	1 280 846
RH. Tshikovhi (Legal Services) [5]	550 014	160 000	306 286	-	1 016 300
C. Ntimbani (Community Services)	664 965	443 310	21 645	-	1 129 920
LI. Nkoane (Acting Chief Financial officer) [6]	630 067	263 895	289 914	150 402	1 334 278
MJ. Rasekga (Acting Corporate Services) [3]	381 702	210 000	170 607	215 721	978 030
P. Lebadika (Acting Corporate Services) [3]	163 245	65 974	53 879	113 654	396 752
	<b>6 553 545</b>	<b>2 657 438</b>	<b>2 063 854</b>	<b>483 947</b>	<b>11 758 784</b>

[1] Mr. Q. Kgatla resigned as the municipal manager on the 8<sup>th</sup> of February 2022 and council appointed Mr. T.J. Mogano in an acting capacity on 10<sup>th</sup> of February 2022 and was later confirmed as a substantive incumbent on the 1<sup>st</sup> of June 2022.

[2] Mr. T.J. Mogano occupied the position until the 10<sup>th</sup> of February 2022 when he was appointed the Acting Municipal Manager and Ms. LI. Nkoane acted as the CFO from the 1<sup>st</sup> of March 2022.

[3] Ms Ngobeni took up the post in May 2022. She replaced Lebepe who passed away in June 2021. Before her, Mr. MJ. Rasekgale and Mr. P. Lebadika all acted in that position. The former Acted from July 2021 to January 2022 while the latter acted in that position from February 2022 to April 2022.

[4] Ms F. Maboya's contract ended in April 2022 and the post has been filled by Munyepawo in July 2022.

[5] Mr RH. Tshikovhi's contract ended in February 2022 and the post was filled in July 2022 by Lethole.

[6] Ms. LI. Nkoane was appointed as the Acting CFO from the 1<sup>st</sup> of March 2022.

#### 2021

Name	Basic salary	Car allowances	Other short-term employee benefits	Acting allowance	Total
Q. Kgatla (Municipal Manager) [1]	1 001 082	328 265	26 129	-	1 355 476
T.J. Mogano (Chief Financial Officer) [2]	541 636	333 736	(68 233)	-	807 139
G. Lebepe (Corporate Services)	978 051	346 364	309 997	-	1 634 412
F. Maboya (Planning and development)	1 140 004	60 000	118 917	-	1 318 921
JP. Shilowa (Water services)	976 218	300 000	75 835	-	1 352 053
ML. Mahayi (Engineering Services) [4]	314 474	209 649	9 523	-	533 646
RH. Tshikovhi (Legal Services)	825 022	240 000	163 720	-	1 228 742
DD. Shithlangu (Community services) [3]	86 707	20 000	259 499	-	366 206
C. Ntimbani (Community Services) [5]	277 069	184 713	9 075	-	470 857
	<b>6 140 263</b>	<b>2 022 727</b>	<b>904 462</b>	<b>-</b>	<b>9 067 452</b>

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### 43. Related parties (continued)

[1] Mr Kgatla Q was seconded to the position of acting Municipal Manager after the departure of then M CFO was occupied on acting capacity by Mr Mangena S.

[2] Council appointed Mr TJ Mogano as Chief financial officer from the 1<sup>st</sup> of November 2020, the salary disclosed is for 8 months period, The position was previous occupied by Mr Sekati Mangena on acting capacity until the 31<sup>st</sup> of October 2020.

[3] Mr Shitlhangu's term of contract as the Senior Manager Community services ended in July 2020, the position was occupied by a new director Mrs C Ntimbani.

[4] The municipality appointed a new Senior Manager for Engineering Services on the 1<sup>st</sup> of February 2021 after the positing was separated from water services. The function was previous performed under water and engineering services. The remuneration disclosed is for period of 05 months.

[5] Ms C. Ntimbani was appointed from the 1st of February 2021. Therefore, the remuneration disclosed is for 5 months.

### Prior period error correction

The above disclosures have been corrected and updated to include all Section 57 managers and also correct disclosure amounts which were different from those actually paid.

### Management class: Councillors

#### 2022

Name	Basic salary	Cellphone Allowance	Travel Allowance	Other	Sitting Allowance	Total
Cllr. PJ. Shayi	849 835	38 327	-	13 929	-	902 091
Cllr. NM. Maswanganyi	604 279	38 327	59 675	13 929	-	716 210
Cllr. MC. Mohale	179 024	14 527	59 675	-	-	253 226
Cllr. MH. Sefufi	577 701	38 327	59 675	13 929	-	689 632
Cllr. ML. Maloko	319 352	38 327	32 314	13 929	-	403 922
Cllr. WD. Sedibeng	254 611	14 527	-	-	-	269 138
Cllr. MI. Mokgobi	96 942	14 527	32 314	-	-	143 783
Cllr. NN. Baloyi	434 838	38 327	36 161	13 929	-	523 255
Cllr. NH. Zandamela	22 277	-	-	-	-	22 277
Cllr. GH. Modjadji	106 273	14 527	35 424	-	-	156 224
Cllr. KJ. Malepe	96 942	14 527	32 314	-	-	143 783
Cllr. PT. Malatji	96 942	14 527	32 314	-	-	143 783
Cllr. SJ. Nkuna	96 942	14 527	32 314	-	-	143 783
Cllr. MA. Helm	75 539	14 527	25 180	-	-	115 246
Cllr. CM. Ramathoka	75 539	14 527	25 180	-	8 826	124 072
Cllr. MR. Chauke	75 539	14 527	25 180	-	-	115 246
Cllr. JG. Mashale	75 539	14 527	25 180	-	-	115 246
Cllr. GA. Maluleke	140 603	14 527	46 868	-	-	201 998
Cllr. FM. Moroatshehla	7 968	-	-	-	-	7 968
Cllr. MD. Maake	57 135	4 636	19 045	-	-	80 816
Cllr. MM. Makwela	4 243	-	-	-	-	4 243
Cllr. KI. Rapatsa	28 537	-	-	-	-	28 537
Cllr. D. Malemela	3 182	-	-	-	-	3 182
Cllr. CT. Shisinga	7 426	-	-	-	-	7 426
Cllr. MM. Makwala	4 243	-	-	-	-	4 243
Cllr. GM. Malatji	32 444	14 527	-	-	-	46 971
Cllr. MF. Madike	3 717	-	-	-	-	3 717
Cllr. MA. Mathaba	36 161	-	-	-	-	36 161
Cllr. MD. Popela	3 717	-	-	-	-	3 717
Cllr. R. Makasela	32 254	14 527	-	-	-	46 781
Cllr. MMA. Mathebula	74 367	7 727	-	3 182	-	85 276

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<b>43. Related parties (continued)</b>						
Cllr. XJ. Valoyi	3 717	-	-	-	-	3 717
Cllr. TC. Zitha	32 254	14 527	-	-	-	46 781
Cllr. T. Makhubela	32 254	-	-	-	-	32 254
Cllr. MR. Maake	3 717	-	-	-	-	3 717
Cllr. MV. Mangoro	3 717	-	-	-	-	3 717
Cllr. M. Mathedimosa	3 717	-	-	-	-	3 717
Cllr. TJ. Senyolo	9 926	-	-	-	-	9 926
Kgosigadi MJ. Sekgopo	10 853	3 619	-	-	-	14 472
Kgosigadi MJ. Mametja	10 853	3 619	-	-	-	14 472
Hosi TLP. Nwamitwa	10 853	3 619	-	-	-	14 472
Kgosigadi MA. Shayi	10 853	3 619	-	-	-	14 472
Hosi MC. Mathevula	10 853	3 619	-	-	-	14 472
Kgosi MB. Pheeha	10 853	3 619	-	-	-	14 472
Cllr. I. Hlungwana	243 764	38 327	25 180	13 929	-	321 200
Cllr. MPT. Maluleke	75 539	14 527	25 180	-	-	115 246
Cllr. Hosi SM. Maluleke	10 853	3 619	-	-	-	14 472
Cllr. RN. Sekgobela	9 807	-	-	-	-	9 807
Cllr. ML. Ramalobela	3 717	-	-	-	-	3 717
Cllr. SP. Moshole	3 717	-	-	-	-	3 717
Cllr. MJ. Maake	4 243	-	-	-	-	4 243
Cllr. MP. Mailula	6 365	-	-	-	-	6 365
Hosi. M. Ntsawisi	10 853	3 619	-	-	-	14 472
Hosi. MAM. Hlaneke	10 853	3 619	-	-	-	14 472
Cllr. AT. Rabothata	6 209	-	-	-	-	6 209
Cllr. B. Ramothwala	10 608	-	-	-	-	10 608
Cllr. BT. Mabilo	6 209	-	-	-	-	6 209
Cllr. E. Hlungwani	215 885	23 800	-	13 929	-	253 614
Cllr. GE. Kobane	6 209	-	-	-	-	6 209
Cllr. GN. Bokisi	168 222	23 800	-	13 929	-	205 951
Cllr. HD. Lebeya	168 222	23 800	-	13 929	-	205 951
Cllr. MG. Mangena	54 188	-	-	-	-	54 188
Cllr. MM. Mukhabele	168 222	23 800	-	13 929	-	205 951
Cllr. MO. Maswanga	75 539	14 527	25 180	-	-	115 246
Cllr. MP. Hlungwani	393 190	23 800	-	13 929	-	430 919
Cllr. MP. Matlou	53 872	-	-	-	-	53 872
Cllr. NH. Tshimbana	215 885	23 800	-	13 929	-	253 614
Cllr. NJ. Mbhalati	215 885	23 800	-	13 929	-	253 614
Cllr. PJ. Mampeule	53 872	-	-	-	-	53 872
Cllr. PP. Machethe	10 608	-	-	-	-	10 608
Cllr. PS. Mothomogolo	53 872	-	-	-	-	53 872
Cllr. RT. Mavundza	168 222	23 800	-	13 929	-	205 951
Cllr. SEJ. Manthons	99 872	14 527	33 291	-	-	147 690
Cllr.SL.Mohlala	190 089	-	40 366	-	-	230 455
Cllr.SP.Letebele	6 209	-	-	-	-	6 209
Cllr.TP.Chaka	3 717	-	-	-	-	3 717
Cllr.WL.Mtebule	168 222	23 800	-	13 929	-	205 951
Cllr.HV.Manganyi-Baloyi	40 180	7 727	13 393	-	-	61 300
Cllr.BA.Shibambu	53 872	-	-	-	-	53 872
Cllr. DJ. Mmetle Ramohlola	398 677	23 800	-	13 929	-	436 406
Cllr.FM. Moroatshele	96 942	14 527	32 314	-	-	143 783
Cllr.M.Leweile	398 677	23 800	-	13 929	-	436 406
Cllr.MC.Nkhwashu	106 273	14 527	35 424	-	-	156 224
Cllr.MD.Makhananisa	60 396	-	-	-	-	60 396
Cllr.MI.Shimange	106 273	14 527	35 424	-	-	156 224
Cllr.MJ.Rakgoale	53 872	-	-	-	-	53 872
Cllr.ML.Mokwena	50 359	6 800	-	13 929	-	71 088
Cllr.MN.Madike	117 863	17 000	-	-	-	134 863
Cllr.MS.Magomane	222 410	23 800	-	13 929	-	260 139

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<b>43. Related parties (continued)</b>						
Cllr.MW.Mohale	168 222	23 800	-	13 929	-	205 951
Cllr.NR.Khandhela	398 677	23 800	-	13 929	-	436 406
Cllr.S.Mavasa	6 209	-	-	-	-	6 209
Cllr. SS.Mathebula	53 872	-	-	-	-	53 872
Cllr. C. Stoltz	-	-	-	-	27 581	27 581
Cllr. DG. Mkhabela	-	-	-	-	15 445	15 445
Cllr. ML. Ramalepe	-	-	-	-	19 858	19 858
Cllr. SP. Mashumu	-	-	-	-	17 652	17 652
Cllr. TC. Letsoalo	-	-	-	-	11 032	11 032
Cllr. WM. Maahe	-	-	-	-	17 652	17 652
Cllr. EM. Mathaba	-	-	-	-	17 652	17 652
Cllr. J. Mashele	-	-	-	-	20 961	20 961
Cllr. MC. Morwatshehla	-	-	-	-	25 374	25 374
Cllr. MS. Baloyi	-	-	-	-	15 445	15 445
Cllr. SB. Ramoshaba	-	-	-	-	22 065	22 065
Cllr. SM. Shayi	-	-	-	-	16 557	16 557
	<b>9 854 044</b>	<b>944 690</b>	<b>844 565</b>	<b>295 691</b>	<b>236 100</b>	<b>12 175 090</b>

### 2021

Name	Basic salary	Cellphone Allowance	Travel Allowance	Total
Cllr. PJ. Shayi	893 850	40 800	-	934 650
Cllr. WD. Sedibeng	715 078	40 800	-	755 878
Cllr. NM. Maswanganyi	502 790	40 800	167 597	711 187
Cllr. MC. Mohale	502 790	40 800	167 597	711 187
Cllr. MH. Sefufi	502 790	40 800	167 597	711 187
Cllr. ML. Maloko	272 263	40 800	90 754	403 817
Cllr. EJ. Manthonsi	280 491	40 800	93 497	414 788
Cllr. MO. Maswanga	212 153	40 800	70 718	323 671
Cllr. MI. Mokgobi	272 263	40 800	90 754	403 817
Cllr. NN. Baloyi	101 558	40 800	101 558	243 916
Cllr. NH. Zandamela	26 519	-	-	26 519
Cllr. NA. Sono	67 940	30 600	-	98 540
Cllr. GH. Modjadji	298 468	40 800	99 489	438 757
Cllr. KJ. Malepe	272 263	40 800	90 754	403 817
Cllr. PT. Malatji	272 263	40 800	90 754	403 817
Cllr. SJ. Nkuna	272 263	40 800	90 754	403 817
Cllr. MA. Helm	212 153	40 800	70 718	323 671
Cllr. CM. Ramathoka	212 153	40 800	70 718	323 671
Cllr. MR. Chauke	212 153	40 800	70 718	323 671
Cllr. JG. Mashele	212 153	40 800	70 718	323 671
Cllr. GA. Maluleke	272 263	40 800	90 754	403 817
Cllr. FM. Moroatshehla	272 263	40 800	90 754	403 817
Cllr. MD. Maahe	502 790	40 800	167 597	711 187
Cllr. MC. Nkwashu	298 468	40 800	99 489	438 757
Cllr. MM. Makwela	9 547	-	-	9 547
Cllr. KI. Rapatsa	81 208	-	-	81 208
Cllr. D. Malemela	5 304	-	-	5 304
Cllr. CT. Shisinga	32 885	-	-	32 885
Cllr. MM. Makwala	18 034	-	-	18 034
Cllr. SC. Makwala	18 034	-	-	18 034
Cllr. GM. Malatji	91 118	40 800	-	131 918
Cllr. MF. Madike	10 440	-	-	10 440
Cllr. MA. Mathaba	101 558	-	-	101 558
Cllr. MD. Popela	10 440	-	-	10 440

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<b>43. Related parties (continued)</b>				
Cllr. R. Makasela	90 587	40 800	-	131 387
Cllr. MMA. Mathebula	58 344	-	-	58 344
Cllr. B. Ramothwala	44 554	-	-	44 554
Cllr. TN. Mthombeni	7 830	-	-	7 830
Cllr. XJ. Valoyi	10 440	-	-	10 440
Cllr. MI. Shimangefazi	298 468	40 800	98 036	437 304
Cllr. TC. Zitha	90 587	40 800	-	131 387
Cllr. T. Makhubela	30 477	-	-	30 477
Cllr. MR. Maake	10 440	-	-	10 440
Cllr. MV. Mangoro	10 440	-	-	10 440
Cllr. M. Mathedimosa	10 440	-	-	10 440
Cllr. TJ. Senyolo	10 440	-	-	10 440
Kgosigadi MJ. Sekgopo	30 480	10 164	-	40 644
Kgosi SSS. Sekororo	7 620	2 533	-	10 153
Kgosigadi MJ. Mametja	30 480	10 164	-	40 644
Hosi TLP. Nwamitwa	30 480	10 164	-	40 644
Kgosigadi MA. Shayi	30 480	10 164	-	40 644
Hosi MAM. Hlaneki	30 480	10 164	-	40 644
Hosi MC. Mathevula	30 480	10 164	-	40 644
Hosi M. Ntsawisi	30 480	10 164	-	40 644
Kgosi MB. Pheeha	30 480	10 164	-	40 644
Cllr. I. Hlungwana	212 160	40 800	70 718	323 678
Cllr. MPT. Maluleke	212 153	40 800	70 718	323 671
Cllr. Hosi SM. Maluleke	30 480	10 164	-	40 644
Cllr. RN. Sekgobela	13 327	-	-	13 327
Cllr. PP. Machethe	37 128	-	-	37 128
Cllr. ML. Ramalobela	10 440	-	-	10 440
Cllr. SP. Moshole	10 440	-	-	10 440
Cllr. MJ. Maake	23 338	-	-	23 338
Cllr. MP. Mailula	3 182	-	-	3 182
Cllr. TP. Chaka	1 739	-	-	1 739
	<b>9 517 600</b>	<b>1 267 009</b>	<b>2 292 761</b>	<b>13 077 370</b>

The disclosures for councillors' detailed remuneration have been restated to correct errors of completeness and accuracy that affected a various councillors.

The municipality has discovered that it had made overpayment relating to remuneration of councillors which resulted in councillors owing the municipality the portion which was identified as overpayment. The municipality has made a repayment arrangement with the affected councillors and its in the process of recovering the overpaid portion.

The below listed councillors have an outstanding balance as at year ended 30 June 2022:

#### Councillors' balance owed to the municipality

The following relates to amounts owed by councillors emanating from overpayments of councillors remunerations in prior years. These balances are older than 90 days. No other amounts are owed by councillors.

Cllr. WD. Sedibeng	-	1 000
Cllr. CN. Rakgoale	8 000	8 000
Cllr. NM. Maswanganyi	12 812	12 812
Cllr. MC. Mohale	23 077	28 077
Cllr. MH. Sefufi	84 838	84 838
Cllr. ML. Maloko	38 670	38 670
Cllr. SEJ. Mathonsi	212 821	215 321
Cllr. MO. Maswanganyi	62 256	62 256
Cllr. ML. Mokgobi	52 560	55 060
Cllr. NH. Zandamela	728 340	728 340

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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>43. Related parties (continued)</b>		
Cllr. NN. Baloyi	696 950	733 650
Cllr. NA. Sono	714 340	714 340
Cllr. GH. Modjadji	606 868	639 368
Cllr. PT. Malatji	14 831	14 831
Cllr. SJ. Nkuna	(19)	10 831
Cllr. MA. Helm	(3 000)	-
Cllr. MR. Nyakane	29 132	29 132
Cllr. CM. Ramathoka	29 966	29 966
Cllr. BT. Mathevula	11 999	11 999
Cllr. MR. Chauke	29 966	29 966
Cllr. JG. Mashela	-	6 189
Cllr. GA. Maluleke	14 831	14 831
Cllr. FM. Moroatshehla	-	2 000
Cllr. MD. Maake	(136)	-
Cllr. DG. Mushwana	29 966	29 966
	<b>3 399 068</b>	<b>3 501 443</b>

### 44. Prior period errors

The Municipality's annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP). The basis is consistent with the prior year except for restatements reflected below.

#### Correction of errors

The municipality identified errors affecting the reported financial statements of the previous financial year. The details of the errors and their impact on each financial statement area have been disclosed in the relevant notes to the area concerned. Corrections have been made in the current financial year, where these items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

#### Reclassifications

During the current financial year, Municipal Council decided to change certain general ledger account classifications in the annual financial statements in order to achieve a more accurate presentation in the municipal annual financial statements. As a result of these reclassifications, the prior years were restated retrospectively in terms of GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The annual financial statement line items affected by these reclassifications were Payables from exchange transactions, VAT receivable, VAT payable, Receivables from exchange transactions, property, plant and equipment, inventories, other income, discount received, rendering of services, Consulting and professional fees, Contracted services, Debt impairment, Employee related costs, General expenses, Remuneration of councillors, Repairs and maintenance and VIP Toilets. The above reclassifications did not have an effect on the surplus previously reported in the prior years.

Reclassifications as reported in this set of financial statements relate to moving of account codes from one financial statement area to another as well as moving from a sub class of a financial statement area to another.

#### Disclosures

The municipality identified completeness and accuracy disclosure errors on Irregular expenditure, contingent liability, water losses, multi-employer plan, unauthorised expenditure, fruitless and wasteful expenditure and Commitments. These were corrected retrospectively as required by GRAP 3. Details of the errors are in notes 16, 31, 41, 51, 49, 50 and note 42.

#### Effect of correction of errors

The impact of corrections of these errors as well as reclassifications on the Financial Statements of the Municipality are as follows:

# Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

			2022 R	2021 R
<b>44. Prior period errors (continued)</b>				
<b>Statement of financial position</b>				
<b>2021</b>	<b>As previously reported</b>	<b>Reclassifications</b>	<b>Correction of errors</b>	<b>Restated</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Inventories	30 467 637	(3 900)	(7 457 555)	23 006 182
Receivables from exchange transactions	949 401 175	(225 312 933)	(602 488 028)	121 600 214
Cash and cash equivalents	31 049 597	-	(1 612 291)	29 437 306
VAT receivable	-	224 858 659	(30 394 156)	194 464 503
Property, plant and equipment	6 180 192 857	(1 512 753)	2 132 563 913	8 311 244 017
Intangible assets	8 026 148	-	(4 231 352)	3 794 796
Operating lease asset	-	-	4 723 806	4 723 806
Heritage assets	432 000	-	-	432 000
Finance lease obligation	(25 587 900)	-	2 182 259	(23 405 641)
Payables from exchange transactions	(1 649 933 473)	4 344 593	237 571	(1 645 351 309)
VAT payable	-	(2 373 666)	407 955	(1 965 711)
Unspent conditional grants and receipts	(81 716 178)	-	-	(81 716 178)
Consumer deposits	(3 608 097)	-	(7 056)	(3 615 153)
Employee benefit obligation	(76 748 957)	-	(299 951)	(77 048 908)
Landfill site provision	(5 772 677)	-	(1)	(5 772 678)
Accumulated surplus	(5 356 202 132)	-	(1 493 625 114)	(6 849 827 246)
	-	-	-	-

## Statement of financial performance

<b>2021</b>	<b>As previously reported</b>	<b>Correction of errors</b>	<b>Reclassifications</b>	<b>Correction of errors</b>	<b>Restated</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Service charges	309 327 657	-	-	4 747 180	314 074 837
Agency services	678 611	-	-	(678 611)	-
Other income	499 675	-	623 936	-	1 123 611
Investment revenue	6 479 246	-	-	-	6 479 246
Actuarial gains/losses	(769 496)	-	-	(735)	(770 231)
Government grants and subsidies	1 751 551 494	-	-	-	1 751 551 494
Public contributions and donations	-	-	-	3 798 435	3 798 435
Employee related costs	(460 416 793)	-	10 472 820	(10 722 240)	(460 666 213)
Remuneration of councillors	(13 077 370)	-	(10 472 820)	10 472 820	(13 077 370)
Depreciation and amortisation	(205 892 405)	-	-	(21 021 313)	(226 913 718)
Impairment and write off - assets	1 118 006	-	-	(15 449 504)	(14 331 498)
Finance costs	(38 839 275)	-	-	(22 301 371)	(61 140 646)
Debt impairment	(46 055 306)	-	-	(287 594 217)	(333 649 523)
Bulk purchases	(184 169 129)	-	-	(103 496 695)	(287 665 824)
Contracted services	(59 896 362)	-	(2 800 487)	(19 992 444)	(82 689 293)
Repairs and maintenance	(305 510 232)	-	72 363 146	(7 441 323)	(240 588 409)
General expenses	(255 706 686)	-	110 101 725	(751 258)	(146 356 219)
Consulting and professional fees	-	-	(74 542 987)	24 002	(74 518 985)
VIP Toilets	-	-	(105 578 802)	(3 398 789)	(108 977 591)
Discount received	160 942 118	-	-	(160 942 118)	-
Rendering of services	166 531	-	(166 531)	-	-
Interest charged on overdue consumer accounts	69 484 545	-	-	(1 445 423)	68 039 122
Lease rentals on operating lease	-	-	-	(699 185)	(699 185)
	<b>729 914 829</b>	<b>-</b>	<b>-</b>	<b>(636 892 789)</b>	<b>93 022 040</b>



# Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

				2022 R	2021 R
<b>44. Prior period errors (continued)</b>					
<b>Cash flow statement</b>					
<b>2021</b>	<b>As previously reported R</b>	<b>Correction of errors R</b>	<b>Reclassifications R</b>	<b>Restated R</b>	
Net cash flows from operating activities	311 732 151	252 244 161	-	563 976 312	
Net cash flows from investing activities	(612 637 301)	(111 913 827)	-	(724 551 128)	
Net cash flows from financing activities	(26 759 930)	-	-	(26 759 930)	
<b>Net decrease in cash and cash equivalents</b>	<b>(327 665 080)</b>	<b>140 330 334</b>	<b>-</b>	<b>(187 334 746)</b>	

The impact of these errors for the opening accumulated surplus at 01 July 2021 is reconciled as tabulated below:

The impact of these errors for the opening accumulated surplus at 01 July 2021 is reconciled as tabulated below:

Details	Amount R
Total cumulative effect of error corrections on surplus of financial years prior to 2020/2021 financial year	(2 130 517 903)
Total effect of error corrections on surplus of 2020/2021 financial year	636 892 789
	<b>(1 493 625 114)</b>

## 45. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are shown in note 44.

## 46. Risk management

### Financial risk management

#### Liquidity risk

Liquidity risk is the risk that the municipality will not be able to meet its obligations as they fall due. The municipality's approach is to ensure that sufficient liquidity is available to meet its liabilities when due. The municipality uses cash flow forecasts to ensure that sufficient cash is available to meet expected operating expenses. This is guided by working capital and revenue enhancement policies.

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

The following are the contractual maturities of the financial liabilities, including interest payments and excluding the impact of netting agreements:

2022	Carrying amount	Carrying amount Contractual cash flows	1 year or less	>1 year
Finance lease obligation	3 397 673	3 397 673	3 397 673	-
Payables from exchange transactions	1 795 960 071	1 795 960 071	1 795 960 071	-
	<b>1 799 357 744</b>	<b>1 799 357 744</b>	<b>1 799 357 744</b>	<b>-</b>
2021	Carrying amount	Carrying amount Contractual cash flows	1 year or less	>1 year
Finance lease obligation	23 405 642	23 405 642	23 405 642	-
Payables from exchange transactions	1 645 351 310	1 645 351 310	1 645 351 310	-
	<b>1 668 756 952</b>	<b>1 668 756 952</b>	<b>1 668 756 952</b>	<b>-</b>

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
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### 46. Risk management (continued)

#### Credit risk

##### Investments

The municipality limits its exposure to credit risk by investing with only reputable financial institutions and within specific guidelines set in accordance with Council's approved investment policy.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

##### Trade receivables

Trade receivables are amounts owing by consumers and are presented net of impairment loss. The municipality has a credit control policy in place and the exposure to credit risk is monitored continuously.

The municipality establishes an allowance for doubtful debts that represents its estimate for anticipated losses in respect of receivables. Payments of accounts of consumer debtors which are unable to pay are negotiated in line with the credit control policy and terms of payments are agreed upon with the consumer.

##### Cash and cash equivalents

The municipality limits its exposure to credit risk by investing with only reputable financial institutions and within specific guidelines set in accordance with council's approved investment policy. The municipality does not consider there to be any significant exposure to credit risk.

The carrying amount of financial assets represents the maximum credit exposure

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
Cash and cash equivalents	30 500 247	29 437 305
Receivables from exchange transactions	254 415 353	117 341 399
	<b>284 915 600</b>	<b>146 778 704</b>

The municipality invested in a call account at an interest rate of 6% per annum for financial period ended 30 June 2022.

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

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings:

##### Credit rating - Standard & Poor's

FirstRand Bank Limited: zaA-1 +	28 216 348	29 441 689
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# Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
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### 46. Risk management (continued)

#### Market risk

#### Interest rate risk

As the municipality has no significant interest-bearing financial liabilities, the municipality's income and operating cash flows are substantially independent of changes in market interest rates except for the effect of interest received on cash placed on call accounts.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months is made without consultation with the councillor responsible for financial matters.

Consumer receivables comprise of many consumers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these receivables. Receivables from exchange transactions are presented net of an allowance for impairment.

#### Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Trade and other receivables - normal credit terms	12.38 %	257 752 593	-	-	-	-
Cash in current banking institutions	6.00 %	30 500 247	-	-	-	-

### 47. Going concern

We draw attention to the fact that at 30 June 2022, although the municipality had an accumulated surplus of R 7 043 724 189 and that the municipality's total assets exceed its liabilities by R 7 043 724 189, its current liabilities exceeded its current assets by R(1 383 480 418) (2021: R(1 391 800 611)). This resulted in technical insolvency for the municipality. This fact on its own does not prevent the municipality to continue being a going concern given that going concern implies that the municipality will be in existence within 12 months of the balance sheet dates.

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.

#### Realisation of assets

Major assets of the District Municipality are liquid and can be realised for market value as and when the need arises. This is positive on the going concern assessment.

#### Contingent Obligations

The municipality does not have equivalent cash reserves to honour the contingent obligations should they fall due. This has a negative impact on the going concern assessment.

#### Commitments

Commitments are mainly for work in progress projects that are not cash backed at the end of the year. This has a negative impact on the going concern assessment. Further, to confirm positive assessment of going concern, users are advised to take cognisance of the motivations below:

- There is a commitment from National Treasury to fund the operations of the municipality through equitable share and conditional grants. This is substantiated by past practice and gazettes issued by National Treasury for the MTREF period under consideration.
- There is no change in the legislation that impact on the municipality's ability to continue as a going concern.
- There are plans to ensure that there is effective spending of funds.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continues to secure funding through national treasury for the ongoing operations of the municipality. Other factors affecting going concern are as follows:-

The following factors if not monitored could undermine the going concern assumptions indicated above they were not properly managed as indicated.

- The municipality is experiencing challenges of collecting for revenue relating to water and sanitation. This is due to weakness in controls that are intended to manage of revenue at the local municipalities. The local municipalities are appointed as service providers and the district municipality is the Water Service Authority.

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
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### 47. Going concern (continued)

- The obligations to Lepelle Northern Water at R324 083 570 (2021: R332 129 437) and Department of Water and Sanitation at R537 896 642 (2021: R478 334 357) contributes as biggest creditors for the municipality over which there continue to threaten the going concern for the municipality.
- The litigation against the municipality to the value of R157 806 708 (2021: R223 380 065) provides continuity risk for the District Municipality. However, management continues to monitor the risk.

**Based** on the above assessment done, the district municipality is a going concern and thus should prepare its financial statements for the year ended 30 June 2022 under the going concern assumption. The municipality will continue with its endeavours to increase revenue and reserve, as well as, reducing the financial commitments to ensure good financial health.

The municipality continues to manage the mentioned risks individually in order to ensure that there do not pose major threat to going concern.

### 48. Events after the reporting date

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

### 49. Unauthorised expenditure

Opening balance as previously reported	1 071 755 912	804 182 958
Add: Unauthorised expenditure - current	322 856 182	267 572 954
<b>Closing balance</b>	<b>1 394 612 094</b>	<b>1 071 755 912</b>

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

Municipal Manager	21 501 861	12 104 436
Finance	105 060 031	21 832 030
Corporate service	30 607 126	222 822 116
Water distribution	84 701 600	-
Technical services	19 774 673	-
Community services	49 734 915	-
Fire services	-	5 311 388
Information Technology	-	5 502 984
Waste Water Management	11 475 976	-
	<b>322 856 182</b>	<b>267 572 954</b>

#### Breakdown by type of expenditure

Operating expenditure	270 494 740	266 541 762
Capital expenditure	52 361 442	1 031 192
	<b>322 856 182</b>	<b>267 572 954</b>

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes: overspending of the total amount appropriated in the municipality's approved budget; overspending of the total amount appropriated for a vote in the approved budget expenditure from a vote unrelated to the department or functional area covered by the vote; expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose; spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation otherwise than in accordance with any conditions of the allocation; or a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

Unauthorised expenditure incurred in the previous years amounting to R91 023 133 has been investigated by the Municipal Public Accounts Committee (MPAC). The recommendations from this investigation were adopted by council and are being implemented.

#### Causes of unauthorised expenditure

The unauthorised expenditure was due to the following under budgeted items:

- Vote 2 (Municipal Manager) – Security Services were under budgeted by R23 443 122. The vote was underbudgeted by an amount of R21 501 861.

# Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>49. Unauthorised expenditure (continued)</b>		
• Vote 3 (Finance) – General expenditure and Interest charged on DWS and LNW for provision of raw and portable water were under budgeted. The vote was underbudgeted by an amount of R22 513 386.		
• Vote 4 (Corporate Services) – Legal Fees and rental of leased assets were under budgeted. The vote was underbudgeted by R33 663 882.		
• Vote 5 (Technical Services) – Stipend for borehole operators was underbudgeted by an amount of R16 547 436.		
• Vote 8 (Water/Water Distribution) – Misallocation of borehole development expenditure under operating expenditure amounting to R40 541 069,57. The budget is sitting under capital expenditure. We will request correction to the correct vote. The vote was under budgeted by an amount of R31 097 605.		
• Vote 7 (Community Services/Other Community Services) – The special adjustment budget was underbudgeted by an Amount of R47 886 265.		

### Prior period errors

In the current year the municipality identified and corrected some errors for the 2021 financial year, relating to understatement of unauthorised expenditure. This was due to using incorrect general ledger figures in calculating the expenditure by management. This was corrected retrospectively, and the details are tabulated below:

Details	Amount R
Unauthorised expenditure as previously reported for 2021 financial year	80 584 359
Add: Correction of errors	186 988 596
<b>Restated amount</b>	<b>267 572 955</b>

### 50. Fruitless and wasteful expenditure

Opening balance as previously reported	412 321 621	359 244 383
Add: Fruitless and wasteful expenditure identified - current	43 516 843	53 077 238
<b>Closing balance</b>	<b>455 838 464</b>	<b>412 321 621</b>

# Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
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### 50. Fruitless and wasteful expenditure (continued)

#### Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Interest incurred on late payment of suppliers	None	43 516 843	53 077 238

Fruitless and wasteful expenditure from the previous years amounting to R1 622 949 was investigated by MPAC. The recommendations from this investigation were adopted by council and are being implemented.

The debt owed to the Department of Water Affairs and Lepelle Northern Water contributed the biggest amounts to the fruitless and wasteful expenditure disclosed above. The breakdown is presented here:

Supplier		
Department of Water Affairs	25 809 851	26 556 110
Lepelle Northern Water	17 188 898	24 892 817
Eskom	375 302	34 610
Other	142 792	1 593 701
	<b>43 516 843</b>	<b>53 077 238</b>

#### Prior period errors

In the current year the municipality identified and corrected some errors for the 2021 financial year, relating to misstatements of fruitless and wasteful expenditure. This was due to using incorrect recognition of debt waiver by Lepelle Northern Water as well as understatement of Eskom interest payments which were incorrectly recorded in electricity. This was corrected retrospectively, and the details are tabulated below:

Details	Amount R
Unauthorised expenditure as previously reported for 2021 financial year	43 709 506
Add: Fruitless and wasteful expenditure identified - current	9 367 732
	<b>53 077 238</b>

### 51. Irregular expenditure

Opening balance as previously reported	1 673 453 235	1 161 276 023
Add: Irregular expenditure - current	89 792 795	300 278 005
Add: Irregular Expenditure incurred in prior period but identified in current year	-	211 899 207
Less: Amount written off - prior period	(444 845 816)	-
<b>Closing balance</b>	<b>1 318 400 214</b>	<b>1 673 453 235</b>

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

	Disciplinary steps taken/criminal proceedings		
Overspending on contracts	None	4 069 926	-
Non-compliance with SCM policy	None	85 722 869	300 278 005
		<b>89 792 795</b>	<b>300 278 005</b>

#### Amount written-off

Irregular expenditure from the previous years amounting to R300 278 005 was investigated by MPAC. After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R (444 845 816) from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

# Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
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### 51. Irregular expenditure (continued)

#### Prior period adjustment

In the current year, restatements have been made to amounts previously disclosed in prior years. This was due to the fact that the municipal irregular expenditure was incomplete and inaccurate from the 2020/2021 financial year. The irregular expenditure was identified by AGSA during the audit of annual financial statements. Below is the breakdown of the identified expenditure:

Non-compliance with Supply Chain Management regulation	Amount incurred
Procurement of goods/services split into parts or items of lesser value	1 788 458
Three written quotations not obtained from different prospective providers	185 400
No formal process followed to allocate projects to engineering consultants within a panel	8 055 644
Quotations not evaluated on local content	1 263 850
Over allocation of projects to one supplier within a panel ,not taking proper steps in monitoring expenditure to consultants to ensure that it is within the 17.5% threshold	16 009 377
SCM non-compliance on the procurement of borehole development goods and services	150 541 296
No evidence to support how contractors for VIP toilets were selected and appointed from the panel of approved contractors	2 063 697
Tender invitation sent out to contractors after the closing date	31 991 485
	<b>211 899 207</b>

In current year, restatements have been made to amounts previously disclosed in prior years. This was due to the fact that the municipal irregular expenditure was incomplete and inaccurate from the 2020/2021 financial year. The table below details the impact of corrections of these errors on the previously reported amounts:

Details	Amount R
Irregular Expenditure as previously reported	1 461 554 027
Add: Omitted Irregular Expenditure [detailed above]	219 859 609
<b>Restated balance</b>	<b>1 681 413 636</b>

### 52. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

Current year subscription / fee	4 251 766	4 944 390
Amount paid - current year	(4 251 766)	(4 944 390)
	-	-

#### Audit fees

Current year subscription / fee	10 231 071	7 973 674
Amount paid - current year	(10 231 071)	(7 973 674)
	-	-

#### PAYE and UIF

Current year subscription / fee	66 932 407	74 746 280
Amount paid - current year	(60 703 224)	(74 746 280)
	<b>6 229 183</b>	-

# Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>52. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	45 078 574	71 419 200
Amount paid - current year	(38 517 129)	(71 419 200)
	<b>6 561 445</b>	<b>-</b>

### VAT

VAT receivable	214 230 299	194 464 507
VAT accruals	(25 701 913)	(1 965 713)
	<b>188 528 386</b>	<b>192 498 794</b>

VAT accrual payables and VAT input receivables are shown in note 13 and note 5 respectively.

### 53. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

In terms of Section 36 of the Municipal Supply Chain Management Regulations, any deviation from the supply chain management policy needs to be approved/condoned by the Municipal Manager. The total deviations for the period amounted to R35 262 181 (2021: R33 009 103) which has been tabled to council for noting in terms of Section 36(2). Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that deviations must be included as a note to the financial statements. Major deviations related to emergency procurement of water related services since water is an essential service (water supply).

The amount for deviations consists of the following categories that make up the disclosed balance:

Category/Item	Amount R
Hiring of Water Tankers	3 068 530
Borehole Development	10 612 246
Sole Supplier	1 616 917
Other	19 964 488
	<b>35 262 181</b>

### 54. Segment information

#### General information

#### Identification of segments

The municipality is organised and reports to management on the basis of five (5) major functional areas: Community services, Engineering Services, Mayor and Council, Planning and development and Water services. The segments were organised around the type of service delivered and the target community. Council uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.



# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
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### 54. Segment information (continued)

#### Aggregated segments

The municipality operates throughout the jurisdiction of Mopani District. Segments were aggregated on the basis of services delivered as council considered that the economic characteristics of the segments throughout the district were sufficiently similar to warrant aggregation.

#### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Community services,	Provision of fire services, health services, sports and recreation services to the community.
Engineering Services	Provision of project management services. Water infrastructure construction, maintenance.
Planning and development	Responsible for monitoring and functioning of the municipality, drafting of IDP and workshoping it.
Water services	Provision of water and sanitation services to the community.
Mayor and Council	The council is responsible for governing the local area, provision of service delivery of municipal services to local residents and provision of political oversight to administration.

## Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 54. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2022

	Community services	Engineering Services	Mayor and Council	Planning and development	Water services	Total
<b>Revenue</b>						
Revenue from non-exchange transactions	60 004	104 024 876	-	12 323 863	332 396 440	448 805 183
Revenue from exchange transactions	24	3	111	227	223 145 186	223 145 551
Interest revenue	-	-	-	-	74 140 890	74 140 890
<b>Total segment revenue</b>	<b>60 028</b>	<b>104 024 879</b>	<b>111</b>	<b>12 324 090</b>	<b>629 682 516</b>	<b>746 091 624</b>
Interest revenue						3 621 608
Revenue from non-exchange transactions						1 053 100 393
Revenue from exchange transactions						2 102 401
<b>Total revenue reconciling items</b>						<b>1 058 824 402</b>
<b>Municipality's revenue</b>						<b>1 804 916 026</b>

# Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

	Community services	Engineering Services	Mayor and Council	Planning and development	Water services	Total
<b>54. Segment information (continued)</b>						
<b>Expenditure</b>						
Employee related costs	113 763 753	11 965 943	16 551 447	46 240 450	198 774 984	387 296 577
Remuneration of councillors	-	-	12 175 090	-	-	12 175 090
Depreciation and amortisation	502 833	-	2 171 650	-	228 350 498	231 024 981
Finance costs	-	-	-	-	1 686 151	1 686 151
General expenses	13 004 670	477 593	4 184 574	3 441 826	152 146 056	173 254 719
Repairs and maintenance	2 894 313	1 890 810	1 901 896	2 492 330	157 994 702	167 174 051
Bulk purchases	-	-	-	-	189 101 685	189 101 685
Consulting and professional fees	-	13 558 062	-	-	-	13 558 062
Contracted services	-	-	-	-	28 875 164	28 875 164
Debt impairment	-	-	-	-	30 193 625	30 193 625
Transfer and subsidies	-	-	1 937 143	-	-	1 937 143
VIP Toilets	-	-	-	-	32 462 813	32 462 813
Actuarial gains/losses	-	-	-	-	(1 375 375)	(1 375 375)
<b>Total segment expenditure</b>	<b>130 165 569</b>	<b>27 892 408</b>	<b>38 921 800</b>	<b>52 174 606</b>	<b>1 018 210 303</b>	<b>1 267 364 686</b>
<b>Total segmental (deficit)</b>						<b>(521 273 062)</b>
Finance costs						(50 382 282)
Non-reportable expenses						(293 272 108)
Total revenue reconciling items						1 058 824 402
<b>Municipality's surplus for the period</b>						<b>193 896 950</b>
<b>Assets</b>						
Segment assets	(12 591 217)	(222 083 889)	(53 341 065)	(62 503 293)	(1 193 317 625)	(1 543 837 089)
Non-reportable assets						10 597 078 953
<b>Total assets as per Statement of financial Position</b>						<b>9 053 241 864</b>

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

	Community services	Engineering Services	Mayor and Council	Planning and development	Water services	Total
<b>54. Segment information (continued)</b>						
<b>Liabilities</b>						
Segment liabilities	141 085 124	(100 958 682)	520 695	(11 335 913)	46 250 864	75 562 088
Non-reportable liabilities						1 933 955 577
<b>Total liabilities as per Statement of financial Position</b>						<b>2 009 517 665</b>
<b>2021</b>						
	Community services	Engineering Services	Mayor and Council	Planning and development	Water services	Total
<b>Revenue</b>						
Revenue from exchange transactions	-	-	-	-	314 280 985	314 280 985
Interest revenue	-	-	-	-	68 039 123	68 039 123
<b>Total segment revenue</b>	-	-	-	-	<b>382 320 108</b>	<b>382 320 108</b>
Interest revenue						6 479 246
Revenue from non-exchange transactions						1 755 349 929
Revenue from exchange transactions						917 463
<b>Total revenue reconciling items</b>						<b>1 762 746 638</b>
<b>Entity's revenue</b>						<b>2 145 066 746</b>

# Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 54. Segment information (continued)

#### Expenditure

Employee related costs	111 699 493	8 156 418	17 394 730	56 495 721	188 240 762	381 987 124
Remuneration of councillors	-	-	13 077 370	-	-	13 077 370
Depreciation and amortisation	651 370	-	316 483	-	178 628 518	179 596 371
Finance costs	-	-	-	-	1 408 518	1 408 518
General expenses	4 831 721	350 167	1 732 091	970 858	98 153 442	106 038 279
Repairs and maintenance	27 791 940	737 280	1 891 633	4 125 502	204 213 562	238 759 917
Bulk purchases	-	-	-	-	287 665 824	287 665 824
Consulting and professional fees	-	8 710 005	-	-	-	8 710 005
Contracted services	-	-	-	124 104	34 323 282	34 447 386
Debt impairment	-	-	-	-	332 666 870	332 666 870
VIP Toilets	-	(9 026 435)	-	-	118 004 025	108 977 590
Actuarial gains/losses	-	-	-	-	1 324 425	1 324 425

<b>Total segment expenditure</b>	<b>144 974 524</b>	<b>8 927 435</b>	<b>34 412 307</b>	<b>61 716 185</b>	<b>1 444 629 228</b>	<b>1 694 659 679</b>
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<b>Total segmental (deficit)</b>						<b>(1 312 339 571)</b>
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Interest expense						(59 732 128)
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Non-reportable expenses						(297 652 899)
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Total revenue reconciling items						1 762 746 638
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<b>Municipality's surplus for the period</b>						<b>93 022 040</b>
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#### Assets

Segment assets	(51 599 145)	(204 501 310)	(47 584 965)	(41 969 082)	(747 377 652)	(1 093 032 154)
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Non-reportable assets						9 781 734 978
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<b>Total assets as per Statement of financial Position</b>						<b>8 688 702 824</b>
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#### Liabilities

Segment liabilities	1 667 990	5 485 696	403 991 035	3 183 519	360 425 761	774 754 001
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Non-reportable liabilities						1 064 121 576
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<b>Total liabilities as per Statement of financial Position</b>						<b>1 838 875 577</b>
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## **Mopani District Municipality**

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

### **Notes to the Annual Financial Statements**

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#### **Figures in Rand**

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#### **54. Segment information (continued)**

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

#### **Information about geographical areas**

The municipality's operations are in the Mopani District in Limpopo Province.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>55. Accounting by principals and agents</b>		
The Mopani District Municipality is a party to principal-agent arrangements.		
<b>Details of the arrangements are as follows:</b>		
The municipality was appointed as an agent for implementing Regional Bulk Infrastructure Grant Scheme on behalf of Department of Water and Sanitation. The projects are for the benefit in kind of the Water Service Authority. The duration of the agreement is from 01 April 2015 until when terminated by the Department. In terms of the agreement, Department of Water and Sanitation reimburses Mopani District Municipality for all expenses incurred on its behalf for the RBIG project. Mopani District Municipality is not entitled to an agency fees.		
Mopani District Municipality as a Water Service Authority, has delegated the responsibility of water distribution and rendering of sanitation services to the local municipalities within the district, namely: Greater Tzaneen Local Municipality, Greater Letaba Local Municipality, Maruleng Local Municipality, Ba - Phalaborwa Local Municipality and Greater Giyani Local Municipality. In terms of the agreements, the five local municipalities are to sell water to the consumers on behalf of MDM in return for an agency fee which is based on the cash collections as well as profit from water and sanitation trading.		
<b>Entity as agent</b>		
<b>Resources held on behalf of the principal(s), but recognised in the entity's own financial statements</b>		
The are no other resources held on behalf of the Department of Water and Sanitation.		
<b>Revenue recognised</b>		
There is no revenue recognised from this agency relationship..		
<b>Liabilities and corresponding rights of reimbursement recognised as assets</b>		
There are no liabilities that have been incurred on behalf of the principal.		
<b>Additional information</b>		
<b>Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)</b>		
<b>Reconciliation of the carrying amount of receivables</b>		
<b>Amounts paid to contractors on behalf of the principal</b>		
Opening balance	590 618	315 247
Amounts paid to contractors on behalf of the principal	27 264 439	15 967 327
Amounts received from principal	(28 189 015)	(15 691 956)
	<b>(333 958)</b>	<b>590 618</b>

The outstanding amount is expected to be settled within 12 months. There are no other resources half on behalf of the department of water and sanitation. Irregular, fruitless and wasteful expenditure incurred due to Mopani municipality's gross negligence and not condoned by Mopani municipality's council is recoverable by the principal. There are no other benefits in the relationship (except that of commission received).

Mopani District Municipality assumes the risk of managing the contractors and indemnifies the principal against any claims made by the contractor. In terms of the agreement, the agent is liable to reimburse the principal, where the principal is not satisfied with the performance of the contractor. To mitigate this risk, projects are executed in line with approved project implementation plan. Furthermore, the contractor's performance is monitored throughout the contract and a retention is held at the end of the contract which is inly paid after 12 months of completion of work, provided the work has no defects.

Mopani District municipality does not have the power to determine significant terms and conditions of the project because all projects are implemented according to the project implementation plan which is approved by the principal. The assets belong to the principal and the agent has no right to benefit from them unless they are transferred to agent. Variations In the contract amounts are approved by the principal and paid by the principal.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>55. Accounting by principals and agents (continued)</b>		
<b>All categories</b>		
Opening balance	590 618	315 247
Revenue that agent is entitled to	27 264 439	15 967 327
Cash received on behalf of the principal	(28 189 015)	(15 691 956)
	<b>(333 958)</b>	<b>590 618</b>

### Entity as principal

#### Resources (including assets and liabilities) of the entity under the custodianship of the agent

Mopani District Municipality as a Water Service Authority, has delegated the responsibility of water distribution and rendering of sanitation services to the local municipalities within the district, namely: Greater Tzaneen Local Municipality, Greater Letaba Local Municipality, Maruleng Local Municipality, Ba - Phalaborwa Local Municipality and Greater Giyani Local Municipality.

In terms of the agreements, the five local municipalities are to sell water to the consumers on behalf of MDM.

As the principal agent MDM is liable for agency fees to each local municipality as disclosed in note 12. All cash collections by the locals are payable to MDM, and all water related expenses are to be reimbursed by MOM. The nature of expenses paid by the locals on behalf of MDM, includes inter alia, bulk purchases, salaries of employees in the water department, contracted services, repairs and maintenance of water related infrastructure. These expenses are disclosed under the respective financial statements line items of the District Municipality.

The hasn't been cash payments/receipts between the principal and agents and all amounts owed to/by the local municipalities are netted off and disclosed in the inter-municipal loan accounts. The amount payable or receivable are disclosed under Payables from exchange transaction note 12 above or Receivables from exchange transactions note 4. Based on history, It is not expected that amounts owed by/to the locals will be settled in cash, however the monies owed by/to the local municipalities will be settled through cash collections withheld by the locals and expenses paid on behalf of MDM.

The Local Municipalities are in full control of the billing system and apply their credit control policies in managing MDM's consumer debtors. There were no changes to any significant terms and conditions of this agreement during the current reporting period.

MDM is entitled to all income and is liable for all expenses relating to water transactions at the local municipalities. The risk of non-payment by the customer, and variations due to increase/decrease in selling prices of water and sanitation services are borne by MDM.

### Benefits & Risks

Non-payment risks of amounts receivable from the Local Municipalities is considered to be significant. However, as an alternative recovery method, the Local Municipalities are required to incur expenses relating to water related activities and for reimbursement by MOM. These costs are not reimbursed directly by MDM but netted off against amounts receivable from the local municipalities.

Claims from Greater Tzaneen Municipality are limited to R30 000 000 per annum, any excess amount is recognised as part of other income.

### Fee payable

Fee paid as compensation to the agents	23 914 241	29 598 851
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There are fees payable to the Local Municipalities as agents. These are based on a percentage of cash collected for water and sanitation receivables for all the other 4 local municipalities while that of Ba-Phalaborwa is set at 10% of the profit from Water and Sanitation trading. However, no physical cash has been paid over but agency fees owed to the agents were raised as a payable and netted off with the other intermunicipal loan accounts under payables from exchange transactions in note 12.

### Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

Should the principal agent arrangement be terminated Mopani District Municipality will take over the responsibility from the 5 local municipalities. The costs to be incurred will mainly include, obtaining of a billing system and other resources to enable sale of water to consumers within the district.



# Mopani District Municipality

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## Notes to the Annual Financial Statements

	2022 R	2021 R
<b>56. Budget differences</b>		
<b>Material differences between budget and actual amounts</b>		
Budget variances numerically greater than R5 million and or 10% of budget are explained below.		
[BC1] The amount of service charges billed was more than budget due to more consumers becoming billable in the year than budgeted.		
[BC2] The amount budgeted for other income included amount for VAT refunds, This is the reason why there were variances.		
[BC3] Interest received was largely in line with the budget. This is influenced by the huge levels of outstanding debt by consumers.		
[BC4] Grant and subsidies received were less than budgeted due to unspent grants on WSIG and MIG.		
[BC5] Remuneration Personnel – the actual expenditure is more the budget due the overtime paid, the services costs relating to PEMA and LSA, the payment of long services awards and the leave encashment paid to employees.		
[BC6] Remuneration of councillors – the budget was raised due to the fact that the support staff in the office of the Honourable speaker was linked to councillors erroneously.		
[BC7] Depreciation and amortisation was influenced by the condition assessment of items of property, plant and equipment and these estimates differed from budget assumptions.		
[BC8] Finance Costs – interest cost on both long service award and Post Employment Medical Award increased the actual amount and was not budgeted for. Further interest was incurred on outstanding debt to Department of Water Affairs and Lepelle Northern Water. These were all unbudgeted for.		
[BC9] Debt impairment was less than budgeted due to changes in consumer payment statistics and Ba-Phalaborwa Local municipality loan account.		
[BC11] Contracted services – The actual amount was less than the budget amount because payments for fleet management (finance leases) were budgeted under this section when they are reported as finance lease liability in the financial statements.		
[BC10] Bulk purchases were less than budget as the municipality abstracted less than budgeted volumes of water.		
[BC12] General Expenditure – The actual amount exceeds the budget due the fact that emergency repairs and maintenance of water and infrastructure budget was incurred however not budgeted for.		
[BC13] Inventory – The budgeted inventories was based on the items of assets was erroneously included in the inventory by mistakes and the actual amount was corrected through classifications.		
[BC14] Receivables from exchange transactions were less than budgeted to due higher impairment as a result of non-payment by consumers.		
[BC15] VAT receivable and payable are budgeted on a net basis and the refunds were incorrectly budgeted for under income. This caused the variances.		
[BC16] The cash and cash equivalents were largely in line with the budget.		
[BC17] The budget for property, plant and equipment was higher than budget due to delayed implementation of infrastructure projects. Also impairment and depreciation higher than budgeted caused this variance.		
[BC18] There were no new acquisitions for intangible assets in the year under review.		
[BC19] Heritage Assets – The amount for heritage assets was erroneously increased on the basis that the more heritage assets will be procured.		
[BC20] Finance lease obligations budget was erroneously stated at a negative amount. However, in the current year, no new finance lease liabilities were entered into.		
[BC21] The amounts of payables from exchange transactions was more than budgeted due to continued financial challenges being faced by the municipality.		
[BC22] The municipality did not budget for any unspent grants. These were due to delayed project implementations.		

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

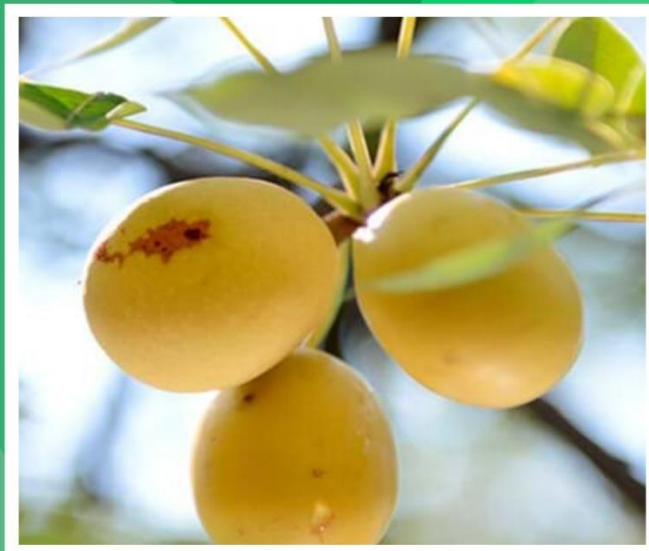
	2022 R	2021 R
<b>56. Budget differences (continued)</b>		
[BC23] The consumer deposits budgeted for were more than actual due to less consumers opening accounts than was budgeted.		
[BC24] The employee benefit obligations were incorrect budgeted for using a negative amount.		
[BC25] The municipality did not budget for the landfill site provision.		
<b>57. Other statutory receivables</b>		
<b>The entity had the following statutory receivables where the Framework for the Preparation and Presentation of Financial Statements have been applied, for the initial recognition:</b>		
VAT due from SARS	24 060 646	10 058 926
This represents amount of VAT that is receivable from the South African Revenue Service following the submission of the returns. These amounts were all received after year end.		

### Statutory receivables general information

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Once payments are received or paid, the VAT receivable from SARS is accounted as a statutory receivable. No interest is charged on outstanding VAT receivable from the South African Revenue Service. Also no impairment is recognised on this receivable since SARS always settles the VAT receivable in time.

### 58. Service in-kind

The municipality has been occupying an office space at Giyani Government Complex, under the property which belongs to the Department of Public Works. The municipality has been using this property from year 2003, The municipality occupies the space of about 4872 square meters in office complex. The municipality has been occupying this office space without paying any rental to the Department of public works. Therefore, this qualifies to be regarded as a service in kind. We could not determine the rental equivalent of the benefit enjoyed by the municipality. The rental amount has been assessed as insignificant to the municipality.



## MOPANI DISTRICT MUNICIPALITY Annual Report 2021 - 22



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Fax: 015 309 9419

Greater Giyani  
Municipality  
Tel: 015 811 5500  
Fax: 015 812 2068

Maruleng  
Municipality  
Tel: 015 793 2409/ 2237  
Fax: 015 793 2341

Ba-Phalaborwa  
Municipality  
Tel: 015 780 6300  
Fax: 015 781 0726

Greater Tzaneen  
Municipality  
Tel: 015 307 8000  
Fax: 015 307 8489

[www.greaterletaba.gov.za](http://www.greaterletaba.gov.za)

[www.greatergiyani.gov.za](http://www.greatergiyani.gov.za)

[www.maruleng.gov.za](http://www.maruleng.gov.za)

[www.ba-phalaborwa.gov.za](http://www.ba-phalaborwa.gov.za)

[www.greatertzaneen.gov.za](http://www.greatertzaneen.gov.za)



Greater Letaba Municipality



Greater Giyani Municipality



Maruleng Municipality



Ba-Phalaborwa Municipality



Greater Tzaneen Municipality