



MOPANI DISTRICT MUNICIPALITY

ANNUAL REPORT 2022 - 23



Local Municipalities



Greater Letaba Municipality



Greater Giyani Municipality



Maruleng Municipality



Ba-Phalaborwa Municipality



Greater Tzaneen Municipality

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PART B: FINANCIAL STATEMENTS OF 2022-23

LIST OF ABBREVIATIONS/ACCRONYMS

AGSA	Auditor- General South Africa	SOEs	State Owned Entities
APR	Annual Performance Report	SMME	Small, Medium and Micro Enterprises
AR	Annual Report	SONA	State of the Nation Address
BCOM	Bachelor of Commerce	SPLUMA	Spatial Planning and Land Use Management Act
BPM	Ba-Phalaborwa Municipality	Stats SA	Statistics South Africa
CFO	Chief Financial Officer	WSP	Water Service Provider
CIlr	Councilors	SDBIP	Service Delivery and Budget Implementation Plan
CoGHSTA	Cooperative Governance, Human Settlement and Traditional affairs		
CIP	Comprehensive Infrastructure Plan		
DWA	Department of Water Affairs		
DWS	Department of Water and Sanitation		
ESKOM	Electricity Supply Commission		
EPWP	Expanded Public Works Programme		
GIS	Geographic Information System		
GIAMA	Government-wide Immoveable Asset Management Act		
GLM	Greater Letaba Municipality		
GRAP	Generally Recognised Accounting Practice		
GTM	Greater Tzaneen Municipality		
GGM	Greater Giyani Municipality		
HOD	Head of Department		
DRP	Disaster Recovery Plan		
IDP	Integrated Development Plan		
LGSETA.	Local Government Sector Education and Training Authority		
KPI	Key Performance Indicators		
KNP	Kruger National Park		
LED	Local Economic Development		
MFMA	Municipal Finance Management Act		
MLM	Maruleng Local Municipality		
MOU	Memorandum of Understanding		
MPAC	Municipal Public Accounts Committee		
MDM	Mopani District Municipality		
MMC	Member of Mayoral Committee		
MM	Municipal Manager		
MIG	Municipal Infrastructure Grants		
MSA	Municipal Systems Act 2000		
NDP	National Development Plan		
OHS	Occupational Health and Safety Act		
ICT	Information Communication and Technology		
RDP	Reconstruction and Development Programme		
SALGA	South African Local Government Association		
SCM	Supply Chain Management		
SDF	Spatial Development Framework		



CHAPTER - 1:

FOREWORD FROM THE EXECUTIVE MAYOR - CLLR PULE JOSIAH SHAYI

2022 - 2023

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 2022/23. 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.

As we take forward the work in the context of our programme of building better communities together with our people, there are areas where we have met the targets, but there are also areas of under-performance. This Annual Report is a true reflection of the journey travelled thus far, especially as we reflect on the work of the fifth council in the last twelve months.

When accepting the responsibility to serve our people, we did make a solemn pledge to spare no effort in trying to reduce the backlog on water provision in the district. We can report to the people of Mopani that we have indeed moved some meters in our programme of improving the quality of our people's lives - this through water infrastructure provision. More and more of our people now have access to water closer to where they reside.

We are recording milestones in the Giyani Water Project. The water from Nandoni has finally reached the Giyani Water Works. We have started with work to refurbish the Giyani Water Works. But most importantly, we are closer to our communities as we continue to implement the water reticulation projects to at least 24 villages as part of the 1st phase of this project. The next phase will target additional 31 villages. Many of our SMMEs are benefiting from these water infrastructure projects, therefore enhancing our sustained efforts of fighting hunger in communities.

We have been to the Tours Water Project, and we have seen our people benefiting from the project. Our people in Mogapeng now have water in their yards through this project, and many more of our communities across the district now have piped water in their yards.

In providing sanitation to our people, we have also reached out to more of our communities through the rural household sanitation (VIP toilets) programme. We have succeeded in spending 100% of the allocated MIG funding on infrastructure projects. We did not achieve 100% on others grants such as RBIG, WSIG, and RRAMS. But, we should be able to have a turnaround strategy that will help enhance our work going forward.

We are not happy with the economic growth, which is moving at a rate far below the projections when we adopted the NDP more than a decade ago. There are lots of factors contributing to this, including the effect of the novel coronavirus, inconsistent electricity supply and the geopolitical influence. The price of commodities such as food and oil is constantly rising, and unaffordable for our people. We remain confident though that Government will soon turn the tide on load shedding.

However, we continue to support and promote the economic sectors in the district in order to grow the economy, focusing in the main on agriculture, mining, tourism and manufacturing. Our vision remains that of being the food basket of Southern Africa and the tourism destination of choice.

We have continued with the Pop-up Market campaigns in partnership with the Small Enterprise Development Agency (seda). 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. We worked with the provincial government to support SMMEs at exhibitions expos such as the Durban Indaba and the Rand Easter Show.

We continue to perform very well as a District Municipality on the Expanded Public Works Programme, which is a key programme in providing temporary income relief for our people.

We have signed an MOU with the Water Research Commission which is aimed at enhancing climate resilience. And because we are a water scarce district, through this partnership, the WRC will assist our farmers with the use of science, innovation and technology to plant using less water.

We have a responsibility as a democratic local government to promote democracy and sound governance. We still have a stable council with functional committees and continue to engage with all stakeholders within the IGR framework. We conclude the 2022/23 financial year with a full complement of the senior management team.

Mopani District Municipality has moved to a qualified audit opinion, which represent a slight, but significant improvement particularly in the context of our history of disclaimer opinions. However, we are by no means celebrating because our ultimate goal is to get the Municipality to a clean audit opinion. And indeed we remain fully committed and focussed on that task.

We should as well proceed to applaud the efforts of Council, and in particular the Municipal Public Accounts Committee. It is through the sustained work of MPAC that we have covered much ground in the investigations of unauthorized, irregular, fruitless and wasteful expenditures dating back more than a decade ago. We have adopted the AG's action plan, but we are also working on the action plan from the internal audit.

It is in that spirit that we will continue to embrace the work of Council oversight committees, in particular the Municipal Public Accounts Committee, which is empowered by other legislations including the Municipal

Finance Management Act No 56 of 2003, section 33 and 79 of the Municipal Structures Act as well as the Municipal Systems Act.

We have had calm and labour peace in the Municipality, and we credit this to the leadership of organized labour who have so far shown great maturity when dealing with issues affecting employees, particularly at the level of the local labour forum. We have an obligation to provide sound financial management and to reduce financial dependency on grants. And to achieve this, we have to increase revenue generation and implement financial control systems. To that extent, we are implementing the revenue enhancement strategy.

We have during the 2022/23 started with work of installing the water consumption meters – this as we prepare to bill and collect revenue direct from water consumers. This will be a targeted approach, starting with big businesses. We have appointed meter readers in all our five local municipalities in preparation of this work.

It has not been an easy year because of budget limitations.

As we reflect on the journey of the last twelve months (2022/23 financial year), we wish to take this opportunity to register our profound gratitude to our people for the continued support. Let's continue to build better communities together.



CLLR R. 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 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 2022/23 Annual 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 2022/23 Adjusted Service Delivery and Budget Implementation Plan was approved by the Executive Mayor, Cllr. PJ Shai on the 05 of March 2022 and it captured the performance targets of the municipality for the year under review. The 2022/23 Adjusted SDBIP gave effect to the 2022/23 Integrated Development Plan's objectives and performance targets and the tabled Budget of the municipality into implementable quarterly performance monitoring tool that was used to measure the performance of the municipality. The 2022/23 Approved SDBIP was reviewed and submitted to Council for approval on the 31st March 2021. Council noted the adjusted SDBIP through a Council resolution.

The SDBIP was adjusted during March after considering section 72 report. The 2022/23 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 2023/24 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 2022. The IDP was approved within the legislated timeframe and community was consulted through public participation in all five Local Municipalities. Mopani District Municipality complied in terms of municipal reporting, quarterly reports were compiled and adopted by council. In the year under review, the Municipal Manager was appointed in June 2022 and Council appointed the Chief Financial Officer in October 2022 and Senior Manager Corporate & Shared Services was appointed in May 2022.

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 1355 Households in Mopani District which improved service delivery. The municipality targeted to give 5461 households with sanitation but due to late appointment of service providers, the municipality achieved 4902 and the remaining units of 559 will be carried over into the 2023/24 financial year. The municipality was able to re-gravel roads amounting to 2107 kilometers.

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 2800 job opportunities within the district through municipal capital projects and EPWP. The municipality supported 181 SMME' s to market their products and assisted them in exhibiting 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. MDM officials were able to attend the Durban Indaba show that was held in May 2023 in Durban.

iv) Municipal Financial Viability

The municipality adopted the 2022/23 budget in May 2022 as per legislation. The municipality managed to successfully spend 100% in Municipal Infrastructure Grant (MIG) in the year under review. Supply Chain Management Committees were in place throughout the financial year and bids were evaluated and adjudicated within the stipulated 90 days. The municipality managed to spend 100% on EPWP and FMG budget respectively. For 2022/23 financial year, the municipality managed to submit the Annual Financial statements to Auditor General and improved in terms of the audit opinion and received a qualified audit opinion. The municipality failed to compile quarterly financial statements due to capacity issues.

v) Good Governance and Public Participation

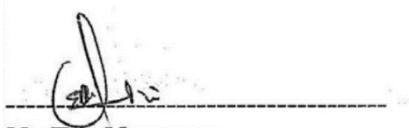
All governance structures, namely, Council, Mayoral Committee, Section 80, MPAC and Audit committee were fully functional during the year under review. The Municipality had a functional Audit Committee for 2022/23 financial year. The Risk Management Committee has been constituted and risk assessment was conducted and culminated in the development of the risk register. The IDP representation forum were fully functional, and all meetings were held according to the IDP/Budget/PMS process plan. Various mandatory structures such as Local Labour Forum, Municipal Public Accounts Committee and Portfolio committees were functional. The municipality improved and obtained a Qualified Audit opinion. Council was stable in 2022 /23 and there was no major fighting.

Key Challenges for the 2022/23 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

A handwritten signature in black ink, appearing to be 'TJ Mogano', is written over a horizontal dashed line.

Mr TJ Mogano

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.

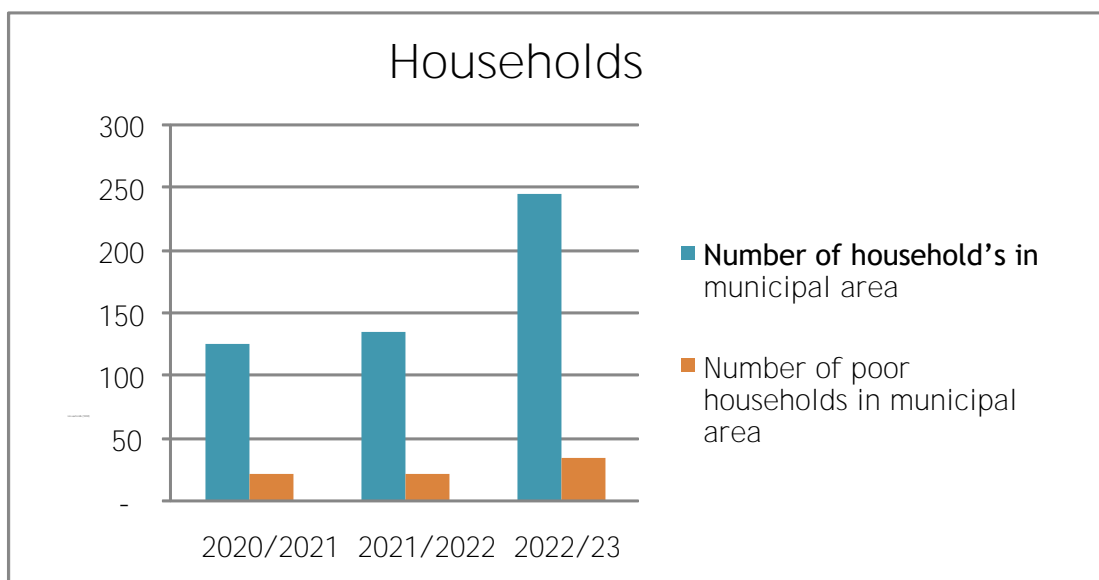
It should be noted that the division of powers and functions between the district municipality and local municipalities were adjusted by the MEC for Local Government and Housing in terms of sections 16 and 85 of the Municipal Structures Act, 1998 and published in the Provincial Gazette No. 878, dated 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										
Province, District and Local Municipalities	CENSUS 2011					CENSUS 2022				
	Population '000									
	0-4	5-14	15-34	35-59	60	0-4	5-14	15-34	35-59	60
Limpopo	680 16	1 154 849	1 980 627	1 141 866	467 363	753 127	1 326 140	2 143 807	1 677 700	671 671
Mopani	138 761	230 755	402 713	233 365	86 914	167 8651	287 833	434 142	351 797	131 127
LIM331: Greater Giyani	31 976	57 324	88 866	46 031	18 789	40 294	71 796	98 776	75 700	30 271
LIM332: Greater Letaba	27 302	46 554	78 262	41 853	19 961	33 483	58 047	79 109	62 705	27 692
LIM33: Greater Tzaneen	47 63	76 171	143 850	89 867	31 772	56 274	94 078	151 866	129 839	46 147
LIM334: Ba- Phalaborwa	19 437	30 138	56 471	35 468	9 123	21 994	37 941	64 102	50 158	14 407
LIM335: Maruleng	12 082	20 567	35 263	20 147	7 268	15 820	26 021	40 288	33 394	12 611



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
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%
2022/23	6.8%	34.1%	43.0%	30.6%	28%	8.0%
						T1.2.4

Overview of Neighbourhoods within Mopani District Municipality		
Settlement Type	Households	Population
Towns & Townships		
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
Sub-Total	47,296	157,343
Rural settlements		
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
Sub-Total	249,024	935,166

Informal settlements	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
Sub-Total	0.00	
Total	296,320.00	1,092,509.00
Source: Census 2011, 2020/21 IDP, IDP Department		T 1.2.6

Natural Resources	
Major Natural Resource	Relevance to Community
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
Source: 20/21 IDP	
T1.2.7	

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 22/23

1.3 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

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 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.

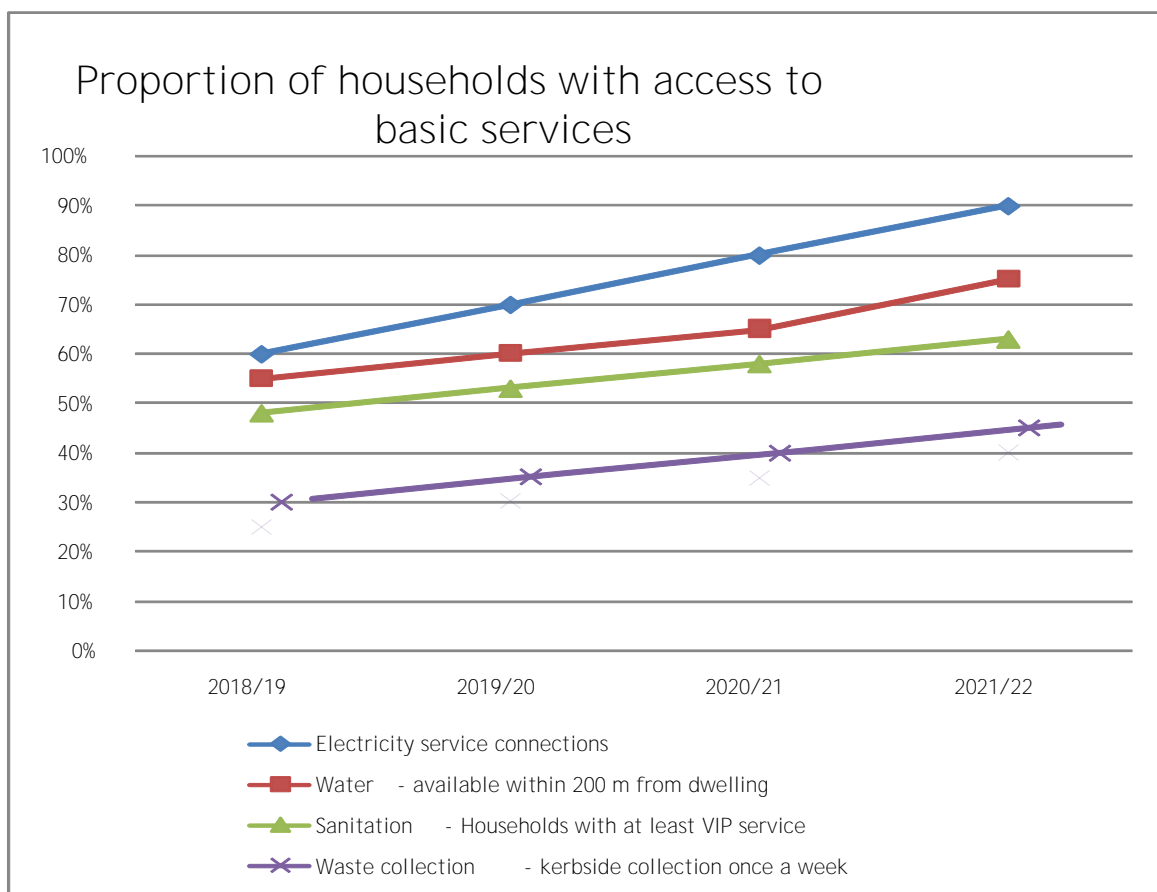
Income from employment determines the overall living standards of people and also the household's affordability levels. These levels should be taken into account when setting service level targets. The

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 have 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 many 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 2022/23



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 – 2022/23			
			R`000
Details	Original Budget	Adjustment Budget	Actual
Income			
Grants	1 763 332	1 699 711	1 706 914
Taxes, Levies & Tariffs			
Service charges	309 801	289 601	239 259
Investment revenue	9 000	9 000	11 463
Public contribution and donations	-	-	58
Interests received			
Other Income	3 173	3 173	11 282
Total income	2 085 306	2 001 485	1 968 976
Less Expenditure	(1 403 074)	(1 419 987)	(1 942 526)
Net Total	682 232	581 498	26 450

Operating Ratios 2022/23	
Detail	%
Employee Cost	89%
Repairs & Maintenance	87%
Finance Charges & Impairment	77%
T1.4.3	

Total Capital Expenditure 2020/21 – 2022/23			
			R`000
Detail			
	2019/20	2020/21	2021/22
Original budget	567 412	523 194	560 763
Adjustment budget	761 301	546 609	549 360
Actual	616 639	437 801	608 367
T1.4.4			

During the period under review, the municipality ended with an Actual Expenditure of R1 926 109 256.

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 2022/23 Financial year.

1.6. AUDITOR-GENERAL REPORT

AUDITOR-GENERAL REPORT 2022/23

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 2022/23 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 2022
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 th 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)	
8	Mayor tables the unaudited Annual Report	

9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	August 2022
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 2022
12	Municipalities receive and start to address the Auditor General's comments	January 2023
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	March 2023
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.	April 2023
		T 1.7.1

THE ANNUAL REPORT PROCESS:

The above timeframes are legislated. It is of 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 year under review. This report, together with the Annual Financial Statements are submitted to the Auditor-General by the 31 August each year. Then comes the compilation 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. The report 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 31st of January and after consideration by the MPAC, the MPAC will report to council by the 31st 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 30th January 2023.



CHAPTER - 2:

GOVERNANCE

Political and Governance Administration

2022 - 2023

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 seven posts.

The council appointed Mr TJ Mogano as the Municipal Manager during the 2022/23 financial year. Ms S Mathebula was appointed as the Chief Financial Officer during the second quarter of the financial year in October 2022.

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 53 members. 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.

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 2021/22 annual financial statements of the municipality. The Committee noted the Qualified audit opinion, highlighted areas which required urgent attention of the Accounting Officer and Council. During the 2022/23 Financial year, the Chairperson of MPAC was Cllr MP Hlongwane, who later resigned, and Cllr Mkhabela was appointed as the new Chairperson of MPAC.

2022 MPAC MEMBERS (OLD COUNCIL)	2023 MPAC MEMBERS (NEW COUNCIL)
Chairperson: Cllr Hlungwani MP	Chairperson: Cllr Mkhabela
Cllr Moroatshehla MC	Cllr Moroatshehla MC
Cllr Maake MW	Cllr Maake MW
Cllr Bokisi GN	Cllr Mashele J
Cllr Hlungwane MP	Cllr Mkhabele J
	Cllr Mabasa TA
	Cllr Shivambu NI

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.

POLITICAL MANAGEMENT TEAM



Executive Mayor
Cllr Pule Shayi



Cllr Maswanganyi M
Speaker



Cllr Lewele M
Chief Whip

MEMBERS OF THE MAYORAL COMMITTEE – 2022 -23



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.

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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.

Functions of the Mayoral Committee and Council	
Area	Detail
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
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;

Functions of the Mayoral Committee and Council	
Area	Detail
	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

Municipal Manager

FUNCTION

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



Ms S.P Mathevula

Chief Financial Officer

FUNCTION

Manage Budget and reporting; Revenue Management



Ms Ngobeni SN

Senior Manager: Corporate Services

FUNCTION

Manage Human Resource; Administration and information Technology.



Mr P.J Shilowa

Senior Manager: Water & Engineering Services

FUNCTION

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



Mr T.A Monakedi

Senior Manager: Planning and Development

FUNCTION

Manage Local Economic Development, Spatial



Mrs C Ntimbani

Senior Manager: Community Services

FUNCTION

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



Mr M.L Mahayi

Senior Manager: 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
- Complaints register
- Presidential and Premiers `s hotline

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.

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

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.

PROGRESS ON IMPLEMENTATION OF RISK MANAGEMENT COMMITTEE RESOLUTIONS.

No	Resolution	Action / Responsible Person	Due date	Done/Not Done
1	Strategic Risk Assessment must be coordinated by the CRO.	CRO	30 June 2023	Done
2	Operational Risk register must be reviewed with all the Directorates.	CRO	30 September 2023	Not done
3	Risk Champions should form part of the RMC meetings.	CRO	Quarterly	Ongoing
	The position of Risk Practitioner to be filled before the 30 September 2023.	SM Corporate Services	30 September 2023	Not done
4	Legal Manager to share the SLAs with the local municipality with the CRO.	Manager Legal	30 June 2023	Done
5	BCP must be reviewed by the CRO and be tabled in the RMC meeting.	CRO/Acting IT Manager	30 September 2023	Not done
6	Monthly monitoring of fire services overtime.	SM Community Services	Monthly	Done
7	High overtime claims in the call centre due to shortage of personnel.	SM Community Services/SM Corporate Services	30 September 2023	Not done
8	Emerging risk register must be updated with status per the quarter.	CRO	30 June 2023	Done
9	Shortage of laptops due to budget in the IT Office.	CFO	Ongoing	Done
10	UIFW to be sent to MPAC for investigation	CFO	Quarterly	Done

11	Unfunded budget should be part of the Emerging risk.	CRO	30 June 2023	Done
12	Invoices for water services to be sent to local municipalities.	CFO	Monthly	Not done POE to be verified

The progress on implementation of risk mitigations from the 2022/2023 Operational Risk Register as of 30 June 2023 is as follows:

- **55 %** risk mitigations were implemented
- **20 %** Risk mitigations were not done
- **15 %** risk mitigations were not yet due
- **10%** risk mitigations were behind schedule

The Operational Risk register should be aligned with the AG Action Plan for 2021/2022.

The details per department are as follows:

- Corporate Services, **100%** implemented, **0%** behind schedule
- Technical Services, **100%** implemented, **0%** behind schedule
- Planning and Development, **100%** implemented, **0%** behind schedule
- Budget and Treasury, **60%** implemented, **40%** behind schedule
- Community Services, **66%** implemented and **34%** behind schedule
- Water Services, **75%** implemented and **25%** behind schedule

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.

The 2022/2023 Anti-Fraud Prevention Plan was developed and approved by the Municipal Manager outlining key activities for the current financial year. Risk Management Unit has completed **96% (60 out of 62)** of activities, which in the approved 2022 /2023 Anti-Fraud Prevention Plan against a third quarter target of **75%**. The other **02** activities were not due during the quarter under review.

No	Activity	Responsibility	Due Date	Progress to date
1.	Include aspects of the Codes of Conduct and the Ethical Decision-	SMCS ADHR	30 June 2023	Done

	Making framework an integral part of all induction programmes			
2.	Publishing actions taken against people found guilty of fraud against the municipality as well as the results of disciplinary action taken in internal newsletter and local newspaper. (Names of people will not be published)	SMOEM	Quarterly	Not applicable There were no employees found guilty of fraud during the quarter.

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 2022/23 financial year.

2.9. BY-LAWS

By-laws Introduced during 2022/23					
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
Environment by-laws	New	YES	16/04/2022	YES	9/7/23
<i>*Note: See MSA section 13.</i>				T 2.9.1	

COMMENT ON BY-LAWS:

Only one by-law was formally gazetted. Out of the five by-laws targeted to be gazetted but only one was gazetted and the four were not submitted for public participation. The remaining by-laws will be submitted to council for public participation. 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. WEBSITE

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 (2021/22)	Yes	July
The annual report (2021/22) 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 2022/23	Yes	August
All long term borrowing contracts 2022/23	N/A	N/A
All supply chain management contracts above a prescribed value (give value) for 2022/23	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 2022/23	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 2022/23	N/A	N/A
All quartely reports tabled in the council in terms of section 52 (d) during 2022/23	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 2022/23 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 2022/23 financial year. The municipality appointed the Batho Pele Committee in the 2022/23 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 2023/24 financial year.

T2.10.1.1



CHAPTER - 3:

SERVICE DELIVERY PERFORMANCE

2022 - 2023

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 2022/23 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 m³ 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

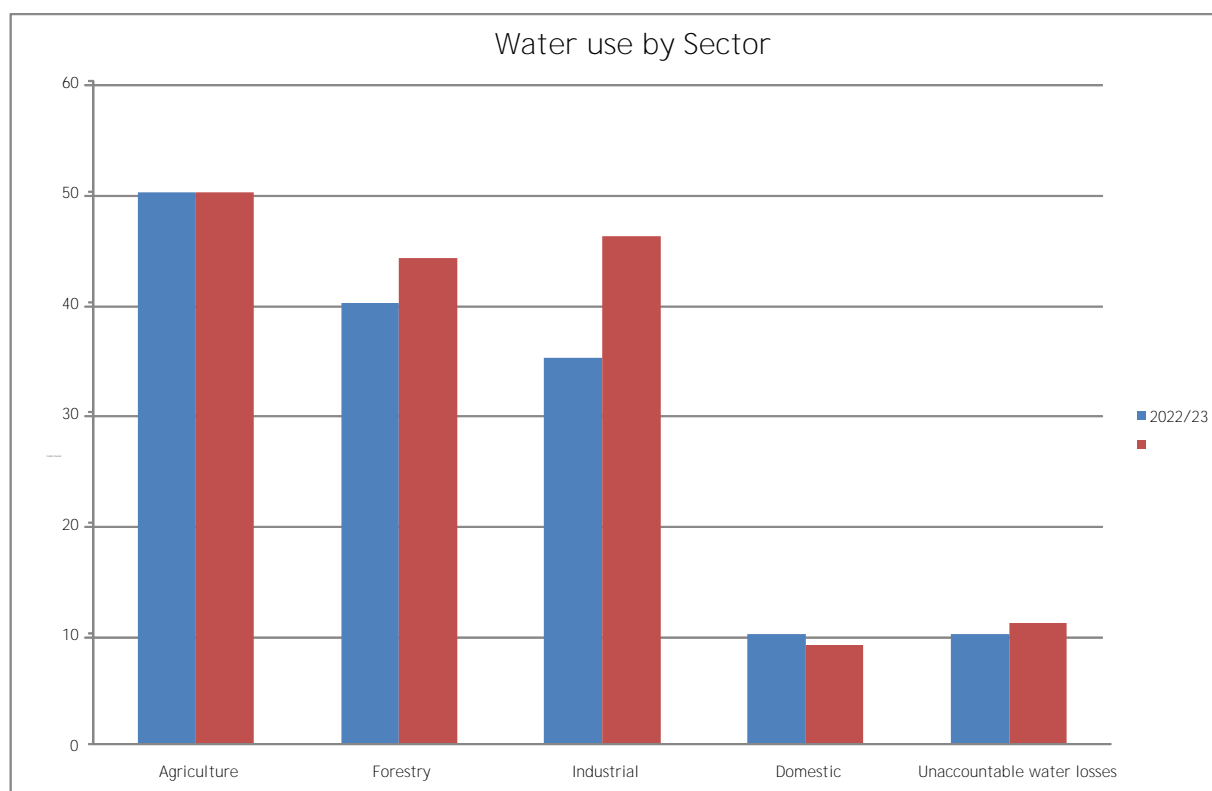
Ba-Phalaborwa municipality has adequate reticulation system, followed by Greater Tzaneen Municipality, Greater Letaba Municipality and then Greater Giyani Municipality. The limited availability of infrastructure in Greater Giyani is attributed to the fact that the villages in the Greater Giyani area 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 2022/23

Total use of water by sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2021/22	51 200	44 830	26 380	15 000	16 000
2022/23	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 2021/22 and 2022/23 remains relatively the same. Use in the Forestry and Industrial sector has increased in 2022/23 when compared to 2021/22. Water supply for domestic use has also increased in 2022/23 compared to 2021/22. 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.

Households				
Description	2019/20	2020/21	2021/22	2022/23
	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
Minimum service level and above percentage	72%	100%	100%	84.16%
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				
Total number of households*	287 599	262 987	265 290	296 319
To include informal settlements				T3.1.3

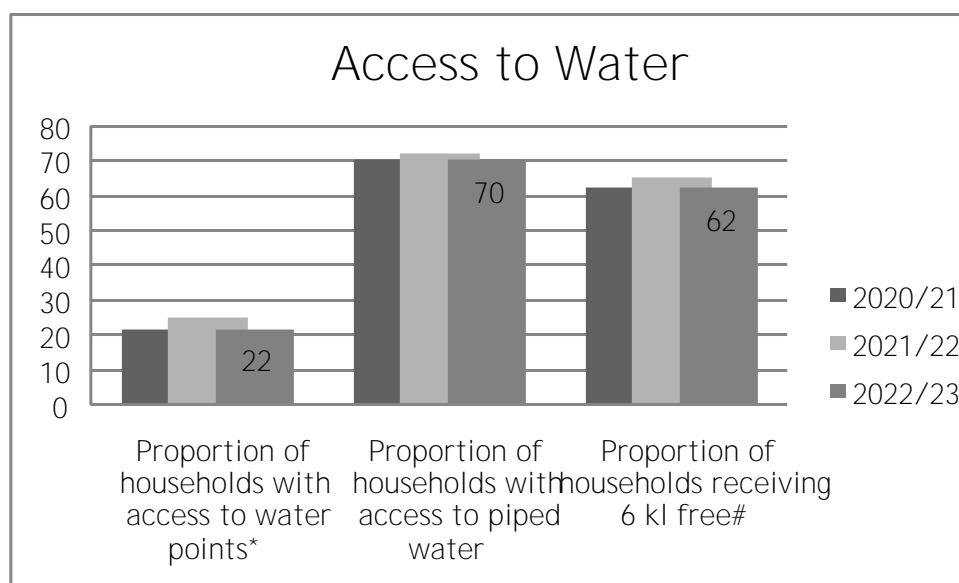
IDP 2022/23

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						Households
Description	2019/20	2020/21	2021/22	2021/22	2022/23	2022/23
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements	262 987	265 290	265 290	296 319	296 319	296 319
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						
Informal Settlements						
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 2022/23



* 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

Water service policy objectives taken from IDP									
Service Objectives Service indicators (i)	Outline service targets (ii)	2019/20		2020/21			2021/22	2022/23	
		Target	Actual	Target		Actual	Target		
		*previous year		*previous year	*current year		*current year	*current Year	*following year
		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(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 2022/23

3.2. WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

The municipality for 2022/23 financial year targeted to give 8430 Households with access to sanitation. The municipality managed to complete 4 902 units for sanitation. This was due to slow progress by the emerging contractors. The outstanding units will be rolled over to 2023/24 financial year.

Sanitation Service Delivery Levels				
Description	Households			
	2019/20	2020/21	2021/22	2022/23
	Outcome No.	Outcome No.	Outcome No.	Actual No.

<u>Sanitation/sewerage; (above minimum level)</u>	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.	83.6%	84%	84%	84%
Minimum service level and above percentage				
<u>Sanitation/sewerage; (below minimum level)</u>				
Bucket toilet	48 635	46 935	46 935	46 935
Other toilet provisions (below min service level)				
No toilet provisions				
	48 635	46 935	46 935	46 9 35
Below Minimum service level sub-total	16.4%	16%	16%	16%
Below Minimum service level percentage	296 319	296 319	296 319	296 319
Total Households				
*total number of households including informal settlements				
T3.2.3				

Households; Sanitation service delivery levels below the minimum						
Description	2019/20	2020/21	2021/22	2022/23		
	Actual	Actual	Actual	Original Budget	Adjustment Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements	296 319	296 319	296 319	16 700 000	16 700 000	1 075
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						
Informal Settlements	0	0	0	0	0	0
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						
T3.2.4						

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%.

PURPOSE AND INTENT OF BLUE DROP CERTIFICATION

The Blue Drop certification programme aims to improve South Africa's drinking water management by identifying and developing core competencies. It combines goodwill from municipalities, businesses, and government support programs to achieve excellence. The Blue Drop audit conducts incentive- and risk-based regulation, ensuring sustainable water services. The process aims to inspire disciplined people, thought, and action in the South African drinking water industry, fostering long-lasting greatness.

Department has developed and designed the following Key Performance Areas (KPA's) as IRIS Audit Scorecard – which were used or considered during Audit:

1. Capacity Management
2. Drinking Water Quality Risk Management
3. Financial Management
4. Technical Management
5. Drinking Water Quality Compliance.

Mopani District Municipality have 18 Water Supply Systems which went through the Blue Drop Certification assessment from the 18th – 20th January 2023. One of them is Drankensig which is the Water Treatment works in Hoedspruit which is managed by the Department of Public Works. The results highlight the need to appoint more Process Controllers and relative Supervisors and Technologists that will assist us to improve in Technical Management Skills and comply with Regulation R3630.

Table 1 below show - 2023 Blue Drop Summary:

Mopani District Municipality

Municipal Blue Drop Score		
Blue Drop Score 2023	%	56.13%
Blue Drop Score 2014	%	64.60%
Blue Drop Score 2012	%	79.21%
Blue Drop Score 2011	%	63.87%

Key Performance Area	Weight	Drakensig	Giyani	Greater Tzaneen	Letsitele
Bulk/WSP		Public Works LP	-	-	-
Capacity Management	15%	30.00%	72.00%	45.21%	52.00%
DWQ Risk Management	20%	0.00%	26.50%	69.57%	47.50%
Financial Management	10%	0.00%	80.00%	21.25%	9.25%
Technical Management	20%	0.00%	35.75%	29.12%	16.50%
DWQ Compliance	35%	53.80%	62.50%	85.00%	97.50%
Bonus	10%	5.00%	17.50%	78.82%	82.50%
Penalties	10%	6.00%	0.00%	0.00%	0.00%
Disqualifiers		None	None	None	None
Blue Drop Score 2023	%	23.83%	54.44%	64.31%	61.84%
Blue Drop Score 2014	%	26.09%	32.51%	77.39%	73.44%
Blue Drop Score 2012	%	NI	65.48%	95.10%	95.02%
Blue Drop Score 2011	%	NI	41.85%	95.08%	95.05%
System Design Capacity	kL/d	12 500	36 700	15 000	1 800
System Available Capacity	kL/d	12 500	36 700	15 000	1 800
System Input Value	kL/d	12 500	29 901	17 415	787
Capacity Utilisation	%	NI	81.47%	119.62%	43.72%
Average Daily Consumption	l/p/d	2 500	164	1 340	262
Resource Abstracted From		Mohlabetsi	Hudson Ntsanwisi	Groot Letaba	Groot Letaba
Microbiological Compliance	%	99.99%	99.99%	99.99%	99.99%
Chemical Health Compliance	%	99.99%	99.99%	99.99%	99.99%
Risk Defined Compliance	%	95.37%	94.65%	89.30%	100.00%
VROOM	Rand	-	R26 057 000	-	-
BDRR 2023	%	52.04%	47.32%	40.29%	14.99%
BDRR 2022	%	74.60%	33.70%	25.00%	18.70%

Key Performance Area	Weight	Mapuve	Middle Letaba	Modjadi	Nkambako
Bulk/WSP		-	-	-	-
Capacity Management	15%	62.00%	62.00%	70.00%	55.00%
DWQ Risk Management	20%	58.00%	58.00%	29.50%	58.00%
Financial Management	10%	74.00%	74.00%	80.00%	49.00%

Key Performance Area	Weight	Mapuve	Middle Letaba	Modjadi	Nkambako
Technical Management	20%	38.25%	35.25%	28.25%	52.25%
DWQ Compliance	35%	77.50%	69.00%	64.00%	65.00%
Bonus	10%	28.75%	25.00%	25.00%	16.25%
Penalties	10%	0.00%	0.00%	0.00%	0.00%
Disqualifiers		None	None	None	None
Blue Drop Score 2023	%	65.23%	61.38%	54.33%	59.17%
Blue Drop Score 2014	%	29.33%	32.40%	76.37%	32.19%
Blue Drop Score 2012	%	63.17%	66.18%	92.88%	67.39%
Blue Drop Score 2011	%	24.00%	48.38%	61.97%	27.33%
System Design Capacity	kL/d	4 000	36 000	12 000	12 000
System Available Capacity	kL/d	4 000	36 000	12 000	12 000
System Input Value	kL/d	2 549	22 900	7 506	4 513
Capacity Utilisation	%	NI	63.61%	62.56%	37.61%
Average Daily Consumption	l/p/d	150	191	250	56
Resource Abstracted From		Middel-Letaba	Middle Letaba	Molototsi	Groot Letaba
Microbiological Compliance	%	99.99%	99.99%	96.15%	99.99%
Chemical Health Compliance	%	99.99%	99.99%	99.99%	99.99%
Risk Defined Compliance	%	95.24%	96.00%	94.26%	90.63%
VROOM	Rand	-	-	-	-
BDRR 2023	%	41.67%	47.23%	43.61%	37.62%
BDRR 2022	%	73.30%	64.90%	32.00%	95.60%

Key Performance Area	Weight	Nkowankowa	Nondweni	Phalaborwa, Lulekani and Namakgale	Politsi and Modjadji Kloof
Bulk/WSP	-		-	Lepelle Northern Water	Lepelle Northern Water
Capacity Management	15%	69.00%	65.00%	79.20%	75.80%
DWQ Risk Management	20%	26.50%	55.50%	35.50%	44.00%
Financial Management	10%	74.00%	74.00%	37.05%	65.45%
Technical Management	20%	27.75%	27.75%	38.75%	41.75%
DWQ Compliance	35%	80.00%	68.00%	74.10%	72.40%
Bonus	10%	40.00%	37.50%	17.50%	12.50%
Penalties	10%	0.00%	0.00%	0.00%	0.00%
Disqualifiers	None		None	None	None
Blue Drop Score 2023	%	59.60%	60.41%	57.68%	61.34%
Blue Drop Score 2014	%	46.73%	46.73%	80.20%	76.21%
Blue Drop Score 2012	%	66.27%	66.27%	92.63%	92.88%
Blue Drop Score 2011	%	30.43%	30.43%	80.47%	68.55%

Key Performance Area	Weight	Nkowankowa	Nondweni	Phalaborwa, Lulekani and Namakgale	Politsi and Modjadji Kloof
System Design Capacity	kL/d	24 000	4 700	76 000	5 500
System Available Capacity	kL/d	24 000	4 700	76 000	5 500
System Input Value	kL/d	20 939	3 605	59 521	6 211
Capacity Utilisation	%	87.25%	76.70%	104.65%	121.02%
Average Daily Consumption	l/p/d	299	361	964	345
Resource Abstracted From		Groot Letaba	NI	Olifants River	Molototsi
Microbiological Compliance	%	99.99%	97.87%	99.52%	99.99%
Chemical Health Compliance	%	99.99%	99.99%	99.86%	99.25%
Risk Defined Compliance	%	99.16%	82.53%	98.02%	99.81%
VROOM	Rand	-	-	-	-
BDRR 2023	%	30.13%	45.26%	38.84%	31.31%

BDRR 2022	%	38.30%	56.60%	43.70%	32.00%
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Key Performance Area	Weight	Semarela	Thabina	Thapane	The Oaks
Bulk/WSP		-	-	-	-
Capacity Management	15%	55.00%	65.00%	65.00%	62.00%
DWQ Risk Management	20%	17.50%	57.00%	17.50%	12.00%
Financial Management	10%	74.00%	80.00%	80.00%	74.00%
Technical Management	20%	27.75%	35.25%	18.75%	18.75%
DWQ Compliance	35%	67.50%	65.00%	57.50%	35.50%
Bonus	10%	37.50%	40.00%	31.25%	25.00%
Penalties	10%	0.00%	0.00%	0.00%	0.00%
Disqualifiers		None	None	None	None
Blue Drop Score 2023	%	52.08%	61.95%	48.25%	37.78%
Blue Drop Score 2014	%	N/A	28.09%	38.27%	26.09%
Blue Drop Score 2012	%	N/A	64.41%	65.68%	N/A
Blue Drop Score 2011	%	N/A	7.75%	38.50%	N/A
System Design Capacity	kL/d	1 000	12 000	8 000	1 000
System Available Capacity	kL/d	1 000	12 000	8 000	1 000
System Input Value	kL/d	65	12 000	2 062	3 609
Capacity Utilisation	%	6.40%	NI	25.78%	360.90%
Average Daily Consumption	l/p/d	13	150	68	887
Resource Abstracted From		Semarela river	Thabina	Thapane River	Olifants
Microbiological Compliance	%	99.99%	99.99%	99.99%	92.86%
Chemical Health Compliance	%	99.99%	99.99%	99.99%	99.99%
Risk Defined Compliance	%	78.67%	83.33%	92.94%	75.71%
VROOM	Rand	-	-	-	-

Key Performance Area	Weight	Semarela	Thabina	Thapane	The Oaks
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BDRR 2023	%	36.20%	61.51%	27.60%	72.67%
BDRR 2022	%	33.30%	77.20%	28.20%	36.50%

Key Performance Area		Weight	Tours Water Supply System	Zava water supply system
Bulk/WSP			-	-
Capacity Management	15%		62.00%	62.00%
DWQ Risk Management	20%		24.00%	20.00%
Financial Management	10%		80.00%	80.00%
Technical Management	20%		35.25%	24.50%
DWQ Compliance	35%		62.50%	65.00%
Bonus	10%		12.50%	37.50%
Penalties	10%		0.00%	0.00%
Disqualifiers			None	None
Blue Drop Score 2023	%		51.96%	52.70%
Blue Drop Score 2014	%		36.91%	N/A
Blue Drop Score 2012	%		80.49%	N/A
Blue Drop Score 2011	%		29.55%	N/A
System Design Capacity	kL/d		9 000	300
System Available Capacity	kL/d		9 000	300
System Input Value	kL/d		8 325	156
Capacity Utilisation	%		92.50%	52.00%
Average Daily Consumption	l/p/d		167	75
Resource Abstracted From			Tours	Groot Letaba
Microbiological Compliance	%		99.99%	99.99%
Chemical Health Compliance	%		99.99%	99.99%
Risk Defined Compliance	%		89.80%	82.67%
VROOM	Rand		-	-
BDRR 2023	%		48.05%	39.88%
BDRR 2022	%		78.80%	75.40%

As outlined above, Drankensig achieved the Blue Drop Score of 23,85% which has a negative impact on Mopani Score in general. This is the 18th Water Supply System adding to the existing 17 that are managed by MDM and operated by Greater Tzaneen Municipality. The MDM

MDM will develop Blue Drop Correctional Action Plan as well as the Blue Drop Improvement Plan which will ensure the improvement from 56% to 95% Blue Drop Score during the next Audit (2025).

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 indigent 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 2021/22. 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.

2.11. LOCAL ECONOMIC DEVELOPMENT & TOURISM (MARKET PLACES)

2.11.1. 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 2022/23 through, among others, the quarterly sessions with LED practitioners in the form of HOD/Technical committees, LED Fora.

Successfully coordinated Youth Economic Indaba in 2022. 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	2018/19	2019/20	2020/21	2021/22	2022/23
Marula Festival	20	22	18	32	32
Agri –Expo	212	Postponed due to COVID -19	Diverted funds to SMME	118	118
Letaba Show	18	Wholesale Tour Replaced by	Diverted funds to SMME	26	34
Rand Show	11	04	Diverted funds to SMME	14	18
Tourism Indaba	05	Postponed due to COVID -19	Diverted funds to SMME	16	23

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 181 SMMEs.

On the job opportunities, we have created 2 800 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.
2020/21	4	4287
2021/22	4	2 806
2022/23	4	2 800
*-EPWP		T3.11.6

AREAS FOR IMPROVEMENT FOR EPWP

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

Moshupatsela Farm – 2022/23

- ❖ Finalizing the status quo on the infrastructure of the Farm & advertising for potential beneficiaries and strategic partners. The farm was not budgeted for the year under review.

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.

2.12. LIBRARIES : ARCHIVES: MUSEUMS; GALLERIES; COMMUNITY FACILITIES

This component is not applicable to the district.

2.13. CEMETORIES AND CREMATORIUS

This component is not applicable to the district.

2.14. 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 costal protection.

2.15. 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 (108) 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.

2.16. 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

- a) Food Quality Monitoring-Conduction inspection to formal and informal premises. Taking food samples for bacteriological analysis
- b) Water Quality Monitoring-Taking water samples for bacteriological and chemical analysis

2.17. CLINICS

This component is not applicable to the district.

2.18. AMBULANCES

This component is not applicable to the district.

2.19. 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

2.20. POLICE

This component is not applicable to the district.

2.21. 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.

FIRE AND RESCUE SERVICES

Programmes	TZANEEN	M/SKLOOF	GIYANI	PHB	MARULENG	TOTAL
Special Events	10	4	5	10	2	31
Veld & Forest fires	101	31	21	114	30	297
Building fires	59	38	52	50	11	210
Rescue services	145	75	103	123	67	513
Vehicle fires	23	8	10	8	7	56
Industrial fires	1	2		1	2	6
Special services	39	16	22	7	2	86
Humanitarian services	2					2
Hazmat	2					2
Diving						
Sawmills fires						
Electrical Fire	5		1	3	1	10
Total KM Traveled	31879	33041	25910	35151	28162	154143

Calls received	387	174	214	316	122	1213
Patients Injured						
Injuries with threatening death P1	22	5	33	38	15	113
Serious injuries P2	86	27	63	37	35	248
Minor injuries P3	315	107	175	253	89	939
Deceased P4	29	28	16	32	29	134
TOTAL	452	167	287	360	168	1434

FIRE PREVENTION

	TZANEEN	M/SKLOOF	GIYANI	PHB	MARULENG	TOTAL
Group Inspections	4	6	10		18	38
Fire Breaks			53			53
Flammable Transport Permits	1			11		12
Flammable Liquid Permits	1	1		12	1	15
Flammable Liquid inspections	43		80	7	32	162
Hydrants	17	4	62		165	247
Approval Of Building Plans	124	38			28	190
Fire Investigations					3	3
Occupancy Certificate Inspection	3					3
Training / workshop/conference	2					2
Group Visits /Schools Children	7			3	2	12
Demonstration / Awareness	17	6	6	21	6	56
Routine Inspections	68	76	331	292	1252	2019
Compliance certificate				3		3
Site meetings and inspection	531	12	3	11	8	565
Fitness of building	4	2		13	1	20
Flammable liquid store	1			5		6
Flammable gas certificate				3		3
Spray booth	1			1		2
Fireworks explosives				2		2

Incident Response Times:

- During the day the first vehicle must respond within three minutes of receiving an emergency call.
- During the evening the first turnout crew responds within five minutes after receiving an emergency call.

ENVIRONMENTAL MANAGEMENT

Atmospheric Emission Licences (AELs)

The municipality ensures protection of the air by regulating industries whose processes result in emissions to the atmosphere, through the issuing and management of Atmospheric Emission Licences (AELs). AELs are issued in accordance with the provisions that are set out in the National Environmental Management: Air Quality Act, 39 of 2004.

The following AELs have been issued during the financial year:

No.	Facility	Facility Type	Issue Date	Validity period
------------	-----------------	----------------------	-------------------	------------------------

1.	Idwala Magnetite	Magnetite Beneficiation	11 April 2023	1 year
2.	Foskor Zirconia	Production of monoclinic and calcium stabilized zirconia	28 March 2023	1 year
3.	Diggersrest Timber Company	Timber Treatment and sawmill	08 March 2023	5 years
4.	Khulani Timber Industries	Timber Treatment	18 January 2023	5 years
5.	Tzaneng Treated Timber	Timber Treatment	21 December 2022	5 years
6.	PetroSA	Fuel depot	30 November 2022	5 years
7.	Foskor	Mining and drying of phosphate	14 November 2022	4 years 4 months
8.	Bushvalley Chickens	Chicken Abattoir	31 October 2022	1 year
9.	Masorini Iron Beneficiation	Magnetite Beneficiation	19 August 2022	1 year, pending commission
10.	KBH Industrial	Magnetite Beneficiation	19 August 2022	1 year, pending commission

Municipal Health

- 55 building plans were approved.
- 11 (Certificates of fitness (COF) certificate was issued.
- 44 253kg and 44 253L of foodstuffs condemned.

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.*

2.22. 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.

Giyani Municipality	Village	Incident	Blankets	Matrasses	Tents	Date
	Nwamankena Mavalani	House fire	22	08		04 August 2022
	Nkuri	House fire	3	3		24 October 2022
	Xikukwana	House fire	4	3		24 October 2022
	Mageva	House fire	2	2		16 November 2022
	Mavalane	House fire	2	2		16 November 2022
	Ngove	House fire	4	4		6 December 2022
	Homu	House fire	3	2		6 December 2022
	Mavalane	House fire	6	2		30 January 2023
	Muyexe	House fire	03	03		09 March 2023
	Homu 14 C	House crashed by car	10	05	01	24 March 2023
	Mphatlo 6, Nkuri 4, Gawula 5	Flooding	30	15		11 April 2023
	Homo 14A	House fire, two roomed	08	04		29 May 2023
	Giyani section f	House fire, 10 roomed house.	18	09		29 May 2023
Total			59	62	01	
Greater Tzaneen Request	Mokgoloboto	House fire	11	4		14 October 2022
			20		05	05 November 2022
	Mokgoloboto	House fire	11	0	5	07 December 2022
	Musiphane	House fire	8	5	1	24 December 2022
	Mokgoloboto	House fire	10	5	6	16 February 2023
	Serarare, Mohlalareng	House fire	--	--	05	08 March 2023
	Nyakelani, Mawa block 8 and Mobje	House fire			05	13 April 2023
	Malobane	House fire			02	17 April 2023
Total			60	14	29	
Greater Letaba						
	Shotong	House fire	10	03		23 July 2022
	Shotong	House fire	05	03		27 July 2022
	Roerfontein	House fire	20	10	02	20 July 2022
	Makgagapatse	House fire	04	02	01	22 September 2022
	Femane	House fire	8	4		12 January 2023
	Roerfontein	House fire	6	3	01	30 March 2023
Total			53	25	03	
Ba-Phalaborwa	Majeje Namakagale zone 8 Makhusane	House fire	15	5		31 January 2023

Giyani Municipality	Village	Incident	Blankets	Matrasses	Tents	Date
	Ninakhulu					
Total			15	05		
Maruleng	Moshate	House fire			02	15 April 2023
Total					02	
GRAND TOTAL FOR THE DISTRICT		28 Incidents	187	106	35	

(a) STATUS AND RESULTS OF RISK ASSESSMENTS UNDERTAKEN DURING THE PERIOD 1 JULY 2022 TO 30 JUNE 2023

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.

(b) 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)

COMPONENT H: SPORTS AND RECREATION

2.23. SPORT AND RECREATION

This component is not applicable to the district.

COMPONENT I: EXECUTIVE AND COUNCIL

2.24. 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.

2.25. 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			2022/23	
	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 - B							
Water - C	274 431	17,70	224 982	39 815	17,70	212 962	0
Sanitation	34 395	24,,,41	38 322	589 195	24,,,41	26 297	0
Other	499 675	100	4 668 672	30	100		
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							

2.26. 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.

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

an Resource Services Policy objectives taken from IDP									
Service Objectives 									

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.

2.27. 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.

2.28. PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Property; legal; Risk Management and Procurement Services Policy objectives taken from IDP									
Service Objectives	Outline service targets	2019/20		2020/21		2021/22	2022/23		
		Target	Actual	Target		Actual	Target		
		*Previous year		*Previous year	*Current year		*Current year	*Current year	*following year
		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service indicators	(i)								
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 management and tabled to Council ytd	1	1	1	1	1	1	1	1	1
Fraud prevention Strategy updated and approved by council ytd	1	1	1	1	1	1	1	1	1
T3.73.3									

Source: APR 2022/23

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 2022/23
FINANCIAL YEAR**

MOPANI DISTRICT MUNICIPALITY



2022-2023

ANNUAL PERFORMANCE REPORT

JULY 2022- JUNE 2023

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SUMMARY OF KPAs, GOALS AND STRATEGIC OBJECTIVES

KPA	GOAL	STRATEGIC OBJECTIVE
Municipal Transformation and Organisational Development	Efficient, effective and capable workforce	To inculcate entrepreneurial and intellectual capabilities.
	A learning institution	To strengthen record keeping & knowledge management
Basic Service Delivery	Sustainable infrastructure development and maintenance	To accelerate sustainable infrastructure and maintenance in all sectors of development.
	Clean, safe and hygienic environment, water and sanitation services.	To have integrated infrastructure development.
	Safe, healthy living environment	To improve community safety, health and social well-being
Local Economic Development	Growing economy (through agriculture, mining, tourism and manufacturing).	To promote economic sectors of the District
Spatial Rationale	Sustainable, optimal, harmonious and integrated land development	To have efficient, effective, economic and integrated use of land space.
Financial Viability	Reduced financial dependency and provision of sound financial management	To increase revenue generation and implement financial control systems
Good Governance and Public Participation	Democratic society and sound governance	To promote democracy and sound governance

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 2022/23 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 on the 31st of March 2023. 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 2022/23. The Annual Performance Report is an important tool that assist us to account to the people of this Mopani District Municipality (MDM) on the performance level achieved against the targets which we have agreed to through the IDP and SDBIP.

As we take forward the work in the context of our programme of building better communities together with our people, there are areas where we have met the targets, but there are also areas of under-performance. The Annual Performance Report is a true reflection of the journey travelled thus far, especially as we reflect on the work of the fifth council in the last twelve months. When accepting the responsibility to serve our people, we did make a solemn pledge to spare no effort in trying to reduce the backlog on water provision in the district. We are able to report to the people of Mopani District Municipality that we have indeed moved some meters in our programme of improving the quality of our people's lives through water infrastructure provision. More and more of our people now have access to water closer to where they reside.

We are recording milestones in the Giyani Water Project. The water from Nandoni has finally reached the Giyani Water Works. We have started with work to refurbish the Giyani Water Works. But most importantly, we are closer to our communities as we continue to implement the water reticulation projects to at least 24 villages as part of the 1st phase of this project. The next phase will target additional 31 villages. Many of our SMMEs are benefiting from this water infrastructure projects, therefore enhancing our sustained efforts of fighting hunger in communities.

We have been to the Tours Water Project, and we have seen our people benefiting from the project. Our people in Mogapeng now have water in their yards through this project, and many more of our communities across the district now have piped water in their yards. In providing sanitation to our people, we have also reached out to more of our communities through the rural household sanitation (VIP toilets) programme. We have succeeded in spending 100% of the allocated MIG funding on infrastructure projects.

We are still battling the aftermath of the covid-19 pandemic. However, we continue to support and promote the economic sectors in the district in order to grow the economy, focusing in the main on agriculture, mining, tourism and manufacturing. Our vision remains that of being the food basket of Southern Africa and the tourism destination of choice.

We have continued with the Pop-up Market campaigns in partnership with the Small Enterprise Development Agency (SEDA). 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. We worked with the provincial government to support SMMEs at exhibitions expos such as the Durban Indaba and the Rand Easter Show.

We continue to perform very well as a District Municipality on the Expanded Public Works Programme, which is a key programme in providing temporary income relief to our people.

Through the support of our structures at local level, we have been able to spend 100% of the EPWP grant.

We have signed a Memorandum of Understanding (MOU) with the Water Research Commission (WRC) which is aimed at enhancing climate resilience. And because we are a water scarce district, through this partnership, the WRC will assist our farmers with the use of science, innovation and technology to plant using less water.

We have a responsibility as a democratic local government to promote democracy and sound governance. We still have a stable council with functional committees, and continue to engage with all stakeholders within the Intergovernmental Relations (IGR) framework. We conclude the 2022/23 financial year with a full complement of the senior management team.

Mopani District Municipality is still on a disclaimer audit opinion. We take collective responsibility for this disclaimer audit opinion. However, we want to assure our people that we are going to change the outlook. We know where the problems are, and our preoccupation in the past months was to zoom in and address the challenges that led to the disclaimer audit opinion.

The Provincial Government has agreed to support our work through Section 154 of the Constitution, but most importantly is the work initiated at the level of council through the support from council, and in particular the Municipal Public Accounts Committee. We have continued with the investigations of unauthorized, irregular, fruitless and wasteful expenditures dating back more than a decade ago.

It is in that spirit that we will continue to embrace the work of Council oversight committees, in particular the Municipal Public Accounts Committee, which is empowered by other legislations including the Municipal Finance Management Act No 56 of 2003, sections 33 and 79 of the Municipal Structures Act as well as the Municipal Systems Act.

We have adopted the Auditor General South Africa's (AGSA) action plan, but we are also working on the action plan from the internal audit unit. Our efforts, in the main are aimed at correcting the misstatements highlighted by the AGSA in the last report, and ultimately we should be able to have an accurate opening balance in the 2022/23 annual financial statement.

We have had calm and labour peace in the Municipality, and we credit this to the leadership of organized labour who have so far shown great maturity when dealing with issues affecting employees, particularly at the level of the local labour forum.

We have an obligation to provide sound financial management and to reduce financial dependency on grants. And to achieve this, we have to increase revenue generation and implement financial control systems. To that extent, we are implementing the revenue enhancement strategy.

We have during the 2022/23 started with work of installing the water consumption meters – this as we prepare to bill and collect revenue direct from water consumers. This will be a targeted approach, starting with big businesses. We have appointed meter readers in all our five local municipalities in preparation of this work.

As we reflect on the journey of the last twelve months, we wish to take this opportunity to register our profound gratitude to our people for the continued support. Let's continue to build better communities together.

CLLR P.J SHAYI
EXECUTIVE MAYOR

2022/2023 ANNUAL PERFORMANCE REPORT

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 2022/23 Approved Service Delivery and Budget Implementation Plan was approved by the Executive Mayor, Cllr. PJ Shai on the 20th of June 2022 and it captured the performance targets of the municipality for the year under review. The 2022/23 Approved SDBIP gave effect to the 2022/23 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 2022/23 Approved SDBIP was reviewed and submitted to Council for approval on the 31st March 2023. Council noted the adjusted SDBIP through a Council Resolution.

The SDBIP was adjusted during March after considering section 72 report. The 2022/23 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 2023/24 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 2023. 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 for the year under review, quarterly reports were compiled and adopted by council. For 2022/23 Financial the municipal manager was appointed in the 1st of June 2022. The position of Senior Manager Corporate & Shared Services was finally filled in during the month of May 2022 after the passing of the previous incumbent. Ms Lethabo Nkwane was appointed by council to act as the Chief Financial for the period seven months. Senior managers for Community services and

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 1850 Households in Mopani District which improved the lives of the people in Mopani. The municipality managed to give 4284 households access to sanitation in all five local municipalities. In all the five locals municipalities, the municipality managed to gravel 2454 kilometres of roads in the year under

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 2864 job opportunities within the District through municipal capital projects and EPWP. The municipality supported 128 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 2022/23 budget in May 2023 as per legislation. 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, FMG and MIG budget. The municipality did not fulfil its obligation of preparing and submitting the annual financial statements within the stipulated timeframe of the 31st of August 2022 and the audit which also contributed to the Disclaimer audit opinion. The municipality failed to compile quarterly financial statements due to capacity issues. The under performance was due to poor revenue collection (municipalities not transferring as per the WSP agreement) and long outstanding debts from government institutions and businesses. The Development of quarterly financial statements still a challenge. Invoices were not paid within the 30 days period as per the legislation.

The municipality should as a corrective and improvement measure, enter into agreements with the local municipalities, Businesses & Government Institutions on the long outstanding debts. The Municipality should work towards having a credible and funded budget with realistic and proper financial projections that are achievable. Preparation of quarterly financial statements must be prioritised so as to ensure that the municipality ready itself for audit and reconciliation is done on a monthly basis.

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 2022/23 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 competing activities. Various mandatory structures such as Local Labour Forum, Municipal Public Accounts Committee and Portfolio committees were established and functional. Municipal resolutions not prioritised for fully implementation (Internal Audit, Auditor General Findings, Strategic Risk Issues, Audit Committee resolutions, LLF resolutions, Portfolio resolutions and IGR resolutions). All municipal resolutions should be standing items in all portfolio committees for proper monitoring and tracking of progress.

Key Challenges for the 2022/23 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;
- Internal Audit and Auditor General finding were not fully implemented;
- Audit Committee, Portfolio Committee and Council resolutions were not fully implemented;
- 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 2022/23 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	25	25	20	5	80%
Basic ServiceDelivery	8	8	4	4	50%
Local Economic Development	7	7	7	0	100%
Municipal Finance Management Viability	26	26	16	10	62%
Spatial Rationale	7	7	3	4	43%
Good Governance and Public Participation	32	31	23	8	74%
	105	104	73	31	70%
Overall % =					70%
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	3	3	1	2	33%
Basic ServiceDelivery	24	24	6	18	25%
Local Economic Development	0	0	0	0	0%
Municipal Finance Management Viability	1	1	1	0	100%
Spatial Rationale	0	0	0	0	0%
Good Governance and Public Participation	0	0	0	0	0%
	28	28	8	20	29%
Overall % =					29%
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	28	28	21	7	75%
Basic ServiceDelivery	32	32	10	22	31%
Local Economic Development	7	7	7	0	100%
Municipal Finance Management Viability	27	27	17	10	63%
Spatial Rationale	7	7	3	4	43%
Good Governance and Public Participation	32	31	23	8	74%
	133	132	81	51	61%
Overall % =					61%

The **39%** under performance was due to poor revenue collection (municipalities not transferring as per the WSP agreement) and long outstanding debts from government institutions and businesses. Municipal resolutions not prioritised for fully implementation (Internal Audit, Auditor General Findings, Strategic Risk Issues, Audit Committee resolutions, LLF resolutions, Portfolio resolutions and IGR resolutions). Projects targeted for completion in the 2022/23 Financial Year not completed 22% (4 out of 23) which was due to delay in appointment of Contractors. The municipality did not fully spend on the Grants allocated for in the year under review (RBIG 70%, WSIG- 63% & RRAMS- 75%). This has a negative impact on budget allocated for service delivery, which may lead to the conditional grant being re-allocated and reduced for the municipality. Due to financial constraints the municipality could not implement own funded projects budgeted for in the current financial year. Development of quarterly financial statements still a challenge. Disciplinary cases were not resolved within 90 days and by-laws targeted for in the year under review not gazetted and invoices are not paid within the 30 days period as per the legislation.

The municipality must develop an acceleration plan for contractors in the implementation of projects. Forward planning should be implemented which will result in appointment of service providers prior to the financial year. The District should enter into agreements with the local municipalities, Businesses & Government Institutions on the long outstanding debts. The Municipality should work towards having a credible and funded budget with realistic and proper financial projections that are achievable. All municipal resolutions should be standing items in all portfolio committees for proper monitoring and tracking of progress. Preparation of quarterly financial statements must be prioritised so as to ensure that the municipality ready itself for audit and reconciliation is done on a monthly basis.

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)																
Vote Nr	Top Layer KPI Ref	KPA	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline (30/06/2022)	Annual Target (30/06/2023)	Budget 2022/23	Annual Actual Performance Report	Challenges	Corrective Measures	Results	KPI Owner	Evidence required
	TLM TOD_01	Municipal Transformation & Organisational Development	To inculcate entrepreneurial and intellectual capabilities	Human Resource Management	To ensure that the reviewed organizational structure is approved by council by 30 May 2023	Council approve the Organisational structure	Number	1	1	Operational	1	None	None	Target Achieved	Senior Manager Corporate	Council Resolution
	TLMT OD_02	Municipal Transformation & Organisational Development	To inculcate entrepreneurial and intellectual capabilities	Human Resource Management	Reducing the vacancy rate within the financial year	# of vacant positions filled	Number	61	20	Operational	83	None	None	Target Achieved	Director Corporate	Appointment letters
	TLMT OD_03	Municipal Transformation & Organisational Development	To inculcate entrepreneurial and intellectual capabilities	Human Resource Management	To monitor the review of policies within a financial year	# Policies reviewed within the financial year	Number	21	15	Operational	15	None	None	Target Achieved	Director Corporate	Council Resolution
	TLMT OD_04	Municipal Transformation & Organisational Development	To promote democracy and sound governance	Labour Relations	To promote fair labour practice	% of disciplinary cases resolved by end of each year	%	75	100%	Operational	20%	only case was finalised in the year review, other cases postponed cases were postponed due to the bereavement of the representative 1/5	Ensure that all cases are finalised within 90 days	Target not Achieved	Director Corporate	Disciplinary cases reports
	TLMT OD_05	Municipal Transformation & Organisational Development	To promote democracy and sound governance	Human Resource Management	To inculcate personnel capabilities	# of Work Skills Plan submitted to SETA by June each year	Number	1	1	Operational	1	None	None	Target Achieved	Director Corporate	Proof of submission
	TLMT OD_06	Municipal Transformation & Organisational Development	To promote democracy and sound governance	IDP	Approval of the IDP/Budget/PMS process plan by 31 July 2023	Council approve IDP/Budget/ PMS Process Plan	Number	1	1	Operational	1	None	None	Target Achieved	Municipal Manager	Council resolution
	TLMT OD_07	Municipal Transformation & Organisational Development	To promote democracy and sound governance	IDP	Approval of the Draft 2023/24 IDP by 31 March 2023	Council approve IDP within financial year	Number	1	1	Operational	1	None	None	Target Achieved	Municipal Manager	Council resolution
	TLMT OD_08	Municipal Transformation & Organisational Development	To promote democracy and sound governance	IDP	Approval of the Final 2023/24 IDP by 31 May 2023	Council approve IDP within financial year	Number	1	1	Operational	1	None	None	Target Achieved	Municipal Manager	Council resolution

Vote Nr	Top Layer KPI Ref	KPA	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline (30/06/2022)	Annual Target (30/06/2023)	Budget 2022/23	Annual Actual Performane Report	Challenges	Corrective Measures	Results	KPI Owner	Evidence required
	TLMT OD_09	Municipal Transformation & Organisational Development	To promote democracy and sound governance	PMS	Approval of the Final 2023/24 SDBIP within 28 days after approval of the IDP & Budget within the financial year	Mayor Approve SDBIP within 28 days after adoption of the Budget and IDP	Number	1	1	Operational	1	None	None	Target Achieved	Municipal Manager	Signed SDBIP by the Executive Mayor
	TLMT OD_10	Municipal Transformation & Organisational Development	To promote democracy and sound governance	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	Target Achieved	Municipal Manager	Council resolution
	TLMT OD_11	Municipal Transformation & Organisational Development	To promote democracy and sound governance	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	Target Achieved	Municipal Manager	Council resolution
	TLMT OD_12	Municipal Transformation & Organisational Development	To promote democracy and sound governance	PMS	To ensure that S54 & 56 Managers sign the performance agreements within 30 days after adoption of the final SDBIP	Signed Performance Agreements by all S54A & 56 Managers	%	100%	100%	Operational	100%	None	None	Target Achieved	Municipal Manager	Signed Performance Agreements for Sec 54 & 56 Managers
	TLMT OD_13	Municipal Transformation & Organisational Development	To promote democracy and sound governance	PMS	To ensure quartely assessments for S54 & 56 Managers is conducted within the financial year	# of performance assessments conducted for Sec 54A & 56 Managers	Number	1	2	Operational	0	Unavailability of key stakeholders	Schedule a date for the assessments in the 1st Quarter of the 23/24 Financial year	Target not Achieved	Municipal Manager	Performance Assessments report
	TLMT OD_14	Municipal Transformation & Organisational Development	To promote democracy and sound governance	PMS	To ensure municipal reporting and compliance within the financial year	Submit Annual Institutional Performance report to CoGHSTA, AG Provincial Treasury by 31 August each year	Number	1	1	Operational	1	None	None	Target Achieved	Municipal Manager	Dated proof of submission to CoGHSTA,AG , Provincial Treasury .
	TLMT OD_15	Municipal Transformation & Organisational Development	To promote democracy and sound governance	PMS	To ensure municipal reporting and compliance within the financial year	Submit Mid-Year report to CoGHSTA, Provincial Treasury by 25 January each year	Number	1	1	Operational	1	None	None	Target Achieved	Municipal Manager	Dated proof of submission to CoGHSTA
	TLMT OD_16	Municipal Transformation & Organisational Development	To promote democracy and sound governance	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	Target Achieved	Municipal Manager	Council resolution

Vote Nr	Top Layer KPI Ref	KPA	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline (30/06/2022)	Annual Target (30/06/2023)	Budget 2022/23	Annual Actual Performance Report	Challenges	Corrective Measures	Results	KPI Owner	Evidence required
	TLMT OD_1 7	Municipal Transformation & Organisational Development	To promote democracy and sound governance	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	1	1	Operational	1	None	None	Target Achieved	Municipal Manager	Council resolution
	TLMT OD_1 8	Municipal Transformation & Organisational Development	To promote democracy and sound governance	PMS	To ensure municipal reporting and compliance within the financial year	# of Oversight report published in the website after 7 days of adoption	Number	1	1	Operational	1	None	None	Target Achieved	Municipal Manager	Website screenshots of the report
	TLMT OD_1 9	Municipal Transformation & Organisational Development	To promote democracy and sound governance	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	Target Achieved	Municipal Manager	Council resolution
	TLMT OD_2 0	Municipal Transformation & Organisational Development	To promote democracy and sound governance	Legal Services	To improve effeience and effectiveness of municipal administration within the financial year	% Signed Service Level Agreements within 30 days after the appointment of Service Providers	Percentage, (# of SLA s developed/ # of Appointment s made)	100%	100%	Operational	100%	None	None	Target Achieved	Municipal Manager	Dated signed Service Level Agreements
	TLMT OD_2 1	Municipal Transformation & Organisational Development	To promote democracy and sound governance	Internal Audit	Functionality of Audit within the financial year	Develop Auditor General action plan for current financial year	Number	1	1	Operational	1	None	None	Target Achieved	Municipal Manager	Council resolution/A ction plan
	TLMT OD_2 2	Municipal Transformation & Organisational Development	To promote democracy and sound governance	Risk managem ent	To ensure effective implementation of risk mitigations actions 30 June 2023	# of Risk reports submitted to Audit Committee	Number	4	4	Operational	4	None	None	Target Achieved	Municipal Manager	Quartely risk reports
	TLMT OD_2 3	Municipal Transformation & Organisational Development	To promote democracy and sound governance	Internal Audit	To attain Clean Audit by ensuring compliance to all governance; financial management and reporting requirements by 30 June 2023	% of internal audit findings implemented	Percentage, (# of Internal Audit issues resolved / # of issues raised)	59%	100%	Operational	72%	Slow implementation by directorates	Enforce Internal Audit through management meetings	Target not Achieved	Municipal Manager	Resolved & updated AG Action Plan
	TLMT OD_2 4	Municipal Transformation & Organisational Development	To promote democracy and sound governance	Internal Audit	To attain Clean Audit by ensuring compliance to all governance; financial management and reporting requirements by 30 June 2023	% of AG issues resolved	Percentage, (# of Auditor General issues resolved / # of issues	52%	100%	Operational	57%	Slow implementation by directorates	Prioritization by departments and standing item in all management meetings	Target not Achieved	Municipal Manager	Resolved AG issues and POE 's submitted

Vote Nr	Top Layer KPI Ref	KPA	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline (30/06/2022)	Annual Target (30/06/2023)	Budget 2022/23	Annual Actual Performane Report	Challenges	Corrective Measures	Results	KPI Owner	Evidence required
	TLMT OD_25	Municipal Transformation & Organisational Development	To promote democracy and sound governance	Risk management	To ensure effective implementation of risk mitigations actions 30 June 2023	% of Risk issues resolved	Percentage, (# Risk issues implemented / resolved / # of risks identified)	90%	100%	Operational	72%	Slow implementation by directorates	Prioritization by departments and standing item in all management meetings	Target not Achieved	Municipal Manager	Resolved Risk issues and POE submitted

KPA 2 : BASIC SERVICE DELIVERY INDICATORS															
OUTPUT 2: IMPROVING ACCESS TO BASIC SERVICES															
Vote Nr	Top Layer KPI Ref	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline (30/06/2022)	Annual Target (30/06/2023)	Budget 2022/23	Annual Actual Performane Report	Challenges	Corrective Measures	Results	KPI Owner	Evidence requires
	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	Target Achieved	Senior Manager Technical	Approved MIG Implementation Plan
	TLBS D 02	Sustainable Infrastructure development and maintenance	Water	To have integrated infrastructure development	Development of the waste water risk abatement plan by 30 June 2023	Number	1	1	Operational	0	Limited budget	Rebudget in the new financial year	Target not Achieved	Senior Manager Water	Council resolution/ Plan
	TLBS D03	To improve community safety, health & wellbeing	Fire	To ensure Clean, safe and hygienic environment, water and sanitation	Development of District fire Plan by 30 June 2023	Number	0	1	Operational	1	None	None	Target Achieved	Senior Manager Community	Council resolution
	TLBS D04	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	10	Reported zero expenditure due to withholding of funds by the Treasury	Ensure compliance with MFMA	Target not Achieved	Senior Manager Technical	MIS screenshots (website screenshots)
	TLBS D05	Sustainable Infrastructure development and	MIG	To have integrated infrastructure development	# of by-laws gazetted by 30 June 2023	Number	2	5	Operational	0	Objections were raised during public participation	Finalise liasing with the community and submit to council for approval	Target not Achieved	Municipal Manager	Council resolution
	TLBS D06	Clean, safe and hygienic environment, water and sanitation services	Water	To ensure provision of basic services	# of HH with access to water	Number	6 446	6 000	Operational	1 355	Late appointment of contractors on key projects. Slow progress on site. Delays in electrification of Projects by ESKOM to ensure completion.	Turnaround strategy was developed and is closely monitored. Sub contractors appointed to assist struggling contractors with execution of projects. Ongoing engagements	Target not Achieved	Senior Manager Water	Technical report / Progress report

	TLBS D07	Clean, safe and hygienic environment, water and sanitation services	Sanitation	To ensure provision of basic services	# of HH with access to sanitation	Number	1 075	5 461	Operational	4 902	Slow progress of works on site. Late finalization of beneficiary list by local municipalities.	Development of an acceleration plan to fastrack progress	Target not Achieved	Senior Manager Technical	Completion Certificates / Happy letters
	TLBS D08	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)	12 694	2000km	Operational	2107.49km	None	None	Target Achieved	Senior Manager Technical	Monthly grading reports

KPA 3 : LOCAL ECONOMIC DEVELOPMENT																
KEY PERFORMANCE INDICATORS																
OUTCOME 9: IMPLEMENTATION OF THE COMMUNITY WORK PROGRAMME																
Vote Nr	Top Layer KPI Ref	Dept KPI Ref	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline (30/06/2022)	Annual Target (30/06/2023)	Budget 2022/23	Annual Actual Performance Report	Challenges	Corrective Measures	Results	Responsible Person	Evidence requires
	TLL ED_01		To improve community safety, health and social well-being	LED	To ensure sustainable livelihoods within the district	# of jobs created through EPWP	Number	2 806	2 786	Operationa l	2 800	None	None	Target Achieved	Senior Manager Planning	Proof of jobs created
	TLL ED_02		To promote economic sectors of the district	LED	To promote economic sector of the district	# of SEDA trainings conducted	Number	4	4	Operationa l	6	None	None	Target Achieved	Senior Manager Planning	Register/ Training manual
	TLL ED_03	PRC _18	To promote economic sectors of the district	LED	To ensure Promotion of local economy within the	# of SMME supported through LED	Number	198	100	Operationa l	181	None	None	Target Achieved	Senior Manager Planning	Proof for SMME s supporte
	TLL ED_04		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	4	4	Operationa l	4	None	None	Target Achieved	Senior Manager Planning	EPWP reports/ Council resolutio n
	TLL ED_05	PRC _20	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	Operationa l	3	None	None	Target Achieved	Senior Manager Planning	Agenda, Minutes & Attendan ce register
	TLL ED_06		To promote economic sectors of the district	LED	To Coorinate the Exhibition pavilion for emerging local SMMEs in	# of Marketing Initiated coordinated	Number	8	2	Operationa l	2	None	None	Target Achieved	Senior Manager Planning	proof for Marketin g initiated

	TITLE D - 07		To promote economic sectors of the district	Tourism	To promote tourism sector in the District	# of Tourism (INDABA) Engagements coordinated in the District	Number	New	1	Operationa l	1	None	None	Target Achieved	Senior Manager Planning	Attendac e register /Exhibiti on
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Vote Nr	Top Layer KPI Ref	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline (30/06/2022)	Annual Target (30/06/2023)	Budget 2022/23	Annual Actual Performance Report	Challenges	Corrective Measures	Results	KPI Owner	Evidence required
KPA 4 MUNICIPAL FINANCIAL VIABILITY KEY PERFORMANCE INDICATORS OUTPUT 6: ADMINISTRATIVE AND FINANCIAL CAPABILITY															
	TLFV_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)	10%	95%	Operational	39%	In accurate data on the financial system	To enforce the SLA with the local municipalities	Target not Achieved	CFO	Billing reports
	TLFV_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)	9%	80%	Operational	37%	No payment of outstanding debts by Institutions owing the	To liaise with the institutions for payment plans	Target not Achieved	CFO	Debtors Recon
	TLFV_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	Capacity issues	To start the process of data cleansing in the new financial year	Target not Achieved	CFO	Data cleansing report
	TLFV_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 issues	To start compiling the quarterly financial statements in the financial year	Target not Achieved	CFO	Dated proof of submission
	TLFV_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	Target Achieved	CFO	Council Resolution
	TLFV_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	Target Achieved	CFO	Council Resolution

	TLFV _07	To Increase revenue generation and implemenet financial control systems	Budget and Reporting	To ensure compliance with legislation within the financial year	Council approved Draft Budget policies	Number	11	11	Operationa l	11	None	None	Target Achieved	CFO	Council Resolution
	TLFV _08	To Increase revenue generation and implemenet financial	Budget and Reporting	To ensure compliance with legislation within the financial year	Council approved Final Budget policies	Number	11	11	Operationa l	11	None	None	Target Achieved	CFO	Council Resolution
	TLFV _09	To Increase revenue generation and implemenet 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	Operationa l	1	None	None	Target Achieved	CFO	Council Resolution
	TLFV _10	To Increase revenue generation and implemenet 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	Operationa l	0	Poor time management and late submission of water related	Liase with the local municipalities to submit transactions in time	Target not Achieved	CFO	Dated proof of submission of Unaudited AFS
	TLFV _11	To Increase revenue generation and implemenet 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	Operationa l	12	None	None	Target Achieved	CFO	Dated proof of Deviation register
	TLFV _12	To Increase revenue generation and implemenet 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	Oerationa l	12	None	None	Target Achieved	CFO	Financial reports
	TLFV _13	To Increase revenue generation and implemenet 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	Operationa l	12	None	None	Target Achieved	CFO	Dated proof of submission

	TLFV _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 & Implementation)	Number	3	3	Operational	3	None	None	Target Achieved	Municipal Manager	Appointment Letters
	TLFV _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	%	100%	100%	Operational	100%	None	None	Target Achieved	CFO	Website screenshots
	TLFV _16	To Increase revenue generation and implement financial control systems	Expenditure Management	To ensure payment of service providers within 30 days of the submission of invoices	Pay invoices within 30 days of receipt from the service providers	%	30%	100%	Operational	47%	Invoices returned back for correcting the errors	Ensure that corrected invoices are submitted anew to start counting after resubmission	Target not Achieved	CFO	Dated proof of payment
	TLFV _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	Target Achieved	CFO	GRAP compliance Assets register compiled
	TLFV _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	1	2	Operational	2	None	None	Target Achieved	CFO	Quarterly Assets verification reports
	TLFV _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	74%	Late appointment of contract	Effectively to adhere to demand management plan and forward planning	Target not Achieved	CFO/Water & Engineering Director	Financial reports/
	TLFV _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)	76%	100% Operational Budget spent	Operational	100%	None	None	Target Achieved	CFO/Water & Engineering Director	Financial reports/

	TLFV _21	To Increase revenue generation and implemenet financial control systems	Expenditur e Managem ent	To effectively manage the financial affairs of the municipality within the financial year	% MIG budget spent as approved by Council within the financial year	Percenta ge (Accumul ative)	91%	100% MIG expenditure	Capital	100%	None	None	Target Achieved	CFO/Water & Engineerin g Director	Financial reports/
	TLFV _22	To Increase revenue generation and implemenet financial control systems	Expenditur e Managem ent	To effectively manage the financial affairs of the municipality within the financial year	% RBIG budget spent as approved by Council within the financial year	Percenta ge (Accumul ative)	97%	100% RBIG expenditure	Capital	70%	Late appointment of contract	Effectively to adhere to demand management plan and forward planning	Target not Achieved	CFO/Water & Engineerin g Director	Financial reports/
	TLFV _23	To Increase revenue generation and implemenet financial control systems	Expenditur e Managem ent	To effectively manage the financial affairs of the municipality within the financial year	% WSIG budget spent as approved by Council within the financial year	Percenta ge (Accumul ative)	100%	100% WSIG expenditure	Capital	84%	Late appointment of contract	Effectively to adhere to demand management plan and forward planning	Target not Achieved	CFO/Water & Engineerin g Director	Financial reports/
	TLFV _24	To Increase revenue generation and implemenet financial control systems	Expenditur e Managem ent	To effectively manage the financial affairs of the municipality within the financial year	% RRAMS budget spent as approved by Council within the financial year	Percenta ge (Accumul ative)	100%	100% RRAMS expenditure	Capital	99%	Late appointment of contract	Effectively to adhere to demand management plan and forward planning	Target not Achieved	CFO/Water & Engineerin g Director	Financial reports/
	TLFV _25	To Increase revenue generation and implemenet financial control systems	Expenditur e Managem ent	To effectively manage the financial affairs of the municipality within the financial year	% FMG budget spent as approved by Council within the financial year	Percenta ge	100%	100% FMG expenditure	Operationa l	100%	None	None	Target Achieved	CFO	Financial reports/
	TLFV _26	To Increase revenue generation and implemenet financial control systems	Expenditur e Managem ent	To effectively manage the financial affairs of the municipality within the financial year	% EPWP budget spent as approved by Council within the financial year	Percenta ge (Accumul ative)	100%	100% EPWP expenditure	Operationa l	100%	None	None	Target Achieved	CFO/Water & Engineerin g Director	Financial reports/

Vote Nr	Top Layer KPI Ref	Strategic Objective	Municipal Programme	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline (30/06/2022)	Annual Target (30/06/2023)	Budget 2022/23	Annual Actual Performance Report	Challenges	Corrective Measures	Results	KPI Owner	Evidence requires
KPA 6 : SPATIAL RATIONALE															
OUTPUT 2: IMPROVING ACCESS TO BASIC SERVICES															
	SP_01	To have efficient, effective economic and integrated use of space	Spatial Planning	To have sustainable, optimal, harmonious and integrated land development	Percentage, (# of applications received / # of land use applications processed) within 90 days of receipt)	%	100%	100%	Operational	100%	None	None	Target Achieved	Senior Manager Planning	Land use applications register
	SP_02	To have efficient, effective economic and integrated use of space	Spatial Planning	To have sustainable, optimal, harmonious and integrated land development	# of Municipal Planning Tribunal meetings coordinated	Number	20	4	Operational	16	None	None	Target Achieved	Senior Manager Planning	Attendance Register, Minutes
	SP_03	To have efficient, effective economic and integrated use of space	GIS	To have sustainable, optimal, harmonious and integrated land development	% in capturing Projects in the GIS system within the financial year	Percentage	100%	100%	Operational	100%	None	None	Target Achieved	Senior Manager Planning	List of project coordinates in the GIS
	SP_04	To have efficient, effective economic and integrated use of space	Spatial Planning	To have sustainable, optimal, harmonious and integrated land development	# To establish township in Namakgale 500 sites(BPM) by 30 June 2023	Number	0	1	R500 000	0	Limited Budget	Re-Budget in te 2023/24 Financial Year	Target not Achieved	Senior Manager Planning	Layout plan & General Plan
	SP_05	To have efficient, effective economic and integrated use of space	Spatial Planning	To have sustainable, optimal, harmonious and integrated land development	# To establish township in Burgersdorp, Relela & Mariveni 100 sites(GTM) by 30 June 2023	Number	0	1	R2 000 000	0	Limited Budget	Re-Budget in te 2023/24 Financial Year	Target not Achieved	Senior Manager Planning	Layout plan & General Plan
	SP_06	To have efficient, effective economic and integrated use of space	Spatial Planning	To have sustainable, optimal, harmonious and integrated land development	# of Township established at Phooko (GLM) 1000 sites by 30 June 2023	Number	0	1	R1 000 000	0	Limited Budget	Re-Budget in te 2023/24 Financial Year	Target not Achieved	Senior Manager Planning	Layout plan & General Plan

	SP_07	To have efficient, effective economic and intergrated use	Spatial Planning	To have sustainable, optimal, harmonious and intergrated land	# of SDF reviewed by 30 June 2023	Number	New	1	R1 000 000	0	Limited Budget	Re-Budget in te 2023/24 Financial Year	Target not Achieved	Senior Manager Planning	Council resolution
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Vote Nr	Top Layer KPI Ref	Strategic Objective	Programmes	Measurable Objectives	Performance Indicator title	KPI Unit of measure	Baseline (30/06/2022)	Annual Target (30/06/2023)	Budget 2022/23	Annual Actual Performance Report	Challenges	Corrective Measures	Results	KPI Owner	Evidence Required
KPA 6 : 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)															
	GGP_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	10	4	Operational	13	None	None	Target Achieved	Municipal Manager	Agenda, Minutes & attendance register
	GGP_02	To promote democracy and sound governance	Council	To ensure functionality of Council committee within the financial year.	% in Implementation of Council Resolutions	Percentage	98%	100%	Operational	100%	None	None	Target Achieved	Municipal Manager	Updated Resolutions Register
	GGP_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	12	4	Operational	13	None	None	Target Achieved	Municipal Manager	Agenda, Minutes & attendance register
	GGP_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	87	36	Operational	48	None	None	Target Achieved	Manager Executive Mayor's Office	Agenda, Minutes & attendance register
	GGP_05	To promote democracy and sound governance	Portfolio	To ensure functionality of Portfolio committees within the financial year.	% in Implementation of Portfolio Resolutions	Percentage	38%	100%	Operational	68%	Slow Implementation by departments	Prioritise resolutions and fasttrack through management & departmental engagements	Target not Achieved	Manager Executive Mayor's Office	Updated Resolutions Register

	GGP_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	3	4	Operational	4	None	None	Target Achieved	Municipal Manager	Attendance Register/Agenda & Minutes
	GGP_07	To promote democracy and sound governance	IGR	To ensure functionality of IGR structures within the financial year.	% in Implementation of IGR Resolutions	Percentage	30%	100%	Operational	86%	Slow Implementation by local municipalities	Fastrack the implementation through the IGR engagements	Target not Achieved	Municipal Manager	Updated Resolutions Register
	GGP_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	4	4	Operational	4	None	None	Target Achieved	Manager Executive Mayor's Office	Agenda/Attendance Register
	GGP_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	8	10	Operational	10	None	None	Target Achieved	Manager Executive Mayor's Office	Attendance Register & PP Report
	GGP_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	13	4	Operational	26	None	None	Target Achieved	Manager Executive Mayor's Office	Agenda, Minutes & attendance register
	GGP_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	5	Operational	5	None	None	Target Achieved	Manager Executive Mayor's Office	Council resolutions
	GGP_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	1	4	Operational	0	Meeting postponed due to commitments of local municipalities	Adhere to the meeting schedule for ward committees	Target not Achieved	Director Executive Mayor's Office	Agenda, Minutes & attendance register

	GGP_13	To promote democracy and sound governance	Management committee	To ensure functionality of administration	# of Management meetings held within the financial year	Number	12	12	Operational	12	None	None	Target Achieved	Municipal Manager	Agenda, Minutes & attendance register
	GGP_14	To promote democracy and sound governance	Management committee	To ensure functionality of administration	% in implementation of MANCO Resolutions within the financial year	Percentage	100	100%	Operational	100%	None	None	Target Achieved	Municipal Manager	Updated Resolutions register
	GGP_15	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	10	12	Operational	13	None	None	Target Achieved	Senior Manager Corporate	Agenda, Minutes & attendance register
	GGP_16	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 implemented / # of resolutions taken).	100%	100%	Operational	88%	Outstanding PPE issues	Finalise the procurement in the new financial year	Target not Achieved	Senior Manager Corporate	Updated Resolutions register
	GGP_17	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	3	5	Operational	3	Meeting postponed due to unavailability of key stakeholders	Ensure that meetings are planned well in advance	Target not Achieved	Municipal Manager	Agenda & Attendance register
	GGP_18	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	3	5	Operational	3	Meeting postponed due to unavailability of key stakeholders	Ensure that meetings are planned well in advance	Target not Achieved	Municipal Manager	Agenda & Attendance register
	GGP_19	To promote democracy and sound governance	Public Participation	To promote accountability within the municipality	% of complaints resolved	Percentage (# of resolutions implemented / # of resolutions taken).	0%	100%	Operational	100%	None	None	Target Achieved	Director Executive Mayor's Office	Updated Complaints Management Register

	GGP_20	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	None	None	Target Achieved	Director Executive Mayor s Office	Agenda & Attendance register
	GGP_21	To promote democracy and sound governance	Public Participation	To ensure public involvement in Municipal activities	# of quarterly electronic Newsletters developed	Number	4	4	Operational	4	None	None	Target Achieved	Director Executive Mayor s Office	Electronic News letters
	GGP_22	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	8	5	Operational	7	None	None	Target Achieved	Municipal Manager	Agenda, Minutes & Attendance register
	TLGG PP_23	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	71%	100%	Operational	83%	Slow implementation of Audit Committee resolutions	Fast track implementation through management meetings	Target not Achieved	Municipal Manager	Audit Committee resolutions register
	GGP_24	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	Target Achieved	Municipal Manager	Council Resolution
	GGP_P_25	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	Target Achieved	Municipal Manager	Council Resolution

	GGP_26	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	Target Achieved	Municipal Manager	Council Resolution
	GGP_27	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	No cases investigated in the quarter under review	N/A	N/A	N/A	Municipal Manager	Updated Fraud and Corruption case register
	GGP_28	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	Disclaimer	1	Operational	0	Lack of documentation to support the dept owed to DWS & Lepelle Northern Waters , material mistatements on revenue from water transactions, inability to value accurate water distribution loss, incomplete commitment register & High UIFW	Implementation of AG action plan, sign debt agreement with Lepelle Northern Water, accurately calculate the distribution losses on water, MPAC to investigate & write off UIFW and ensure contract management to manage the commitment register	Target not Achieved	Municipal Manager	Auditor General Audit report
	GGP_P_29	To promote democracy and sound governance	IT	To promote democracy and sound governance	# of super user accounts activities reviewed per quarter	Number	4	4	Operational	4	None	None	Target Achieved	Senior Manager Corporate	Audit trail report
	GGP_P_30	To promote democracy and sound governance	IT	To promote democracy and sound governance	% of quarterly IT servers backups verified	Number	100%	100%	Operational	100%	None	None	Target Achieved	Senior Manager Corporate	Audit trail report

	GGP P_ 31	To promote democracy abd sound governance	Internal Audit	Functionality of Audit within the financial year	# of Internal Audit Plan approved by Audit committee 30 June each year	Number	1	1	Operational	1	None	None	Target Achieved	Municipal Manager	AC approved Internal Audit Plan
	GGP P_ 32	To promote democracy abd sound governance	Internal Audit	Functionality of Audit within the financial year	# of revised Internal Audit Charter approved by Audit committee by	Number	1	1	Operational	1	None	None	Target Achieved	Municipal Manager	AC approved revised Internal Audit Charter

MUNICIPAL TRANSFORMATION & DEVELOPMENT PROJECTS (2022/23)

KPA : 1 MUNICIPAL TRANSFORMATION & DEVELOPMENT CAPITAL PROJECTS FOR 2022/23

#	Strategic Objective	Programme	Projects	Project Name	Start Date	Completion date	Project Owner	Source of funding	Original Budget	Adjusted Budget	Annual Target	Annual Actual Performance Report	Challenges	Corrective Measures	Results	Evidence required
MTD-01	Democratic society and sound governance	IT	To purchase & deliver computers by 30 June 2023	Computers	2022/07/01	2023/06/30	Senior Manager Corporate	MDM	R500 000	R500 000	100%	100%	None	None	Target Achieved	Delivery note
MTD-02	democratic society and sound governance	IT	Acquisition of Server by 30 June 2023	Server	2022/07/01	2023/06/30	Senior Manager Corporate	MDM	R1 600 000	R14 575	100%	25%	Limited Budget	Ensure proper planning prior budgeting	Target not Achieved	Delivery note
MTD-03	democratic society and sound governance	IT	Acquisition of Computer Software by 30 June 2023	Computer Software	2022/07/01	2023/06/30	Senior Manager Corporate	MDM	R500 000	R434 251	100%	25%	Limited Budget	Ensure proper planning prior budgeting	Target not Achieved	Delivery note

2022/2023 ANNUAL PERFORMANCE REPORT

2022/23 CAPITAL WORKS PLAN SUMMARY OF CAPITAL PROJECTS PER FOR THE YEAR

KPA : 2 BASIC SERVICE DELIVERY PROJECTS

#	Strategic Objective	Programme	Projects description	Project Name	Start Date	Completion date	Project Owner	Source of funding	Original Budget		Annual Target	Annual Actual Performance	Challenges	Corrective Measures	Results	Evidence required
1	To have integrated infrastructure development	Water	Construction of 688 VIP toilets units	Rural Household Sanitation (MLM)	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R0	R8 000 000	100%	94%	Slow progress as the programme is mainly for grade 1/ upcoming contractors and various.	Continuous monitoring of contractors progress	Target not Achieved	Completion certificate/ Happy Letters
2	To have integrated infrastructure development	Water	Construction of 1419 VIP toilets units	Rural Household Sanitation (GGM)	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R0	R16 500 000	100%	91%	Slow progress as the programme is mainly for grade 1/ upcoming contractors and various.	Continuous monitoring of contractors progress	Target not Achieved	Completion certificate/ Happy Letters
3	To have integrated infrastructure development	Water	Construction of 1204 VIP toilets units	Rural Household Sanitation (BPM)	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R21 234 587	R14 000 000	100%	89%	Slow progress as the programme is mainly for grade 1/ upcoming contractors and various.	Continuous monitoring of contractors progress	Target not Achieved	Completion certificate/ Happy Letters
4	To have integrated infrastructure development	Water	Construction of 1204 VIP toilets units	Rural Household Sanitation (GTM)	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R0	R14 000 000	100%	93%	Slow progress as the programme is mainly for grade 1/ upcoming contractors and various.	Continuous monitoring of contractors progress	Target not Achieved	Completion certificate/ Happy Letters
5	To have integrated infrastructure development	Water	Construction of 946 VIP toilets units	Rural Household Sanitation (GLM)	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R0	R11 000 000	100%	82%	Slow progress as the programme is mainly for grade 1/ upcoming contractors and various.	Continuous monitoring of contractors progress	Target not Achieved	Completion certificate/ Happy Letters
6	To have integrated infrastructure development	Water	Construction of Hoedspruit bulk Water supply	Hoedspruit Bulk water supply	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R17 576 314	R4 000 000	100%	92%	The Project has been closed after challenges on unavailability of land for reservoir	Municipality still busy with the processes to acquire land with public works	Target not Achieved	Completion certificate/ Happy Letters
7	To have integrated infrastructure development	Water	Construction of Sefototse to Ditshosini / ramahlatsi bulk water and water reticulation	Sefototse to Ditshosini bulk water/ ramahlatsi bulk water & reticulation	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R3 558 537	R4 035 675	100%	95%	Phase 2D - Awaiting ESKOM connection to boreholes and package plant. Phase 2E - Slow progress by the contractor	Phase 2D - MDM engaging ESKOM, Phase 2E - MDM to engage sub-contractor to complete works after Structa completes tank	Target not Achieved	Completion certificate

8	To have integrated infrastructure development	Water	Construction of Water Reticulation Thabina to Lenyenye Bulk Water supply	Thabina to Lenyenye	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R3 438 314	R50 000 000	100%	90%	The SMMEs has stopped the contractor because they are not satisfied with the appointed amount (value).	Intervention meetings held with stakeholders and SMMEs	Target not Achieved	Completion certificate
9	To have integrated infrastructure development	Water	Construction of Water Reticulation at Eco-Park (Xikukwane) water reticulation	Eco-Park (Xikukwane) water reticulation	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R10 000 000	R9 999 999	100%	10%	Late appointment of contractor due to National Treasury directive.	Contractor appointed and site handover done on the 01 March 2023.	Target not Achieved	Completion certificate
10	To have integrated infrastructure development	Water	Construction of Khujwana water reticulation	Khujwana water reticulation	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R5 000 000	R5 000 000	100%	0%	Project put on hold after budget reduction by National Treasury	Project put on hold after budget reduction by National Treasury	Target not Achieved	Completion certificate
11	To have integrated infrastructure development	Water	Construction of Bulk Water Supply at Lulekani Water Scheme Benfarm	Lulekani Water Scheme Benfarm	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R60 000 000	R60 000 000	100%	97%	Late appointment of contractor due to National Treasury directive.	Contractor appointed and site handover done in March 2023.	Target not Achieved	Completion certificate
12	To have integrated infrastructure development	Water	Construction of Makhushane Water Scheme	Makhushane Water Scheme	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R60 000 000	R50 000 000	100%	100%	None	None	Target Achieved	Completion certificate
13	To have integrated infrastructure development	Water	Augmentation of Rotterdam Ground Water Scheme	Rotterdam Ground Water Scheme (Manyunyu)	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R15 000 000	R15 000 000	100%	95%	Awaiting the appointment of contractors	Bid committees working on the evaluation and adjudication processes for the appointment of contractors.	Target not Achieved	Completion certificate
14	To have integrated infrastructure development	Water	Construction of Ritavi 2 Water Scheme Supply	Ritavi 2 Water Scheme	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R60 000 000	R100 384 158	100%	93%	Contractors on site but progress delayed due to community issues on 30% subcontracting works	Intervention meetings held with stakeholders and SMMEs	Target not Achieved	Completion certificate
15	To have integrated infrastructure development	Water	Construction of Sekgosese Water Scheme supply and Borehole equipment	Sekgosese Water Scheme	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R60 000 000	R54 400 000	100%	100%	None	None	Target Achieved	Completion certificate
16	To have integrated infrastructure development	Water	Upgrading and Extension of Thapane water scheme	Thapane water supply scheme - upgrading and extension	2022/07/01	2023/06/30	Senior Manager Technical	WSIG	R8 730 783	R 600 00	100%	99%	Pipeline encroaching yards leading to an ongoing legal case	MDM legal has been tasked to assist advise on this case	Target not Achieved	Completion certificate
17	To have integrated infrastructure development	Water	Upgrading of Thapane water scheme & reticulation	Thapane water supply scheme - upgrading and Reticulation	2022/07/01	2023/06/30	Senior Manager Technical	WSIG	R12 722 578	R6 017 000	100%	100%	None	None	Target Achieved	Completion certificate
18	To have integrated infrastructure development	Water	Construction of Tours Water reticulation	Tours Water reticulation	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R73 981 403	R91 004 238	100%	97%	Contractors on site. Illegal connections on the bulk lines affecting testing of completed areas.	Continuous removal and repair of illegal connections	Target not Achieved	Completion certificate

19	To have integrated infrastructure development	Water	Upgrading of Internal water reticulation network at Mageva	Mageva internal water reticulation network upgrading	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R20 000 000	R20 000 000	100%	8%	Late appointment of contractor due to National Treasury directive.	Contractor appointed and site handover done on the 01 March 2023.	Target not Achieved	Completion certificate
20	To have integrated infrastructure development	Water	Construction on Internal Water Reticulation at Lephephane	Lephephane Bulk Water	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R50 000 000		100%	100%	Delay in the appointment of the consultant	Appointment of the replacement consultant done	Target Achieved	Completion certificate
21	To have integrated infrastructure development	Water	Develoement / Construction of boreholes in Mopani	Borehole Develoement	2022/07/01	2023/06/30	Senior Manager Technical	MDM	R5 000 000	R4 207 068,00	100%	0%	Limited Budget	Re-Budget in the 2023/24 financial year	Target not Achieved	Completion certificate
22	To have integrated infrastructure development	Water	Construction, Refurbishment of Bulk pipelines & Upgrading of Treatment works	Tours Bulk Water Scheme	2022/07/01	2023/06/30	Senior Manager Technical	MIG	R6 044 848		100%	35%	Recurring reconections of illegal connections affecting the progress in fixing and testing bulk lines	Contractor busy with temporally connecting the illegal connections and ensuring the community can receive water in Mogapeng while Contractor is working on refurbishing the bulk line.	Target not Achieved	Completion certificate
23	To have integrated infrastructure development	Fire	To ensure clean, safe and hygienic environment, water and sanitation	Refurbishment of Specialised Vehicle	2022/07/01	2023/06/30	Senior Manager Community	MDM	R4 000 000	R101	100%	100%	None	None	Target Achieved	Delivery note
24	To have integrated infrastructure development	Fire	To ensure clean, safe and hygienic environment, water and sanitation	Purchase & delivery of Equipments	2022/07/01	2023/06/30	Senior Manager Community	MDM	R4 500 000	R2	100%	100%	None	None	Target Achieved	Delivery note

MUNICIPAL FINANCIAL VIABILITY PROJECTS FOR 2022/23

KPA :4 MUNICIPAL FINANCE VIABILITY PROJECTS 2022/23

#	Strategic Objective	Program me	Projects	Project Name	Start Date	Completion date	Project Owner	Source of funding	Budget	Adjusted Budget	Annual Target	Annual Actual Performance	Challenges	Corrective Measures	Results	Evidence required
1	To promote democracy and sound governance	Administration	To purchase & deliver Office Furniture for Finance Office by 30 June 2023	Office Furniture	2022/07/01	2023/06/30	CFO	MDM	R120 000	R29 634	100%	100%	None	None	Target Achieved	Delivery note

Municipality
Year end:
Purpose:



MOPANI DISTRICT MUNICIPALITY
2022/ 2023 Annual Performance Report
Service Provider s Performance

Ratings

1. Poor
2. Fair
3. Good
4. Very Good
5. Excellent

Project/ contract	Project name	Contract Amount	Consulting Engineers	Ratings	Name of Service	Ratings	Start Date	End Date	Comments
MDM 2019/035	Sekgosese Water Scheme 1B	R 18 407 330,20	Iconsulting	2	Bukuta BK CC	1	19-Mar-21	26-May-23	Slow progress on site, non payment of workers, Delay in submission of reports and poor supervision by the Engineer
MDM 2017-052/01	Sefofotse to Ditshosing Bulk Water Supply & Reticulation Phase 2E	R48 433 956,16	DIGES	2	SEEDI DEVELOPMENT PROJECT	1	12-Jul-18	22-Dec-22	Poor performance by the contractor, Contractor failed to complete on time 88%, Poor supervision from Engineers
MDM 2017-052/01	Sefofotse to Ditshosine Bulk Water Supply -2D	R36 493 372,42	DIGES	2	ETERNITY STAR INVESTMENTS	1	12-Jul-18	22-Dec-22	Contractor failing to complete snaglist, Poor supervision from Engineers
MDM 2019-036	Makhushane Water Scheme	R 46 799 474,37	SML Projects	4	Moepeng Trading 40CC	5	23-Nov-21	06-Dec-22	Contractor only left with pressure testing, late delivery of material affected the progress on site
MDM2019/046	Mametja Sekororo RWS 1B	R27 664 382,77	HWA Engineers	3	Eternity Star Investment	3	09-Mar-23	09-Mar-24	Slow progress on site by the Contractor
MDM2019/046	Mametja Sekororo RWS 1B	4 841 266,98	HWA Engineers and Project Managers	4	Edlin	3	14-Oct-20		Slow progress on site by the Contractor
MDM 2020/21-025	Tours Water Scheme bulk water refurbishment and reticulation	8 124 952,14	Tangos Consultants	4	Ditlou Supplier & Services	4	27-May-21	31-May-23	Progressing well
MDM 2022/23-24	Eco Park (Xikikwane) water reticulation phase 2	7 504 551,52	Kgosihadi Consulting	4	Mabule Rail and Infrastructure Solutions	4	09-Mar-23	09-Sep	Practical completed
MDM 2020/21-037	Ritavi 2 water scheme (Sub-scheme 1) Phase 2	R 41,284,588.70	DIGES	5	Nandzu Trade and General Projects	5	19-Apr-21	31-Aug-22	Project completed
MDM 2021/22-001	Ritavi water scheme (Phase 3)	R42,257,340.00	DIGES	3	Rembu construction	3	10-Dec-21	10-Oct-22	Slow progress by the Contractor
MDM 2021/22-021	Sekgosese regional water scheme phase 2B	R40,128,913.80	I-Consult Engineering	4	Martmol Trading	4	24-Jan-22	25-Jan-23	Progressing well
MDM 2021/22-019	Lulekani water scheme phase 1.	R44,225,286.33	Makasela Consulting	2	Lebp Construction	2	24-Jan-22	24-Jan-24	Slow progress by the Contractor, late delivery of material on site, the Engineer omitted Storage tank in the original scope
MDM 2021/22-020	Tours Water Reticulation to 25 villages – Phase 1	R44,761,253.25	KMSD Engineering Consultants	4	Selby Construction	5	17-Jan-22	17-Jan-23	Pogressing well
MDM 2021/22-021	Sekgosese Water Scheme Phase 2B(2021/22)	R38,550,591.91	Iconsult Engineers	3	Good Example Trading	5	13-Jan-22	13-Jan-23	Poor performance by failing to complete additional works
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	ZALONGA HOLDI	3	11-Aug-22	11-Nov-22	Project Completed

Project/ contract	Project name	Contract Amount	Consulting Engineers	Ratings	Name of service	Ratings	Start Date	End Date	Comments
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	MLE 7786 ENTER	3	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	FOMO PROJECTS	3	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	MASIZA MPHAKA	4	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	TND TRADING EN	3	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Ringani Hosana Security Services	2	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Vanyamatsi Trading Enterprise	5	11-Aug-22	11-Nov-22	Project Completed in time - in three weeks
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Zalagusha Trading Enterprise	3	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Rapeulwane Holdings (Pty) Ltd	2	11-Aug-22	11-Nov-22	Slow progress on site, Contractor failing to complete a unit with cracks
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Nghwane Mswate Trading	4	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Maduruduru Tradir	3	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Klanimamba Tradit	3	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Cronin Trading and	3	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Mikadee Holdings	4	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Mehlo Consulting	3	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Alleless Trading Er	4	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	NTE Nwamtarini T	4	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Today's Distiny Tra	3	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Mosekgo Civils	3	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Mothaedi Trading	4	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	MER Projects and	4	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	MC Tee oldings	3	11-Aug-22	11-Nov-22	Project Completed

Project/ contract	Project name	Contract Amount	Consulting Engineers	Ratings	Name of service	Ratings	Start Date	End Date	Comments
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Ngothemba Tradin	3	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Majokoja	4	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Jeflukes General C	5	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	KV Phasha and Pa	3	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Mabingosi Group	4	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Tripple Desire Trac	5	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Conan Consulting	3	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	EMM Trading Proje	3	11-Aug-22	11-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Xakambetse Group	3	11-Aug-22	11-Nov-22	Project completed, Project stopped by the Councillor
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	Masintsha (Pty) Ltd	1	11-Aug-22	11-Nov-22	lack of cooperation & non submission of happy letters
MDM 2021/22-035	Mopani Rural Household Sanitation - Giyani (43 VIP Units)	499 700,00	Diges	5	MXNR Financial Se	1	11-Aug-22	11-Nov-22	lack of cooperation
MDM 2021/22-035	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	499 700,00	Diges	5	THANIEL CIVILS	4	11-May-22	11-Aug-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	499 700,00	Diges	5	STRIVING MIND TRADING 1276	4	11-May-22	11-Aug-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	499 700,00	Diges	5	SEOPA OBEN PROJECTS (PTY)LTD	4	11-May-22	11-Aug-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	499 700,00	Diges	5	SEKWA CONSTRUCTION CC	4	11-May-22	11-Aug-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	499 700,00	Diges	5	PCK TRADING AND PROJECTS	5	11-May-22	11-Aug-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	499 700,00	Diges	5	NAJESSATA BUSSINES ENTERPRISE	4	11-May-22	11-Aug-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	499 700,00	Diges	5	NACK TRADING	4	11-May-22	11-Aug-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	499 700,00	Diges	5	MASEPHETO HOLDINGS	4	01-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	499 700,00	Diges	5	Natha Enterpsise	4	01-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	499 700,00	Diges	5	Paulmaria Projects	5	01-Oct-22	15-Jan-23	Project Completed

Project/ contract	Project name	Contract Amount	Consulting Engineers	Ratings	Name of service	Ratings	Start Date	End Date	Comments
MDM 2021/22-035	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	499 700,00	Diges	5	Sekaka Building ar	5	01-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	499 700,00	Diges	5	Mashupjatla (Pty) L	5	01-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	499 700,00	Diges	5	Unlock Youth Ente	5	01-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	499 700,00	DIGES	5	Sekgeu Trading ar	4	01-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	499 700,00	DIGES	5	Liberty Town Planr	1	01-Oct-22		Project not done slow progress on contractor
MDM 2021/22-035	Mopani Rural Household Sanitation - Maruleng (43 VIP Units)	499 700,00	Diges	5	KAMZA PROPERTIES	5	01-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	Delsyjade Trading	3	20-Aug-22	20-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	Mogalemoswa Ent	3	01-Dec-22	30-Mar-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	Moilalehlaka Inves	5	20-Aug-22	20-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	MATJEBA TRADIN	1	20-Aug-22	20-Nov-22	Non submission of happy letters
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	Tshrens MTE (Pty) Lts	4	20-Aug-22	20-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	CHARLIESHIBOM BI TRADING ENTERPRISE	3	20-Aug-22	20-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	SEASHA BUSINESS ENTERPRISE	4	20-Aug-22	20-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	SHABARENG CONSULTING & PROJECTS	4	20-Aug-22	20-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	SLAVES SOLUTIONS TRADING	2	20-Aug-22	20-Nov-22	Incomplete work
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	VINLEE PTY LTD	4	20-Aug-22	20-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	Erol Construction	1	20-Aug-22	20-Nov-22	Non payment of workers
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	Maronikie Trading	4	20-Aug-22	20-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	Inratex	4	20-Aug-22	20-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	Group 33 Civil Cor	4	20-Aug-22	20-Nov-22	Project Completed

Project/ contract	Project name	Contract Amount	Consulting Engineers	Ratings	Name of service	Ratings	Start Date	End Date	Comments
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	RIGAYISI TRADING	4	20-Aug-22	20-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	Nick Hlona Trading	3	20-Aug-22	20-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	Lempitse Trading &	4	20-Aug-22	20-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	SP Kay Projects	1	20-Aug-22	20-Nov-22	Non compliance to contractual obligations
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	Tiragatso Trading &	3	20-Aug-22	20-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	Malk Projects 16 1	5	20-Aug-22	20-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	Kwenahadi Trading	4	20-Aug-22	20-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	Sampule (Pty) Ltd	2	01-Dec-22	30-Mar-23	Slow progress by the Contractor
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	Prosper Consulting	1	20-Aug-22	20-Nov-22	Slow progress ,none payment of labourers
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	MUDONI AND MO	4	20-Aug-22	20-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	Makoronya Genera	5	20-Aug-22	20-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	SINGI	3	20-Aug-22	20-Nov-22	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	Malubane Trading	2	20-Aug-22	20-Nov-22	Not completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Tzaneen (43 VIP Units)	499 700,00	Diges	5	Paledi Civil and Co	1	20-Aug-22	20-Nov-22	Substandard work
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Afri Group	4	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Nhlanhla	5	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Moroswana	5	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Makaloyi	3	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	RCM Wox	5	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Thirteen13 Majestic	4	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Modi Printing	5	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Modj Projects	5	15-Oct-22	15-Jan-23	Project Completed

Project/ contract	Project name	Contract Amount	Consulting Engineers	Ratings	Name of service	Ratings	Start Date	End Date	Comments
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Rooiv Construction	5	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Swankoka grou	2	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Egumas	4	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Moshabi	5	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Zwakala	4	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Tshego	5	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Jommat	4	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Madumelana	3	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Empire Dot creat	4	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	14ten	5	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Manzi a Mnyama	4	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Nceda	5	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	F.C Humana Tradit	4	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Vimbizela Construc	2	15-Oct-22	00-Jan-00	cash flow problem
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Tychocode	4	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Jackmasiye (Pty) L	4	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Nwaximolo	2	15-Oct-22		cash flow problem
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Maboshe J	2	15-Oct-22		cash flow problem
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Frienziela	4	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - Ba-Phalaborwa (43 VIP Units)	499 700,00	Diges	5	Shanducan	3	15-Oct-22	15-Jan-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Demerries Trading	4	15-Jul-22	15-Dec-23	Project Completed

Project/ contract	Project name	Contract Amount	Consulting Engineers	Ratings	Name of service	Ratings	Start Date	End Date	Comments
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Kamela Ya Tshwale Construction	5	15-Jul-22	15-Dec-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Kgosibokanga Business Development	4	15-Jul-22	15-Dec-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Mintlothlo	5	15-Jul-22	15-Dec-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	MW Moloto Busine	3	15-Jul-22	15-Dec-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Tabakgolo (Pty) Ltd	3	15-Jul-22	15-Dec-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	TMMV Projects	3	15-Jul-22	15-Dec-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Dipression Trading	3	15-Jul-22	15-Dec-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Jimah Trading (Pty	4	15-Jul-22	15-Dec-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Mmatapa Business	5	15-Jul-22	15-Dec-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Moon and Earth Tr	5	15-Jul-22	15-Dec-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Makavasa Construc	3	15-Jul-22	15-Dec-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Kopano Geosolutio	5	15-Jul-22	15-Dec-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Limpro Securities (3	15-Jul-22	15-Dec-23	Slow progress by the Contrcator
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Alekatale Construc	4	15-Jul-22	15-Dec-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Chumba Rock	3	15-Jul-22	15-Dec-23	Project Completed

Project/ contract	Project name	Contract Amount	Consulting Engineers	Ratings	Name of service	Ratings	Start Date	End Date	Comments
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Frontnovators (Pty)	1	15-Jul-22	15-Dec-23	Slow progress by the Contractor
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Telgoplex (Pty) Ltd	1	15-Jul-22	15-Dec-23	Non submission of the happy letters & non payment of labourers
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Pharephare Securi	4	15-Jul-22	15-Dec-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Leka Construction	4	15-Jul-22	15-Dec-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	ABUSA	4	15-Jul-22	15-Dec-23	Project Completed
MDM 2021/22-035	Mopani Rural Household Sanitation - (43 VIP Units)-Greater Letaba Municipality	499 700,00	Diges	5	Ngwakomorala	3	15-Jul-22	15-Dec-23	Project Completed
MDM2021/22-021	Zava water supply-Refurbishment of existing reticulation and additional stand pipes	5 422 061,47	I-Consult Engineering	4	Chango Business Enterprise	5	24-Jun-22	08-Dec-22	Project Completed, Awaiting for a closeout report
MDM 2021/22-032	Modjadji RWS-Drilling of additional boreholes and link to existing storage (Ramaroka and Femane)	5 961 066,62	Mulalo Consulting Eng	3	Molalehlaka Investment	4	22-Jun-22	24-Oct-22	Project not completed, awaiting electrification to be completed
MDM 2021/22-024	Thabina regional water scheme (The resigning and replacement of bulk water pipeline from Thabina to Lenyenye Phase 6.	R41 227 619,06	Tangos Consulting	5	BUKUTA JV BRITISH	4	20-Jun-22	20-Dec-23	Progressing well
MDM 2022/23-55	Mageva Reticulation contract A	26 264 195,65	HWA Consulting Engin	5	TLM Engineering Services CC	3	04-May-23	04-May-24	Progressing well, Overlaping designs submitted by the Engineers
MDM 2022/23-39	Mapayeni reticulation contract A	24 232 859,25	HWA Consulting Engin	2	Maletobogo Busine	3	04-May-23	04-May-24	Project commenced and doing well, Ommitted Households in the initial scope
MDM 2022/23-34	Mahlathi Reticulation	30 285 305,05	HWA Consulting Engin	2	Dawaila/Phunga JV	2	04-May-23	04-May-24	Slow Progress & late submission of Contractual obligations, Ommitted Households in the initial scope
MDM 2022/23-47	Xikukwani reticulation contract A	31 029 295,88	HWA Engineers	4	Ndoni Properties	4	04-May-23	04-May-24	Progressing well
MDM 2022/23-37	Homu 14B reticulation	29 954 924,29	HWA Engineers	3	Czar Construction	4	13-Apr-23	13-Apr-24	Progressing well, Ommitted Households in the initial scope
MDM 2022/23-31	Muyexe reticulation B	17 243 204,66	HWA Engineers	4	Maleboti Construction	4	04-May-23	04-May-24	Non submission of progress reports & non compliance contractual obligations
MDM 2022/23-41	Vuhehli reticulation	16 062 361,19	HWA Engineers	4	Lokolang Trading and Projects	5	24-Apr-23	24-Oct-23	Progressing well

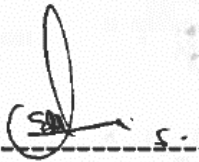
Project/ contract	Project name	Contract Amount	Consulting Engineers	Ratings	Name of service	Ratings	Start Date	End Date	Comments
MDM 2022/23-53	Skhunyani reticulation contract B	14 722 796,11	HWA Engineers	2	Double Hot Spot (Pty) Ltd	2	09-Mar-23	09-Nov-23	Poor performance, Delay in appointment of the local labourers, Poor supervision by the Engineer, slow submission of reports
MDMD 2020/23-57	Maswanganyi reticulation contract A	26 351 305,18	HWA Engineers	5	Selby Construction	3	09-Mar-23	08-Mar-24	Progressing well
MDM 2022/23-45	Makoxa reticulation contract A	26 646 276,88	HWA Engineers	3	Eternity Star Investment 231	3	09-Mar-23	09-Mar-24	Progressing well
MDM 2022/23-33	Gawula Reticulation	18 536 207,24	HWA Consulting Engin	3	Molalehlaka Investment	3	17-Apr-23	17-May-24	Progressing well
MDM 2022/23-29	Mhlaba Willem reticulation	15 456 303,59	HWA Engineers	2	Soza Mhlongo Electrical	2	13-Apr-23	13-Apr-24	Contract Administration not properly coordinated, Omitted Households in the initial scope
MDM 2022/23-28	Kamninginisi Block 2 reticulation	31 812 808,10	HWA Engineers	3	HTE Contruction	5	13-Apr-23	13-Apr-24	Delay by the contractor for accomodating the SMME s
MDM 2022/23-51	Dzingidzingi reticulation	20 576 353,38	HWA Engineers	3	Somandla Trading 14	3	13-Apr-23	13-Apr-24	Projects was delayed due to community issues, Omitted Households in the initial scope
MDM 2022/23-49	Xikukwani reticulation contract C	34 631 403,00	HWA Engineers	4	FSI Consultancy (Pty) Ltd	4	13-Apr-23	13-Apr-24	Progressing well
MDM 2022/23-46	Makoxa reticulation contract B	17 237 718,57	HWA Engineers	3	Soaring Summits Group (Pty) Ltd	2	13-Apr-23	13-Apr-24	Project not yet started by the Contractor due to cash flows problems
MDM 2022/23-38	Nwakhuwani reticulation	8 468 584,24	HWA Engineers	3	Shabback Business Enterprise	4	13-Apr-23	13-Apr-24	Non submsion of requested information
MDM 2022/23-42	Risinga View reticulation contract A	25 457 194,52	HWA Engineers	3	Lazerbane Trading CC	3	13-Apr-23	13-Apr-24	Progressing well, Delayed by the community protests
MDM 2022/23-25	Tours water reticulation to 25 vollages-Phase 2D	41 839 780,88	KMSD Engineers	4	TQM Projects engineers	3	10-Mar-23	08-Mar-24	Monitoring has improved from phas 1 hence different rating
MDM 2022/23-24	Eco Park (Xikikwane) water reticulation phase 2	7 504 551,52	Kgosihadi Consulting	4	Mabule Rail and Infrastructure Solutions	5	09-Mar-23	09-Sep	Practical completed
MDM 2022/23-22	Upgrading of network-Mageva Phase 2	16 995 966,01	Sky High Consulting E	5	Chango Business Enterprise	5	08-Mar-23	15-Dec-23	Progress well
MDM 2022/23-05	Sekgosese regional groundwater scheme-3B	46 713 622,73	Iconult Engineers	4	Lebp Construction and	3	09-Mar-23	12-Mar-24	Project is progressing well
MDM 2022/23-008	Sekgosese groundwater scheme phase 3C	43 547 779,91	Iconult Engineers	4	Brooklyn Projects 21	4	28-Nov-22	28-Nov-23	Project is progressing well
MDM 2022/23-15	Lulekani water scheme phase 2 (Humbulani B)	24 415 404,10	Makasela Consulting	4	Rembu construction	5	08-Mar-23	07-Mar-24	Progressing well
MDM 2022/23-002	Ritavi II Water Scheme Phase 4B Petaneng Village water reticulation	45 132 889,76	DIGES	5	Good Example Trading	5	22-Dec-22	20-Oct-23	Progressing well. Ahead of work
MDM 2022/23-14	Lelekani water scheme phase 2A (Humbulani B)	26 132 215,67	Makasela Consulting	4	Muravha Building and Civil	4	08-Mar-23	07-Mar-24	Progressing well. Just started

Project/ contract	Project name	Contract Amount	Consulting Engineers	Ratings	Name of service	Ratings	Start Date	End Date	Comments
MDM 2022/23-10	Makhushane Water Scheme Phase 1A	36 676 848,41	SML Projects	5	Ditlou Suppliers and services	5			Progressing well
MDM 2022/23-23	Rotterdam groundwater scheme phase 2	32 409 831,30	Makasela Consulting E	4	Moribo wa Africa Trading Enterprise 33	4	10-Mar-23	09-Mar-24	Progressing well
MDM 2022/23-12	Makhushane Water Scheme Phase 5C	29 944 105,68	SML Projects	3	Mbanga Trading Enterprise	5	13-Mar-23	13-Mar-24	Progressing well, Just started
MDM 2022/23-04	Regional groundwater scheme Phase 3A	45 013 324,15	IConsulting	4	Nandzu Trade and General Projects	4	10-Mar-23	10-Mar-24	Progressing well
MDM 2022/23-11	Makhushane water scheme Phase 5B	38 894 397,77	SML Projects	5	Tarcron Projects	5	13-Mar-23	12-Apr-24	Progressing well
MDM 2022/23-16	Lulekani water scheme Phase 2C	39 580 079,00	Makasela Consulting	2	Bo-Mamohlala projects	3	12-Jan-23	11-Jan-24	Slow progress on site by the Contrator & poor planning on purchasing of material
MDM 2022/23-54	Bambeni reticulation	20 844 825,45	HWA Engineers	5	HLTC PTY LTD	5	13-Dec-22	19-Jan-24	Progressed well - outstanding work
MDM 2022/23-61	Ngove reticulation B reticulation	19 999 863,16	HWA Engineers	3	La Mosekedile Trading Enterprise	5	16-Jan-23	31-Jan-24	Progressing well
MDMD 2022/23-36	Homu 14A reticulation	29 242 975,27	HWA Engineers	5	Vuka VKA Trading CC	5	13-Dec-22	19-Dec-24	Progressed well - outstanding work
	Muyexe reticulation	17 714 488,38	HWA Engineers	3	Capotex Trading Enterprise	3	13-Apr-23	13-Apr-24	Non payment of labourers
MDM2021/22 -020	Tours water reticulation to 25 vollages-Phase 2A	41 406 105,99	KMSD Engineering	3	Selby Construction	5	17-Jan-22	17-Jan-23	Progressing well
MDM 2022/23 -08	Tours water reticulation to 25 vollages-Phase 2B	41 109 261,60	KMSD Engineering	3	Bright Idea Project 838 CC	3	22-Dec-22	15-Dec-23	Slow progress on site, Delay in submission of reports & Designs by the Engineer
MDM 2021/22-033	Maselapata water supply, refurbishment, replacement and upgrading of internal water reticulation network in Greater Tzaneen Municipality	4730867,87	Tshashu Consulting	2	Qcobs CC	3	08-Dec-22	28-Apr-23	Delay of payments by the DWS and affected the progress of the project , Lack of cooperation by the Engineer
MDM 2021/22-034	Refurbishment of Nemakgakale water treatment works	3 701 782,15	ROMH Consulting	4	MCC Security projects cc	4	31-Jan-23	31-May-23	Project is at practical completion,
MDM 2022/23-001	Ritavi II Water Scheme Phase 4A Zangoma and Muhlava Village water reticulation	41 413 344,43	DIGES	3	Martmol Trading CC	3	29-Nov-22	18-Oct-23	Progressing well
MDM2022/23-09	Tours water reticulation to 25 villages -Phase 2C	41 476 820,00	KMSD Engineering	3	Koephu Business Enterprise	4	22-Dec-22	15-Dec-24	Progressing well
MDM 2022/23-59	Maphata Reticulation contract A	28 623 622,65	HWA Engineers	3	Qulaity Plant Hire/ Expectra 388 cc JV	3	22-Jun-23	22-Jun-24	Progress well

Project/ contract	Project name	Contract Amount	Consulting Engineers	Ratings	Name of service	Ratings	Start Date	End Date	Comments
MDM-2023/23-50	Bode water reticulation B	28 019 927,77	HWA Engineers	2	TTR Infrastructure	2	09-Mar-23	08-Mar-24	Lack of cooperation & slow progress on site, Ommitted Households in the initial scope by the Engineer

2022/23 ANNUAL PERFORMANCE REPORT

The report is hereby submitted in terms of Sec 46 of the Sec 52 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 2022/23 Revised Service Delivery Budget Implementation Plan as approved by the Executive Mayor and Council.



Mr T.J Mogano
MUNICIPAL MANAGER
MOPANI DISTRICT MUNICIPALITY

31/08/2023

DATE



CHAPTER - 4:

ORGANISATIONAL DEVELOPMENT PERFORMANCE

PERFORMANCE REPORT PART II

2022 - 2023

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*
2020/21	91	12	13%
2021/22	61	6	8%
2022/23	83	7	7%
* 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 2022/23 financial year. It incurred 31% 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 Centre 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.¹

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
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

Source: 2022/23 MDM IDP

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) 2022/23						
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
Total	1 281		227			
* - 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						

T 4.3.2

INCIDENT STATUS

INCIDENT CLASSIFICATION	FATALITY (F)	SERIOUS INCIDENTS (SI)	MINOR INCIDENT (MI)	ENVIRONMENT INCIDENT (EI)	NEAR MISS (NM)	MOTOR VEHICLE ACCIDENTS (MVA)	EQUIPMENT/MACHINERY FAILURE (EMF)	VEHICLE/EQUIPMENT/PROPERTY DAMAGE (VEP)
	01(D eath)	08 (Incidents with cuts)	03	None	02	01	None	02
							Total cases	17

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 2025 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.

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.

Number and period of suspensions				
Position	Nature of alleged misconduct	Date suspension of	Details of disciplinary action taken, or status of case and reasons why not finalized	Date finalized
Deputy Manager SCM	Gross Dishonesty and dereliction	04-Nov-20	Arbitration	N/A
Deputy Manager: IT	Gross Dishonesty	06 Dec 2022	Arbitration	N/A
Senior LED Officer	Bringing the name of the municipality into disrepute	06 Dec 2022	Dismissed	25 August 2023
T4.3.5				

4.4. PERFORMANCE REWARDS

No performance rewards/ bonuses paid for 2022/23 for all employees. The municipality have budgeted three million for payment of performance bonuses in the 2022/23. However, the budget was not utilized due to the fact that officials below senior manager did not sign performance plans. In August 2023 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 2023/24 financial year sign the performance plans for all officials. develop Performance. 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 2022/23 Financial year.

NO OF OFFICIALS	TRAINING INTERVENTION	SPONSOR
2	Records Management	SALGA
29	MFMP	Municipal Funding
2	Advanced Excel	Coghsta
2	Records Management	Coghsta
1	Leadership In Municipal Governance	SALGA
15	Munsoft and Payday	Municipal Funding
2	Payday Administrator for IT	Municipal Funding
2	Financial Statement review	SALGA
6	Performance Management Review for Managerial Stream	SALGA
4 Councillors	Performance Management System	SALGA
Total Employees (61)		
Total Inclusive (65)		

4.5. SKILLS DEVELOPMENT AND TRAINING

Skills Matrix 2022/23														
Management level	Gender	Employees in post as at 30 June 2023	Number of skilled employees required and actual as at 30 June 2023											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			Actual: End of Year - 2022	Actual: End of Year 2023	Year 2023 Target	Actual: End of Year - 2022	Actual: End of Year 2023	Year 2023 Target	Actual: End of Year - 2022	Actual: End of Year 2023	Year 2023 Target	Actual: End of Year - 2022	Actual: End of Year 2023	Year 2023 Target
MM and s57	Female	4	-	-	-		1		1					
	Male	4	-	-	-				0					
Councillors, senior officials and managers	Female	2	-	-	-				2					
	Male	3	-	-	-				2					
Technicians and associate professionals*	Female	6	-	-	-	2	2	2	0			0	0	4
	Male	11	-	-	-	6	6	6	0			2	2	6
Professionals	Female	6	5	0	5				1	1	1	0	0	6
	Male	11	6	0	6				2	2	2	0	0	5
Sub total	Female	12		22	5		2	2				0	0	1
	Male	90	11	22	16	8	6	6	6	3	3	2	2	22
Total				60										
*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	Completed	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 2022/23 remuneration packages for the Executive Mayor, Councillors and Section 56 Managers were as follows:

Table 4.3: Remuneration packages- 2022/23

DESIGNATION	TOTAL SALARIES & WAGES
Executive Mayor	R988 262
Full-Time Councillor-Speaker	R806 625
Full-Time Councillor-Chief whip	R895 357
Executive Councillors	R 5 421 557

Councillors	R 7 778 283
Municipal Manager	R 1 618 028
Chief Financial Officer	R 1 379 128
Senior Manager Water services	R 1 327 036
Senior Manager Technical services	R 1 303 181
Senior Manager Corporate Services	R 1 312 708
Senior Manager Community Services	R 1 229 265
Senior Manager Planning & Development	R 779 984

OTHER EMPLOYEES

EXPENDITURE	ACTUALS
Employee related costs	R485 368 955
Remuneration of Councillors	R 15 890 084



CHAPTER - 5:

FINANCIAL PERFORMANCE

2022 - 2023

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	2021/22	Current: 2022/23			2022/23 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<u>Financial Performance</u>						
Property rates		–	0		–	0
Interest charged on overdue consumer accounts	75 144	71 713	71 713	94 451	0.24	0.24
Other income	230 602	309 801	289 601	239 259	-0.29	-0.17
Service charges	3 621	9 000	9 000	11 463	1.27	1.27

Investment revenue						
Transfers recognised - operational						
Other own revenue	2 376	3 173	3 173	11 282	3.55	3.55
Total Revenue (excluding capital transfers and contributions)	311 746	393 687	373 487	356 457	-0.10	-0.04
Employee costs	466 908	460 123	461 134	485 368	0.05	0.05
Remuneration of councillors	12 175	12 935	22 935	15 890	0.19	0.44
Depreciation & asset impairment	237 313	219 126	219 126	232 733	0.058	0.058
Finance charges	52 436	150	150	50 876	1.00	1.00
Debt Impairment	40 501	70 005	70 005	434 502	0.84	0.84
General expenses	87 725	55 550	55 550	68 982	0.19	0.19
Consulting and professionals	93 405	147 977	179 436	102 238	-0.45	-0.76
Contracted services	13 749			66 339	1	1
VIP Toilets	129 643	81 616	110 416	61 890	-0.32	-0.78
Repairs and Maintenance	699 568			699 568	1	1
Lease rentals on operating lease	93 405	346 514	298 309	225 999	-0.53	-0.32
Materials and bulk purchases	1 937			1 143	1	1
Transfers and grants	189 670	146 244	168 892	373 703	-0.49	-0.60
Other expenditure	2 760			2 953	1	1
Total Expenditure	1 585 846	1 403 074	1 419 987	1 942 526	-0.18	-0.27
Surplus/(Deficit)	193 813	750 453	673 523	371 051	-1.02	-0.81
Transfers recognised - capital	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	-	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-
Surplus/(Deficit) for the year	193 813	750 453	673 523	371 051	-1.0	-0.81
Capital expenditure & funds sources		-	-	-	-	-
Capital expenditure	437 801	-	-	-	-	-
Transfers recognised - capital	437 801	-	-	-	-	-
Public contributions & donations		-	-	-	-	-

Borrowing	—	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-
Total sources of capital funds	437 801	-	-	-	-	-
Financial position		-	-	-	-	-
Total current assets	540 206	1 677	2 130	285 986	0,99	0,99
Total non-current assets	8 513	6 538	8 879	9 039	0,27	0,01
Total current liabilities	1 923	1 463	3 134	1 861	0,21	-0,68
Total non-current liabilities	85 830	1 463	3 262	1 940	0,24	-0,68
Community wealth/Equity	7 043					
Cash flows						
Net cash from (used) operating	479 097			455 224	-0,05	
Net cash from (used) investing	(437 801)			698 684		
Net cash from (used) financing	(20 467)					
Cash/cash equivalents at the beginning of the year	29 437	-	-	30 500		
Cash/cash equivalents at the year end	50 266	65 344		74 356		
Cash backing/surplus reconciliation		-	-	-	-	-
Cash and investments available	30 500	-	-	-	-	-
Application of cash and investments	-	-	-	-	-	-
Balance - surplus (shortfall)	—	-	-	-	-	-
		-	-	-	-	-
Asset management		-	-	-	-	-
Asset register summary (WDV)	8 513 035	-	-	-	-	-
Depreciation & asset impairment	240 666	-	-	-	-	-
Renewal of Existing Assets	—	-	-	-	-	-
Repairs and Maintenance	169 317	-	-	-	-	-
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	2021/22	2022/23			2022/23 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	965 293	844 547	841 261	765 790	-0.10	-0.099
Waste Water (Sanitation)	50 088	34 401	36 680	20 158	-0.71	-0.82
Electricity	1 209	2 174	2 156	2 856	0.24	0.25
Waste Management	-	-	-	-	-	-
Housing	-	-	-	-	-	-
Component A: sub-total	1 016 590	881 121	877 096	788 803	-0.12	-0.11
Waste Water (Stormwater Drainage)	-	-	-	-	-	-
Roads	4 849	7 185	5 806	5 074	-0.42	-0.14
Transport	-	-	-	-	-	-
Component B: sub-total	4 849	7 185	5 806	5 074	-0.42	-0.14
Planning	66 468	78 325	78 022	73 469	-0.066	-0.062
Local Economic Development						
Component B: sub-total	66 468	78 325	78 022	73 469	-0.066	-0.062
Health						
Security and Safety	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-
Corporate Policy Offices and Other	24 948	30 326	28 781	23 352	-0.30	-0.23
Component D: sub-total	-	-	-	-	-	-
Total Expenditure	35 645	31 295	35 010	39 464	0.21	0.11

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.

5.2. GRANTS

The municipality was able to spend 100% on MIG, RBIG, FMG and EPWP.

For 2022/23 financial year, the municipality performed as follows:

(a) MIG – 100%

(b) WSIG – 84%

(c) RRAMS - 100%

(d) EPWP - 100%

(e) FMG - 100%

Grant Performance						
						R' 000
Description	2021/22	2022/23		Actual	2022/23	Variance
	Actual	Budget	Adjustments Budget		Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:						
Equitable share	1 044 405	1 170 419	1 166 419	1 166 419	-.0034	1
Municipal Systems Improvement	–	-	-	-	-	-
Department of Water Affairs	–	-	-	-	-	-
Levy replacement	–	-	-	-	-	-
Disaster Relief COVID 19 grant	2 384	-	-	-	-	-
Municipal Infrastructure Grant	391 253	526 752	481 029	486 572	-0.083	0.011
Water service Infrastructure Grant	45 000	50 000	35 000	34 478	-0.45	-0.015
Rural Road Asset Management	2 225	2 561	3 663	3 663	0.30	1
Finance Management Grant	2 700	3 000	3 000	3 000	0	0
Expanded Public works programme	9 433	10 600	10 600	12 782	0.17	0.17
Provincial Government:						
LG SETA						

Other grant providers:	–					
Total Operating Transfers and Grants	1 497 400	1 763 332	1 699 711	1 706 914	-0.033	0.0042
<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>						<i>T 5.2.1</i>

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.

TREATMENT OF THE THREE LARGEST ASSETS FOR 2022/23				
Assets 1				
Name	Makhushane Water Scheme			
Description	Construction of bulk water supply pipeline			
Asset Type	Infrastructure Asset – Bulk supply pipeline			
Key staff involved	Project Management Unit			
Staff responsibilities	Overall management and implementation of the project			
Asset Value	2019/20	2020/21	2021/22	2022/23
	R39 999 996	R54 164 953	R 44 999 996	R46 799 474
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 services			
Policies in place to manage asset	Asset Management Policy			

Assets 2				
Name	Thabina to Lenyenye Regional Bulk Water			
Description	Construction of bulk water supply pipeline			
Asset Type	Infrastructure Asset – Bulk supply pipeline			
Key staff involved	Project Management Unit			
Staff responsibilities	Overall management and implementation of the project			
Asset Value	2019/20	2020/21	2021/22	2022/23
	R39 999 996	R64 778 951	R41 999 999	R41 227 619
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			

Asset 3				
Name	Tours Water Reticulation			
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	2019/20	2020/21	2021/22	2022/23
	R44 004 000	R 26 380 148	R 18 969 512	R44 761 253
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.

REPAIR AND MAINTENANCE EXPENDITURE 2022/23					
	Original budget	Adjustment budget	Actual	Budget variance	Adjustment variance
Repairs and maintenance expenditure	81 616	110 416	61 890	-0.32	-0.78
					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.

R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	560 763	549 360	760 345	0.26	0.28
Operating Expenditure	1 403 074	1 419 097	1 926 109	0.27	0.26
Total expenditure	1 963 837	1 968 457	2 686 454	0,92	0,26
Water and sanitation	546 243	541 384	545 515	0,0	0,0
Electricity	-	-	-	-	-
Housing	-	-	-	-	-
Roads, Pavements, Bridges and storm water	-	-	-	-	-

Other	-	-	-	-	-
	546 243	541 384	545 515	0,0	0,0
External Loans	-	-	-	-	-
Internal contributions	-	-	-	-	-
Grants and subsidies	1 759 840	1 720 023	1 944 364	0,09	0,11
Other					
	1 759 840	1 720 023	1 944 364	0,09	0,11
Property rates	-	-	-	-	-
Service charges	309 801	289 601	239 259	-1,19	-1,11
Other own revenue	3 173	3 173	11 282	0,71	0,71
	312 674	292 774	250 541	-0,24	-0,16
Employee related costs	460 123	461 134	485 368	0,05	-0,08
Provision for working capital	-	-	-	-	-
Repairs and maintenance	81 616	110 416	61 890	-0,31	-0,78
Bulk purchases	346 514	298 309	225 999	-0,53	-0,31
Other expenditure	146 244	168 892	373 703	0,60	0,54
	1 034 497	1 038 751	1 146 960	0,09	0,09
Employee related costs: Water	-	-	-		
Provision for working capital: Water	-	-	-		
Repairs and maintenance: Water	-	-	-		
Bulk purchases: Water	-	-	-		
Other expenditure: Water	-	-	-		

5.6. CAPITAL SPENDING ON 5 LARGEST PROJECTS

CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS*			
			2022/23
			R' 000
Name of Project	Current: 2022/23		Variance: 2022/23
	Original Budget	Actual Expenditure	% Variance
* Projects with the highest capital expenditure in Year 2023			

Name of Project - A	Sefototse to Ditshosini Bulk Water Supply
Objective of Project	Water supply to Kampersrus and Scotia communities
Delays	Delay by the Contractors
Future Challenges	Infrastructure vandalism
Anticipated citizen benefits	Improved water service supply and socio-economic development
Name of Project - B	Ritavi 2 Water Scheme (Sub-Scheme 1)
Objective of Project	Water supply to Ritavhi and the surrounding
Delays	Delay by the Contractors
Future Challenges	Infrastructure vandalism
Anticipated citizen benefits	Improved water service supply and socio-economic development
Name of Project - C	Sekgosese Water Scheme
Objective of Project	Water supply to Sekgosese and the surrounding areas
Delays	Delay by the Contractors
Future Challenges	Infrastructure vandalism
Anticipated citizen benefits	Access to water services and socio-economic development
Name of Project - D	Thabina Regional Water Scheme (The Resizing & Replacement of Bulk Water Pipeline from Thabina to Lenyenye)
Objective of Project	Water supply to Thabina to Lenyenye
Delays	Delay by the Contractors
Future Challenges	Infrastructure vandalism
Anticipated citizen benefits	Improved access to water supply and local economic development
Name of Project - E	Makhushane Water Scheme
Objective of Project	Water supply to Makhushane and the surrounding villages
Delays	Delay by the Contractors
Future Challenges	Infrastructure vandalism
Anticipated citizen benefits	Improved access to water supply and local economic development
<i>T 5.7.1</i>	

5.7. 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 2023				
	*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.

5.8. 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 - 2021/22	Current: 2022/23		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Sale of goods and services	105 688	140 173	140 173	61 698
Grants	1 537 942	1 759 840	1 719 840	1 853 240
Interest	3 621	9 000	9 000	11 463
Other receipts	2 695			12 882
Dividends				
Payments				
Suppliers and employees	(1 316 271)	(1 304 138)	(1 413 639)	(1 345 892)
Finance charges	(161 946)	(150)	(150)	(3 331)
Transfers and Grants				
NET CASH FROM/(USED) OPERATING ACTIVITIES	171 719	604 725	455 224	577 178
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE				

Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets				
NET CASH FROM/(USED) INVESTING ACTIVITIES				
Purchase of Property ,plant and equipment	(438 679)	(560 763)	(560 080)	(698 684)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Finance lease Payments				(306 400)
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing				
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD				
Cash/cash equivalents at the year begin:	29 785	21 382	30 500	-
Cash/cash equivalents at the year-end:	18 477	65 344	(74 356)	(121 813)
Source: MBRR A7				T 5.9.1

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 2022/23 financial year.

COMPONENT D: OTHER FINANCIAL MATTERS

5.11. SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

MDM had review the SCM policy in financial 2022/23 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.

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

2022 - 2023

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 Qualified audit opinion from the Auditor-General for the 2022/23 financial year, refer to the audit opinion below:

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2022/23

6.1. AUDITOR GENERAL REPORTS 2022/23

AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE 2022/23	
Status of audit report:	QUALIFIED AUDIT OPINION
Non-Compliance Issues	Remedial Action Taken
Annual financial statements not fairly presented.	BTO to develop the AFS preparation plan
"1. Property, plant and equipment- Differences between fixed asset register and AFS 2. Depreciation and amortisation - Differences between asset registers and AFS 3. PPE - Movable assets opening balances overstated due to a correction of error that was not accounted for. 4. Inventory (Consumables) - Differences between inventory listing/register and AFS"	"1. Retention withdrawals will be debited (DR) and WIP Acquisition will be credited (CR) with a total amount of R 1 421 543.93. 2.Reclassification of WIP projects [Ritavi (DR) and Segkoses (CR) with a total amount of R 929 950.90]. 3. Reclassification of WIP and R&M [Repairs & Maintenance (DR) and WIP (CR) with a total amount of R2 500.00]. 4.Correction journal on Retention (DR) and WIP acquisition (CR) with a total amount of R 40 188 423.52.

Deficiencies identified during the testing of controls on the Payday and Munsoft system.	"Management will review the IT governance framework and the provision for the need to receive periodic independent assurance of the effectiveness of the Municipality's technology and information arrangements on both the Payday and Munsoft system will be added."
Cost containment policy and Gap analysis not developed	Cost containment policy to be presented to council.
Deficiencies identified during the assessment of audit committee's work	The audit committee has already developed a template for the assessment of the appropriateness of the expertise and adequacy of resources of the municipality's finance function and an assessment will be conducted.
Internal audit function- 5-year external quality assurance review/assessment not performed.	"The external quality assessment for the Internal Audit Activity will be conducted.
Payables- Differences between the AFS and the General ledger	Perform reconciliations of trade payables on a monthly basis to ensure that the balance presented in the annual financial statement agrees with the balance as per the general ledger.
Munsoft does not directly interface with the banking system and payments are not traceable and reconcilable using a unique identifier between the cashbook and the bank statement.	Invoices will captured and imported directly to the FNB bank system to align both the bank and the system
"1. Revenue from non-exchange transactions_ Difference between the GL/TB and AFS 2. Unspent conditional grants and receipts_ Difference between the GL/TB and AFS "	Processes will be put in place to ensure that information is safely kept and easily/readily accessible when requested for audit purposes. The turnaround time as agreed to in the engagement letter will be adhered to and measures should be put in place to address any deviations that occur.
Trade and other payables from exchange transactions: Differences between the AFS and the supporting schedules	Perform reviews of the underlying supporting documents to ensure that the balance presented in the annual financial statement agrees with the balance as per the underlying supporting schedules.
"1. Executive summary submitted with the adjustments budget did not cover	review the adjustment budget to ensure that it covers the effect of the adjustments to the SDBIP of the municipality.

the effect of the adjustments to the SDBIP of the municipality.	
VAT Receivables: Differences between the TB/GL and the AFS	"Review of VAT receivable presented on the annual
Unauthorised, Irregular, Fruitless & Wasteful (UIF&W) prior year expenditure not investigated	SCM training to all SCM officials , members of bid committees and all official involve in SCM
Limitation of scope on infrastructure projects	Ensure that all documents are safely and properly filed
Limitation of scope for Homu, Ngove, and Bambeni Reticulation projects	Ensure that all documents are safely and properly filed
Trade and other payables from exchange transactions: Trade payables incorrectly classified and presented.	Management should adjust the trade payable presentation and disclosure to reflect the current and the non-current portion of the liability as required by GRAP 1
<p>"1. Awards made to persons in service of other state institutions.</p> <p>2. Awards made to close family members of persons in the service of the state"</p>	<p>"Management did further investigation and the following were the outcome:</p> <p>1. TSAKANI REBECCA NDLEVE</p> <p>Confirmed that there is no director who is a government employee. Furthermore, we communicated telephonically with the director and she indicate that she retired in 2017.</p> <p>2. MAKHOSI TREVOR MOTUBATSE</p> <p>Inspected the CSD reports dated 29 Nov 2023 and confirmed that there is no director who is a government employee. Furthermore, we communicated telephonically with the director and he indicate that he is a Mine worker at Fortscore PTY (LTD)</p> <p>3. THUKWE SOLLY MMAKOLA</p> <p>Inspected the CSD reports dated 29 Nov 2023 and confirmed that there is no director who is a government employee. Furthermore, we communicated telephonically with the director, and he indicate that he was the audit committee member and the period of serving ended in 2016.</p> <p>4. SELEMELA LENIENT MOAGI</p> <p>Confirmed that there is no director who is a government employee. Furthermore, we communicated telephonically with the director and indicate that he retired in 2017</p>

"1. The price charged during the procurement of the executive mayor's car was not economical."	Management will ensure that internal controls are adequate and will ensure that fair and transparent evaluation process as per Preferential Procurement Regulations and Treasury Regulations are followed.
Payments in the bank not supported by appropriate records.	Ensure that all payments paid are processed in the financial system with adequate support before payment is done
Limitation of scope – information not submitted for audit	The amount for receivable will be reviewed and reconciled to the supporting documents before submission for audit. Monthly reconciliation on transactions will be conducted.
Output VAT Accrual for Consumer debtors not accounted for	Ensure that the vat 201 is submitted in time and all the reconciling items are submitted every Month end to avoid late submission
Understatement of unauthorised expenditure	To finalise the conversion of asset and billing module into our financial system, review the GL before calculation assessment of unauthorised expenditure to ensure that all journal passed are complete
Bin cards not submitted to support inventory from the Locals.	Management will ensure that the valuation report is done in manner that they tally with the ones in the locals.
VAT 201 not submitted timeously.	Review of all payments before processing into the financial system that are fully signed before payment
"1. Differences between the annual financial statements and the trial balance 2. Differences between the annual financial statements and the supporting schedules"	Processes will be put in place to ensure that information is safely kept and easily/readily accessible when requested for audit purposes. The turnaround time as agreed to in the engagement letter will be adhered to and measures should be put in place to address any deviations that occur.
"1. WIP asset not adequately safeguarded and subsequently recognised at R1 through a prior period error correction.	1. Recognition of impairment as a prior period error [Acc surplus (DR) and Acc Impairment with a total amount of R 17 464 512.38] 2. Disclose all R 1 projects in the adjusted AFS
Limitation of scope – Information relating to the Vhembe District Municipality debt of R58 million was not submitted for audit.	Ensure that documents relating to Vhembe District Municipality debts
Amounts as per the statement of cash flows are not consistent with the	Cash flow statement should be reviewed to agree with the notes

amounts disclosed in the other financial statements and related notes.	
Payment approvals done after payments made.	Review of all payments before processing into the financial system that are fully signed before payment
"1. Transformers recognised in the asset register could not be physically verified for existence. 2. Payment for four boreholes made before the expenditure is approved and the goods and services are certified as provided. 3. SCM process not adhered to for the procurement of the four boreholes in Middle Letaba WTW"	1.Revisit the entire population of additions and updated FAR to accurately match descriptions of assets on payment vouchers.
" Contractor paid for work not done, money not recovered"	Ensure that money paid for work not done is recovered.
"1. Differences identified between Overtime amounts claimed and Auditors recalculations. 2. Differences identified on calculations of leave redemption. "	Management ensured that leave redemption and Overtime calculations were accurate.
Inter-municipal accounts differences identified	Correct the differences identified on the inter-municipal account
Other Statutory Receivables understated	Ensure adequate review of reconciliations of VAT receivables monthly to ensure that the balance presented and disclosed in the annual financial statement are accurate.
Unjustifiable reasoning for the procurement of goods and service through deviations	All information from the initiating part between the MMCs, Councilors and the Directors and the case number from the SAPS(where there is stolen damaged property) will be considered in the Deviation and the Register.
Zero rated items declared incomplete	Review of the VAT 201 before submission to ensure that the amount disclosed agree with the supporting schedule
"1. Opening balances disclosed on the AFS do not agree with the prior period error listing.	Management must ensure that the retention register are updated on a monthly basis and agree to the supporting schedule

2. Journals for correcting prior period errors were not sufficiently supported."	
"1. The expenditure incurred up to 30 June 2023 for capital projects as per the commitment register exceeds the WIP balance as at 30 June 2023. 2. The boreholes that are powered by fuel cannot be traced to the fixed asset register as completed infrastructure assets.	1. Management does not agree to the finding to adjust the FAR, the error is on the commitment register. 2. Management does not agree to the finding incompleteness and existence, the typing errors was identified on the memos written by satellite managers when requesting fuel.
Misstatements identified during the testing of commitments	Management will ensure that the Commitment register is updated and reviewed on a monthly basis.
"1. Awards made to supplier with non-compliant tax status 2. SCM policy does not apply the requirement stated on the PPR2022 in terms of evaluating awards on specific goals. 3. Declarations were not submitted at the time of the award or within an advert timeframe	1. Management will ensure that internal controls are adequate and will ensures that fair and transparent evaluation process as per Preferential Procurement Regulations and Treasury Regulations are followed.
Differences between the corresponding amount on the face of statement of financial position and the restated balance in note 45.	Review the financial statement and agree to the supporting documents before submitting the financial statement for audit.
"1. Misstatements identified in the prior year not accurately accounted for and not corrected. 2. Impairment of work-in-progress not comprehensively performed."	1. Prior period correction on WIP [Acc Dep (DR) and Dep (CR) / WIP (DR) and Infrastructure (CR) with and amount of R 546 025.55 and R 8 212 822.69 respectively]. [Acc Dep (Dr) and Depreciation (CR) with an amount of R 105 529.69]. 2. Management does not agree with the finding, AGSA was clarified on the bases of impairment, the finding was resolved.
Differences between General Ledger/ Trial Balance and the Annual Financial Statements	Prepare Monthly reconciliation

" Expenditure Payments not made within 30 days relating capital and current expenditure"	ensure that invoices are received and paid before 30 days as per legislation
"1. The asset register is not updated and adequately maintained. 2. Depreciation and amortization not correctly computed."	1. Visit the entire population of additions on movables assets and update assets with no barcodes and duplicates in the FAR. 2. Adjust the calculation of depreciation from 11,95% to 12% for prior and current year [Depreciation (DR) and Acc Dep (CR) with an amount of R 476 781.72].
Expenditure transactions not recognized in the correct accounting period.	Invoices should be submitted in time before the closure of the system and all suppliers appointed must have a an order or contract
Difference between the billing reports and general ledger	Monthly reconciliation of billing report and the general Ledger
"1. No evidence provided to substantiate that a bid specification committee meeting was held. 2. No evidence submitted to confirm that the bids were adjudicated 3. Members attending both BEC and BAC meetings 4. Unfair disqualification and evaluation of bidders 5. Bidders who did not comply with pre-qualification criteria not disqualified 6. No mandatory sub-contracting for bids above R30 000 000 7. Bidders who did not pass functionality not disqualified 8. Winning bidder did not obtain the highest points "	"1 and 2. Management will ensure the winning tender documents together with their reports are complete and binded together before they are kept in the strong room. 3. The Supply Chain Management policy and the Preferential Procurement Regulations and Treasury Regulations that stipulates the allocations of the Bids committee are in place. 4.5,6,7,8 Management will ensure that internal controls are fair and transparent on evaluation process as per Preferential Procurement Regulations and Treasury Regulations are followed. Evidence will be provided to internal Audit"
Incorrect classification of the Agency fees relating to the local municipalities and notional expenses	Ensure that the classification of Agency fees is correct
"1. Assets incorrectly classified as expenditure.	1. Recognition of depreciation on borehole [Depreciation (DR) and Acc Dep (CR) with an amount of R 6 950.05.

2. Incomplete disclosure of projects taking a significantly longer time to complete."	Reclassification of borehole [infrastructure (DR) and R & M (CR) with an amount of R 328 030.30. 2. Management disagreed with the finding, AGSA was clarified on the disclosure of multi-year projects, finding was resolved during the audit.
Customers billed using incorrect tariff.	Ensure adequate review of tariffs before the billing can be performed
"1. Incorrect recognition of WSIG 6B and RBIG 6B Mametja Sekororo grant 2. Unspent conditional grants not backed by cash in the bank"	Review the financial statement and agree to the supporting documents before submitting the financial statement for audit.
"1. Journals for correcting prior period errors were not sufficiently supported and not approved	AGSA was clarified on the details of the payment voucher, and the finding was resolved.
"1. Material misstatements identified based on internal control deficiencies on commitment register and the contract register"	Management will ensure that all contract entered by the municipality are included in the register.
<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 2023</i></p> <p style="text-align: right;">T 6.2.1</p>	

AUDITOR-GENERAL REPORT ON SERVICE DELIVERY PERFORMANCE: 2022/23	
Status of audit report	QUALIFIED AUDIT OPION
Non-Compliance Issues	Remedial Action Taken
"1. Reported Achievement Overstated by-laws promulgated after year end (30 June 2023) 2.Reported Achievement Overstated by items that are non-gravel roads 3. Issues Identified during physical verification of Gravel Roads 4. Control deficiencies identified for Indicator: # in KMs of gravel roads graded"	Revise the reported information on Annual Report Projects visits prior reporting
T 6.2.2	



AUDITOR-GENERAL
SOUTH AFRICA

The accounting officer
Mopani District Municipality
Private Bag X9687
Giyani
0826

Date: 11 December 2023

Reference: 60059REG2022-23

Dear Sir

Report of the Auditor-General on the financial statements, annual performance report, compliance with legislation and other legal and regulatory requirements of Mopani District Municipality for the year ended 30 June 2023

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act No. 25 of 2004 (PAA) read in conjunction with section 188 of the Constitution of the Republic of South Africa and section 126(3) of the Municipal Finance Management Act 56 of 2003 (MFMA).
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and the annual performance report and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements, the annual performance report or our report on compliance with legislation. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA you are required to include the auditor's report in the municipality's annual report to be tabled.
4. Prior to printing or copying the annual report which will include the auditor's report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the auditor's report and for confirmation that the financial statements, annual performance report and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in

the hard copy that is provided to you. The official logo will be made available to you in electronic format.

5. Please notify the undersigned Deputy Business Unit Leader (DBUL) well in advance of the date on which the annual report containing this audit report will be tabled.
6. The confidentiality of information obtained in an engagement must be observed at all times. In terms of section 50 of the PAA and the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (*including International Independence Standards*), members of the staff of the Auditor General (AG), or an audit firm appointed in terms of section 25 of the PAA, may not disclose or make available any information obtained during an audit, other than the final auditor's report, to any third party without the permission of the AG or his/her delegate, unless this is to a legislature or internal committee of a legislature or a court in a criminal matter..
7. Until the steps described in paragraphs 2 and 4 of this document are completed and the annual report is tabled as required by section 127(2) of the MFMA, the audit report is not a final and public document and you are therefore requested to treat it as confidential.
8. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Signed



.....
Deputy Business Unit Leader (DBUL): Limpopo

Enquiries: Hlayisani Kubayi

Telephone: (015) 283 9300

Email: HlayisaniK@agsa.co.za

Report of the auditor-general to Limpopo Provincial Legislature and the council on Mopani District Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Mopani District Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Mopani District Municipality as at 30 June 2023, and financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (DoRA).

Basis for qualified opinion

Property, plant and equipment

3. The municipality did not recognise impairment on infrastructure assets in line with GRAP 21, *Impairment of non-cash generating assets*. I identified assets with indicators of impairment that were not included in the impairment calculation. I was unable to determine the full extent of the impairment loss as it was impracticable to do so. Additionally, I identified unexplained differences on infrastructure assets amounting to R21 424 833 on the corresponding balances. Consequently, I was unable to determine whether any adjustments to the infrastructure assets balance of R6 199 138 130 (2022: R6 398 125 578) as disclosed in note 8 to the annual financial statements were necessary.
4. The municipality did not recognise impairment on work in progress in line with GRAP 21, *Impairment of non-cash generating assets*. I identified assets with indicators of impairment that were not included in the impairment calculation of work in progress. I was unable to determine the full extent of the impairment loss as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to the work in progress balance of R2 573 679 712 (2022: R1 908 100 726) as disclosed in note 8 to the financial statements were necessary.

Receivables from exchange transactions

5. An assessment of individually significant categories of debtors was not properly performed at the end of the financial year to determine if there was objective evidence that debtors from

exchange transactions are impaired. In addition the provision for bad debts for long outstanding debtors was not properly calculated, in accordance with GRAP 104, *Financial instruments*. An impairment amount of R70 820 152 calculated and included in the debt impairment amount of R434 502 442 as disclosed in note 32 to the financial statements was unreasonable.

Consequently, the receivables from exchange balance of R122 849 288 (2022: R286 794 629) as disclosed in note 4 to the financial statements was misstated by the same amount.

Additionally, this has an impact on the surplus for the year.

6. I was unable to obtain sufficient appropriate audit evidence that the gross consumer debtors for water and sanitation related transactions for the current and previous was properly accounted for, due to the status of the accounting records. I was unable to confirm whether all the gross consumer debtors for water and sanitation, were correctly recorded by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the gross consumer debtors for water and sanitation stated at R2 128 999 380 (2022: R1 762 836 515) in note 4 to the financial statements.

Payables from exchange transactions

7. The municipality did not have adequate internal control systems to account for trade payables from exchange transactions as required by GRAP 1, *Presentation of financial statements*. The municipality did not present non-current liabilities for the portion that will be payable to the Department of Water and Sanitation (DWS) and Lepelle Northern Water (LNW) creditors beyond 12 months. Consequently, the LNW and DWS balances stated at R450 474 201 and R413 767 089 respectively in note 13.5 to the financial statements, were misstated as the non-current portions were not separately presented and disclosed.
8. The municipality did not have adequate internal control systems to account for trade payables from exchange transactions as required by GRAP 1, *Presentation of financial statements*. I identified misstatements on the opening balances of trade creditors amounting to R48 561 134 as well as a misstatement on the opening balance of the payable for the Department of Water & Sanitation (DWS) amounting R48 561 167. I was unable to confirm the balances by alternative means. Consequently, I was unable to determine whether any adjustments to the opening balances of trade creditors and DWS stated at R186 056 950 and R437 452 714 respectively in note 13 to the financial statements.
9. I was unable to determine whether trade payables arising from local municipalities relating to water and sanitation were correctly recorded due to the status of the records. I could not confirm the balances by alternative means. Consequently, I was unable to determine whether any adjustments to the payables balances stated at R1 744 669 967 (2022: R1 710 999 346) in note 13 to the financial statements were necessary. Additionally, there is a resultant impact on the accumulated surplus.

VAT receivables

10. I was unable to obtain sufficient appropriate audit evidence for VAT balances 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 R45 833 469 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 balance. I could not confirm the VAT balance by alternative means. I was unable to determine whether any further adjustments were necessary to VAT receivables stated at R59 222 219 (2022: R14 124 807) in note 6 to the financial statements.

11. The municipality did not present VAT balances as required by GRAP 1, *Presentation of financial statements*. I identified a statutory VAT receivable amount of R67 849 352 which was not correctly presented and disclosed in note 6 to the financial statements. Furthermore, the municipality offset the accrual VAT payable with the VAT amount due from SARS. Consequently, the VAT amount stated at R59 222 219 (2022: R14 124 807) was not presented in line with the requirements of GRAP 1, *Presentation of financial statements*.

Revenue from exchange transactions

12. I was unable to obtain sufficient appropriate audit evidence for revenue from water and sanitation due to the status of record keeping. I identified unexplained differences between the municipality's financial statements and underlying records from the local municipalities (Ba-Phalaborwa and Greater Tzaneen local municipalities). 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 R239 259 968 (2022: R230 602 905) on note 19 to the financial statements.
13. The municipality did not bill customers in line with the approved tariffs, as I identified differences on amounts billed to customers for water and sanitation. I was unable to determine the full extent of the understatement as it was impractical to do so. I was unable to determine whether any further adjustments were necessary to revenue from exchange transactions stated at R239 259 968 (2022: R230 602 905) on note 19 to the financial statements. Additionally, there is an impact on the receivables from exchange transactions stated at R122 849 288 (2022: R286 794 629) as disclosed in note 4 to the financial statements and surplus for the year.

Revenue from non-exchange transactions

14. The municipality did not recognise revenue from non-exchange transactions in line with the requirements of GRAP 23, *Revenue from non-exchange transactions*. I identified conditional grants transactions amounting to R52 005 619 that were not recognised on the accrual basis of accounting. Consequently, revenue from non-exchange transactions stated at R773 945 604 (2023: R463 647 200) in note 23 to the financial statements is misstated. Additionally, there is an impact on the unspent conditional grants and receipts amount stated at R106 936 475 (2022: R146 712 992) in note 17 to the financial statements.

Expenditure

15. 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 R19 524 633 that were expensed under repairs and maintenance and prior year misstatements amounting to R53 861 510 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 R61 890 656 (2022: R129 643 993) in note 38 to the financial

statements is overstated by the same amount. There is a resultant impact on property, plant and equipment disclosed in note 8 to the financial statements and surplus for the period.

16. The municipality did not have adequate internal control systems to account for transactions in the correct financial year as required by GRAP 1, *Presentation of financial statements*. I identified various expenditure transactions amounting to R26 995 105 that were not correctly accounted for in the 2022-23 period. Consequently, total expenditure stated at R1 926 109 256 (2022: R1 585 846 708) in the statement of financial performance are understated by the same amount. Additionally, there is an impact on the surplus for the year and the accumulated surplus.

Commitments

17. The municipality did not maintain adequate internal control systems for recording and accounting for commitments. I identified differences amounting to R41 620 313 between commitments as per the commitments register and the supporting records. Consequently, commitments stated at R1 675 558 605 (2022: R716 240 622) in note 44 to the financial statements are understated by the same amount.
18. The municipality did not maintain adequate internal control systems for recording and accounting for commitments. I identified expired contracts that were still accounted for in the commitments register amounting to R24 286 827. Consequently, commitments stated at R1 675 558 605 (2022: R716 240 622) in note 44 to the financial statements are overstated by the same amount.

Net cash flows from operating activities

19. Net cash flows from operating activities were not correctly prepared and disclosed as required by GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated at R687 683 666 (2022: R463 592 668) in the financial statements were necessary.

Water distribution losses

20. The municipality did not calculate water distribution losses and disclose in accordance with the requirements of GRAP 1, *Presentation of financial statements* and 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 adjustments to water distribution losses stated at 2 885 224m³ (2022: 4 689 786m³) in note 33 to the financial statements were necessary.

Context for opinion

21. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

22. 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.
23. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Restatement of corresponding figures

25. As disclosed in note 47 to the financial statements, some corresponding figures for 30 June 2022 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2023.

Significant uncertainties

26. With reference to note 45 of the financial statements, the municipality is currently involved in litigation with various service providers and third parties. The ultimate outcome of these matters could not be determined and no provision for any liability that may result has been made in the financial statements.

Other matters

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

Unaudited supplementary schedules

28. 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

29. 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

30. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and the 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.

31. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

32. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
33. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

34. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
35. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key Performance Area	Page numbers	Purpose
KPA 2 – Basic service delivery	[XX]	<p>To accelerate sustainable infrastructure and maintenance in all sectors of development.</p> <p>To have integrated infrastructure development.</p> <p>To improve community safety, health and social well-being</p>

36. I evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.
37. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives.
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
 - the reported performance information is presented in the annual performance report in the prescribed manner.
 - there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.
38. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
39. The material findings on the reported performance information for the selected key performance area are as follows:

KPA 2 – Basic service delivery

Number in kilometres of gravel roads graded

40. An achievement of 2 107,49 km was reported against a target of 2 000 km. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the achievement against the target was lower than reported.

Number of by-laws gazetted by 30 June 2023

41. An achievement of two was reported against a target of five. However, the audit evidence showed the actual achievement to be zero. Consequently, the target was not achieved.

Other matters

42. I draw attention to the matters below.

Achievement of planned targets

43. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.
44. The municipality plays a key role in delivering services to South Africans. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

KPA 2 – Basic service delivery

<i>Targets achieved: 38%</i> <i>Budget spent: 101%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of households with access to water	6 000	1 355
Number of households with access to sanitation	5 461	4 902

Material misstatements

45. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA 2 – basic service delivery. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

46. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
47. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
48. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

49. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

50. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure, and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

51. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
52. Reasonable steps were not taken to 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.
53. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The amount of R51 694 817, as disclosed in note 54, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the disclosed irregular expenditure was caused by incorrect disqualification of bidders.
54. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R40 946 021, as disclosed in note 53 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by penalties due to non-payment of bulk water purchases from the DWS and LNW.
55. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R588 657 734, as disclosed in note 52 to the annual financial statements, in contravention of 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

56. An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.
57. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

Asset management

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

Consequence management

59. 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.
60. 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

61. 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).

Utilisation of conditional grants

62. The Water Services 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.
63. The Regional Bulk 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

64. Sufficient appropriate audit evidence could not be obtained that all contracts were awarded in accordance with the legislative requirements as the required information for some of the awards were not submitted. A similar limitation was also reported in the prior year.
65. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by supply chain management (SCM) regulation 13(c). Similar non-compliance was also reported in the prior year.
66. Sufficient appropriate audit evidence could not be obtained that quotations were only accepted from bidders whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43. Similar non-compliance was also reported in the prior year.
67. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for legislative requirement that were stipulated in the original

invitation for bidding, as required by SCM regulations 21(b) and 28(1)(a)(i) and Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.

68. Sufficient appropriate audit evidence could not be obtained that contracts were awarded through a competitive bidding process that were adjudicated by the bid adjudication committee as required by SCM Regulations 29(1) (a) and (b) and Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
69. Sufficient appropriate audit evidence could not be obtained that councillors of the municipality participated in committees evaluating or approving tenders OR attended meetings of committees evaluating or approving tenders, in contravention of section 117 of the MFMA. Similar non-compliance was also reported in the prior year.
70. Sufficient appropriate audit evidence could not be obtained that the accounting officer ratified the decision of bid adjudication committee of awarding contracts to bidders other than those recommended by the bid evaluation committee as required by SCM Regulation 29(5)(b). Similar non-compliance was also reported in the prior year.
71. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.

Other information in the annual report

72. The accounting officer is responsible for the other information included in the annual report which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and the selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
73. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
74. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
75. 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

76. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
77. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
78. The basic accounting and internal control disciplines of daily and monthly reconciliation of transactions was not adequately implemented and monitored.
79. The audit action plan was not adequately designed to address the root causes of the findings which led to the disclaimer of opinion in the prior years, as we identified material misstatements in the submitted annual financial statements and the annual performance report.
80. The accounting officer and management did not effectively manage and monitor the water and sanitation functions delegated to the local municipalities. The municipality does not timeously update transactions from local municipalities, which resulted in material misstatements.
81. The financial statements and the annual performance report were not reviewed for accuracy and completeness by the accounting officer, this resulted in numerous misstatements being identified although some corrected.
82. The financial system does not have unique identifiers for bank and payment reconciliations which exposes the municipality to possible duplicate payments and an increased fraud risk.
83. Measures put in place for the preparation, review and approval of the annual financial statements and annual performance report are inadequate as the annual financial statements and annual performance report submitted for audit contained misstatements that were not detected and rectified prior to submission of the report for audit.
84. There was no proper implementation of controls over daily and monthly processing and reconciling of kilometres of gravel roads graded.
85. The accounting officer did not exercise his oversight responsibilities regarding compliance and related internal controls to ensure that all instances of unauthorised, irregular and fruitless and wasteful expenditure are investigated to determine if any person is liable for the expenditure.
86. The accounting officer did not implement effective controls to ensure that compliance with the applicable laws and regulations is reviewed and monitored at all times.

Material irregularities

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

Material irregularities identified during the audit

88. The material irregularities identified are as follows:

Payment for duplication of work

89. During the audit of the Mametja-Sekororo Regional Water Scheme (RWS) project in the 2021-22 financial year, we noted that there was a duplication of a significant portion of the works completed by contractors. The specific part of the RWS audited, related to the "mechanical and electrical items component" of the scheme.

90. The first contractor appointed on the project was appointed at a contract amount of R19 201 350, for a period of four months commencing on 1 October 2015. The first contractor was officially terminated due to poor performance and breach of contract in June 2019; after having incurred expenditure totaling R12 992 201 on the project. However, the project was not complete at the time. The municipality appointed a second contractor for a revised contract amount of R27 375 737 with a commencement date of 21 May 2018. The mechanical and electrical works on the scheme were eventually completed on 22 December 2020 after additional expenditure of R25 437 749 was incurred by the second contractor.

91. The relevant officials and senior managers involved on the project did not thoroughly review invoices and payment certificates issued to ensure that items claimed by the first and second contractors are not duplicated. This resulted in the municipality double paying for some of the goods and services said to be rendered by the two contractors.

92. The above resulted in non-compliance with section 78(1)(b) of the MFMA, which states that "each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently".

93. The above non-compliance is likely to result in a material financial loss for the municipality.

94. The accounting officer was notified of the material irregularity on 9 May 2023. The following actions have been taken to resolve the material irregularity:

- The accounting officer appointed a law firm to investigate the matter on 9 May 2023. The investigation was expected to be completed by 30 October 2023, however it was still in progress by the date of this report with the new completion date unknown.

95. The accounting officer plans to take appropriate steps based on the outcome of this investigation by ensuring that the recommendations from the investigation are implemented.

96. I will follow up on the investigation and the implementation of the planned actions during my next audit.

Status of previously reported material irregularities

Failure to keep full and proper records of the financial affairs of the municipality resulting in ineffective use of financial reporting consultants.

97. The municipality appointed three financial reporting consultants to prepare the 2020-21 annual financial statements. The consultants were appointed for the preparation of the annual financial statements, asset management as well as tax services.

98. The municipality failed to keep full and proper records required to produce credible and GRAP compliant financial statements. This resulted in the municipality not being able to provide the appointed financial reporting consultants with complete, accurate and reliable information as required by section 62(1)(b) of the MFMA to enable them to compile GRAP compliant financial statements. This failure of the municipality to furnish the financial reporting consultants with the necessary records resulted in the municipality obtaining a disclaimed audit opinion on the 2020-21 annual financial statements.

99. The non-compliance is likely to result in a material financial loss for the municipality as the equivalent value of the amounts paid to the consultants could not be obtained by the municipality.

100. The accounting officer was notified of the material irregularity on 21 November 2022. The following actions were taken to resolve the material irregularity:

- All deputy managers and all other employees must have signed performance agreements by 30 June 2023. Action was implemented.
- VAT 201 returns must be submitted internally by the deputy manager expenditure by 30 November 2023. Action was implemented and the returns are now prepared in-house.

- To provide the necessary skills through training. Personal development plans must be developed by 20 April 2023. Action was implemented.
- Steps will be taken to recover any financial loss and prevent any further loss by 30 June 2023. Actions that were planned by the accounting officer still needs to be implemented, with an expected completion date on or before 30 June 2024.

101. I will follow up on the implementation of the planned actions on my next audit.

Auditor-General

Polokwane

11 December 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	<p>Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure</p> <p>Section 1 - Definition: service delivery and budget implementation plan</p> <p>Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1),</p> <p>Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(6)(a),</p> <p>Sections 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), 62(1)(f)(ii),</p> <p>Sections 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e),</p> <p>Sections 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j),</p> <p>Sections 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b),</p> <p>Sections 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a),</p> <p>Sections 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)</p>
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulation 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	<p>Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), 17(1)(b),</p> <p>Regulations 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e),</p> <p>Regulations 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a) and (b), 29(5)(a)(ii), 29(5)(b)(ii),</p> <p>Regulations 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i),</p> <p>Regulations 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)</p>
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Sections 11(6)(b), 12(5), 16(1); 16(3)

Legislation	Sections or regulations
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), Regulations 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 27(1), 29(1)(b)(ii), 29(2)(a), Sections 29(2)(c), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, Sections 43(2), 56(a), 57(2)(a), 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), Sections 67(1)(d), 74(1), 93J(1), 96(b) Parent municipality with ME: Sections 93B(a), 93B(b) Parent municipality with shared control of ME: Sections 93C(a)(iv), 93C(a)(v)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(5)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)



CHAPTER - 7:

APPENDICIES

2022 - 2023

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	13/13	100
2	Cllr MN Maswanganyi	FT	Council	ANC	13/13	100
3	Cllr M Lewele	FT	Council	ANC	11/13	85
4	Cllr L S Mohlala	FT	MAYCO	ANC	13/13	100
5	Cllr M L Maloko	FT	MAYCO	ANC	12/13	92
6	Cllr MH Sefufi	FT	MAYCO	ANC	13/13	100
7	Cllr D J Mmetle	FT	MAYCO	ANC	11/13	85
8	Cllr N R Khandlhela	FT	MAYCO	ANC	12/13	92
9	Cllr M S Magomane	PT	MAYCO	ANC	10/13	76
10	Cllr M G Mangena	FT	MAYCO	ANC	10/13	76
11	Cllr N N Baloyi	FT	MAYCO	ANC	9/13	69
12	Cllr D M Makhananisa	FT	MAYCO	ANC	10/13	76
13	Cllr S Mothomogolo	PT	Committee of Chairs Chair	ANC	12/13	92
14	Cllr M P Hlungwani	PT	Chairperson MPAC	ANC	5/6	83
15	Cllr B A Shibambu	PT	Chair: Governance & Shared Services	ANC	12/13	92
16	Cllr MA Mathebula	PT	Chair: Finance	ANC	12/13	92
17	Cllr E Hlungwane	PT	Chair : Agriculture & Environment Management	ANC	7/13	53
18	Cllr J Rakgoale	PT	Chair: Infrastructure	ANC	12/13	92
19	Cllr F M Morwatshehla	PT	Chair: Water Services	ANC	9/13	69
20	Cllr P Mampeule	PT	Chair : LED & Water Services	ANC	9/13	69
21	Cllr NH Ntsimbani	PT	Chair: Sports, Arts & Culture	ANC	12/13	92
22	Cllr N J Mbalati	PT	Chair: Roads & Transport	ANC	12/13	92
23	Cllr S S Mathebula	PT	Chair: Community Development	ANC	13/13	100
24	Cllr MP Matlou	PT	Chair :Ethics	ANC	8/13	61
25	Cllr M W Mohale	PT	Governance & Shared Services	ANC	11/13	84

26	Cllr H D Lebeya	PT	Economic Development & Spatial Planning	ANC	11/13	85
27	Cllr M M Mukhabele	PT	Governance & Shared Services	ANC	13/13	100
28	Cllr R T Mavundza	PT	Finance	DA	12/13	92
29	Cllr I Hlungwana	PT	Infrastructure	EFF	11/13	85
30	Cllr W L Mtebule	PT	Sports Recreation Arts & Culture	EFF	10/13	77
31	Cllr GN Bokisi	PT	Mpac	EFF	8/13	61
32	Cllr MN Madike	PT	Sports Recreation Arts & Culture	Warrior	8/13	61
33	Cllr DG Mkhabela	PT	Sports Recreation Arts & Culture	ANC	13/13	100
34	Cllr MC Morwatshehla	PT	Mpac	ANC	11/13	85
35	Cllr S B Ramoshaba	PT	Roads & Transport	ANC	10/13	77
36	Cllr CM Ramathoka	PT	Agriculture & Environment Management	EFF	10/13	77
37	Cllr L Ramalepe	PT	Water & Sanitation Services	DA	10/13	77
38	Cllr T C Letsoalo	PT	Water & Sanitation Services	EFF	5/13	38
39	Cllr C Stoltz	PT	Finance	ANC	11/13	85
40	Cllr J Mashele	PT	Governance & Shared Services	ANC	12/13	92
41	Cllr WM Maake	PT	Mpac	ANC	1/13	7
42	Cllr M S Baloyi	PT	Infrastructure	ANC	11/13	85
43	Cllr GE Kobane	PT	Agriculture & Environment Management	ANC	4/13	31
44	Cllr NR Sekgobela	PT	Ethics	EFF	7/13	54
45	Cllr T Rabothata	PT	Agriculture & Environment Management	ANC	13/13	100
46	Cllr S Mavasa	PT	Community & Development	ANC	11/13	85
47	Cllr PM Hlungwani	PT	Mpac	PA	12/13	92

48	Cllr T J Senyolo	PT	Finance	Cope	11/13	85
49	Cllr E Mathaba	PT	Governance & Shared Services	EFF	4/13	31
50	Cllr S M Shai	PT	Infrastructure	ANC	13/13	100
51	Cllr P Mashumu	PT	Finance	EFF	11/13	85
52	Cllr B Mabilo	PT	Roads & Transport	EFF	9/13	69
53	Cllr S P Letebele	PT	Agriculture & Environment Management	ANC	9/13	69
54	Cllr MD Selaelo	PT	Governance & Shared Services	ANC	7/7	100
Note: * Cllr WM Maake could not attend the 12 meetings scheduled due to ill health (# 41)						

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 – Municipal Manager
	Seshoene ME – Manager Officer of the Municipal Manager
	Muedi LT - Chief Risk Officer
	Mphahlele MF- Manager Internal Audit
	Kgabi NT- Deputy Manager Specialised Audit
	Sekgoka MN- Deputy Manager IDP
	Malungane RS – Deputy Manager Performance Management
	Shai MM – Deputy Manager Risk Based Auditor
	Lethole – Manager Legal services
Corporate Services	Ngobeni SN - Senior Manager Corporate Services
	Rasekgala MJ – Deputy Manager IT

	Lebadika P – Deputy Manager Human Resources
	Mkhari T – Deputy Manager Administration
	Mampuru K – Deputy Manager Organizational Development
	Lathane LP – Deputy Manager Labour Relations
Budget and Treasury	S Mathebula – Chief Financial Officer
	Motau L - Deputy Manager Budget & Control
	Pootona MR - Deputy Manager Revenue
	Seemela L – Deputy Manager Expenditure
	Mokgonyana P- Deputy Manager Supply Chain Management
Office of the Executive Mayor	Magabane TG - Manager Office of the Executive Mayor
	Makhananisa R – Deputy Manager Public Participation
	Ngobeni O – Deputy Manager Communications
	Mabunda N- Deputy Manager Special Programmes
Community Services	Ntimbane C – Senior Manager Community Services
	Mudau NR – Deputy Manager Environment and Waste Management
	Visser DJ – Acting Deputy Manager Fire & Rescue services
	Masedi KS – Deputy Manager Traffic Services
Water Services	Shilowa P – Senior Manager Water Services
	Rammalo AM – Deputy Manager Maintenance and operations Services
	Chavalala R.S –Deputy Manager Water Quality
Technical Services	Mahayi L – Senior Manager Technical services
	M Mandiwana - PMU Manager
	Masipa MK Deputy Manager Infrastructure Planning
	Mabulane TJ Deputy Manager Energy
Planning and Development	Monakedi T - Senior Manager Planning and Development
	Ngobeni TR - Deputy Manager Spatial Planning
	Maponya GT - Deputy Manager GIS
	Mr Malatji K.P- Deputy Manager LED
	T2.2.2)

APPENDIX D–FUNCTIONS OF MUNICIPALITY / ENTITY

MUNICIPAL/ENTITY FUNCTIONS		
Municipal Functions	Function applicable to Municipality (Yes/No)*	Function applicable to Entity (yes/no)
Constitution schedule 4, Part B functions		
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)
Constitution schedule 5, Part B Functions:		
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 2022/23 (FULL LIST AT APPENDIX N)					R'000
Ward No	Project Name & Detail	Start Date	End Date	Total Value	
GLM	Construction of Sefotse to Ditshosing water supply & reticulation Phase 2E	12 July 2018	22 Dec 2022	R48 433 956	
BPM	Construction of Makhushane Water Scheme	23 Nov 2021	06 Dec 2022	R46 799 474	
BPM	Construction of Lulekani water scheme phase1	24 Jan 2022	24 Jan 2024	R44 225 286	
GTM	Construction of Tours water reticulation)	27 Jan 2022	17 Jan 2023	R44 761 253	
GGM	Construction of Ritavi 2 water scheme phase 4A Zangoma & Mohlaba village water reticulation	29 Nov 2022	18 Oct 2023	R41 413 344	
GTM	Construction of Maselapata water supply)	08 Dec 2022	28 Apr 2023	R 47 308 670	
GTM	Construction Thabina Regional water scheme phase6)	20 Jun 2022	20 Dec 2023	R 41 227 619	

APPENDIX G –RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2022/23

The Audit Committee is pleased to present our report for the financial year ended 30 June 2023.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee (AC) was established in terms of section 166 of the Municipal Finance Management Act (MFMA). Section 166 of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA), as amended, requires a municipality to establish an independent audit committee which must advise the municipal council, political office-bearers, accounting officer and management on matters relating to internal financial controls and internal audits, risk management, and accounting policies; as well as provide advice on the adequacy, reliability and accuracy of financial reporting and information within the municipality. In addition, the committee advises on performance management, risk management, effective governance, compliance with the MFMA, the annual Division of Revenue Act, and any other applicable legislation and performance evaluation.

The Audit Committee was able to meet nine (9) times during the financial year under review as per the approved terms of reference. The meetings included the five (5) special and four (4) normal Audit Committee meetings. The Chief Audit Executive is the permanent invitee to the Audit Committee and has unrestricted access to bring any matter within the scope and responsibility of the Internal Audit Activity to the attention of the committee.

SUMMARY OF TENURE, QUALIFICATIONS, AND MEETING ATTENDANCES OF THE MEMBERS

The previous Audit Committee members' contract ended on 31 July 2021 and the current Audit Committee was appointed in August 2021 for 3 years. The members of the audit committee were all independent from the municipality.

NAME OF THE MEMBER	QUALIFICATIONS	NUMBER OF MEETINGS ATTENDED	TENURE PERIOD (1)	TENURE PERIOD (2)
Mr. Modipane TC CA(SA) (Chairperson)	Bachelor of Commerce in Accounting / Bachelor of Commerce Honours (CTA) / Higher Diploma in Auditing / Chartered Accountant registered with SAICA -	9 (100%)	May 2018 to April 2021 Three months extension, 01	August 2021 to July 2024

	CA(SA) / Certificate in Business Development Systems / SAICA GRAP Certificate		May 2021 to 31 July 2021	
Ms. Mabuza JM - (Member)	B Iuris Degree- Law/Advance Diploma Labour law/Legislative Drafting Certificate	9 (100%)	May 2018 to April 2021 Three months extension, 01 May 2021 to 31 July 2021	August 2021 to July 2024
Mr. T Lekoloane AG(SA) (Member)	Bachelor of Commerce in Accounting/ Bachelor of Commerce Honours in Accounting/Masters of Business Administration (MBA)/Associate General Accountant registered with SAICA / Chartered Global Management Accountant registered with CIMA / National Treasury & CIGFARO MSCOA trainer certificate	9 (100%)	August 2021 to July 2024	
Mr. NT Baloyi* (Member)	Bachelor of Commerce in Financial Management; Advanced Diploma in Accounting Sciences Postgraduate Diploma in Internal Auditing; Postgraduate Diploma in Risk Management, Master of Philosophy in Development Finance; Master of Business Administration (MBA); Master of Public Administration (MPA); Bachelor of Science (B.Sc.) in Computer Science and Information Systems; B.Sc. Honours in Computational and Applied Mathematics; Master of Science in Electronics (Information Security; Computer Networks); Master of Science in Electrical Engineering(Telecommunications); Certified Information Systems Auditor (CISA); Higher Diploma in Computer Auditing; Certified Risk Management Practitioner (CRM Prac) Professional	2 (100%)	August 2023 to July 2024	

	Member of the Institute of Risk Management of South Africa.			
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*Mr NT Baloyi was appointed for the first term in 1st of March 2023.

Four (4) ordinary audit committee meetings and five (5) special committee meetings were held during the year. The five special meetings were for the purposes of:

- Unaudited Draft Annual Financial Statements (before submission to the AGSA)
- Unaudited Draft Annual Performance Report (before submission to the AGSA)
- AGSA 2021/22 Audit Strategy
- AGSA 2021/22 Audit Report
- Disputes between management and AGSA
- Mid-Year Budget and Performance Report
- 2022/23 Budget Adjustment
- Draft Annual Report
- 2023/24 Internal Audit Plan
- 2023/24 Draft Budget

The Audit Committee meeting agendas are comprehensive and require diligent preparation by the committee members, and all members participate in the meetings with the highest levels of professionalism, commitment, integrity and objectivity. The AC meetings are attended by:

- Municipal Manager
- All Senior Managers;
- Other officials (as and when required);
- Chief Audit Executive and relevant staff;
- Limpopo Provincial Treasury;
- CoGHSTA;
- SALGA; and
- AGSA.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee confirms that it has complied with its responsibilities arising from section 166 of Municipal Finance Management Act, 2003, (Act 56 of 2003), section 79 of Municipal Structures Act 117, 1998 (Act 117 of 1998) and paragraph 14 (2)(a) of the Local Government: Municipal Planning and

Performance Management Regulations, 2001 and the King IV Report on the Best Practices on Corporate Governance for South Africa. The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, and regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The systems of internal controls applied by the municipality over financial and risk management have slightly improved. In line with the MFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls of the municipality have been fairly designed, however they are not fully efficient and effective. This is as a result of failure to identify control weaknesses and non-implementation of recommended enhancements to the controls and processes.

From the Audit Report of the Auditor-General South Africa on the annual financial statements of the municipality, the municipality received a qualified audit opinion for the year under review which is an improvement from the prior year's disclaimer audit opinion. Management did not fully resolve findings raised by Internal Audit and Auditor General in the year under review. We recommended that management should develop and implement audit action plan to address all the findings raised by the Auditor General and Internal Audit in order to strengthen the efficiency and effectiveness of the systems of internal controls over financial reporting.

We draw attention to the following areas flowing from the Committee's observations and internal audit findings reported during the year:

- lack of diligent basic discipline of accounting;
- lack of regular reconciliations;
- vacancies in strategic management positions;
- the continuing resource and capacity constraints resulting in skills and performance limitations in Budget and Treasury Office;
- non-compliance with SCM Regulations and Preferential Procurement Regulations;
- lack of supporting evidence as a result of poor records management processes;
- lack of sufficient management review and supervisory checks;
- delayed performance management reporting and monitoring processes;
- failure to hold management accountable for poor performance;
- asset management procedure manual not developed;
- asset register not timeously updated; and

- water distribution losses not monitored regularly;
- non implementation of Revenue enhancement strategy;
- projects and contract management not effectively implemented; and
- lack of standard operating procedure for effective expenditure management.

The areas highlighted above require the necessary management attention, as the first line of defence in combined assurance, it is critical to emphasise that these are serious enough to negatively impact the audit opinion if not attended to.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

- Management submitted draft Annual Financial Statements to the Audit Committee which were incomplete at the time of review. This limited the oversight responsibility of the Audit Committee on the Annual Financial Statement before submission to the Auditor General.
- The Audit Committee reviewed the audited annual financial statements to be included in the annual report.
- The Audit Committee reviewed the Municipality compliance with legal and regulatory provisions.
- The Audit Committee reviewed the Auditor General's management report and audit report.
- The Audit Committee reviewed significant adjustments resulting from the audit.

INTERNAL AUDIT

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Municipality in its audits. Internal Audit performed the audit of internal controls of the Municipality. The Audit Committee is not satisfied with the pace of improving the efficiency and effectiveness of the internal control environment during the financial year based on outcome of Internal Audit work. Majority of the overall opinion on internal audit project were not satisfactory as internal controls were not adequately planned and designed Management while in several instances controls were not effectively implemented to provide reasonable assurance. This is a negative reflection on the quality of internal controls planned and designed and also on management's commitment to quality and good governance. The Committee has noted that there is a need to improve supervisory checks, monitoring and oversight and by Management in managing internal controls.

RESOLVING INTERNAL CONTROL FINDINGS

Internal Audit conducted follow-up audit on internal audit findings issued previously to management.

The implementation is at 117 (77%) implemented, 34 (23%) is not implemented. We are of the view that there is a need for more efforts from management to resolve the 23% not yet implemented. That management should timeously implement recommendations as outlined and agreed to in the audit reports and Internal Audit Action Plan.

INTERNAL AUDIT EFFECTIVENESS

The Internal Audit activities are carried out by an in-house department operating in terms of an Internal Audit Charter and an annually approved audit plan. There has been no compromise of the independence or objectivity of the function during the year under review.

The Chief Audit Executive (CAE) reports functionally to the committee and administratively to the Municipal Manager with unfettered access to the Mayor. This will ensure that independence of the Internal Audit function is maintained.

Internal Audit has further planned to have an external quality assessment in the upcoming financial year 2023/24. This assessment exercise will provide some assurance on whether Internal Audit processes and procedures “Generally Conforms” to the Institute of Internal Auditors (IIA) Core Principles for the Professional Practice of Internal Auditing, Standards and Code of Ethics, and that it conforms to its internal audit activity policies, procedures, practices and applicable legislative and regulatory requirements. The Audit Committee will monitor progress on this exercise and report the outcome of the assessment with its recommendations to Council.

To ensure continued effectiveness in the performance of audit function the CAE developed a Continuous Development Programme for internal audit staff. The programme outlines training programmes aligned to each staff members development needs. All Internal Audit staff attended the planned training as per the Audit Committee approved CPD programme.

COMBINED ASSURANCE

The responsibility for coordinating combined assurance rests with Internal Audit. Combined assurance framework improvements and advancements are under way. The implementation and integration of combined assurance remains work in progress and the Audit Committee regularly reviews developments in this area as part of its annual work plan. We recommend the establishment of a combined assurance forum to accelerate implementation of combined assurance in the municipality.

RISK MANAGEMENT

The Audit Committee is satisfied that risk management is continually improving within the municipality. However, management needs to ensure that there is improved co-ordination between risk management and strategic planning functions, so that resources can be allocated in an optimal manner to address the top risks of the Municipality. For the year under review management implemented twenty-five (76%) of the risk mitigations measures and eight (24%) were not implemented. The risks that were not mitigated are carried forward to the 2023/24 risk register. The Audit Committee will monitor progress in the implementation of mitigation measures.

PRE-DETERMINED OBJECTIVES

The Audit Committee has noted no improvement in the aforementioned area. The audit opinion on pre-determined objectives remained unchanged at qualified audit opinion. This means there is no improvement in the preparation and reporting on pre-determined objectives. It was recommended that Management should improve on timely reporting of performance information with portfolio of evidence to avoid discrepancies in the performance report. The process should flow from the quarterly performance report to the annual performance report regularly. Pre-determined objectives is a standing item in Audit Committee meetings, concerted efforts are being made by management to sustainably improve in this area.

QUALITY OF IN-YEAR REPORTING

Management was able to table all quarterly financial reports and performance reports for the financial year 2022/23. Management failed to prepare quarterly financial statements as advised by the Committee. This limited the review by the Audit Committee. The Audit Committee continues to advise management to prepare quarterly financial statements in the coming financial year to allow adequate review by all relevant stakeholders.

ICT GOVERNANCE

The Audit Committee reviewed reports from ICT department in the year under review. The ICT remedial actions were not fully implemented, and this is due to poor ICT Infrastructure, lack of capacity in the ICT department and financial constraints. The Audit Committee previously advised the Accounting Officer to resuscitate the ICT Steering Committee through the appointment of a qualified external Chairperson who will help capacitate the unit and improve controls thereof. The officials within the ICT department

should undergo regular trainings in order to keep abreast with latest development in the ICT space. The Audit Committee will regularly provide oversight on this area as part of their mandate.

AUDITOR-GENERAL OF SOUTH AFRICA

The AC in consultation with management, agreed to the terms of the engagement and approved the Audit Strategy. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The Audit Committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues. The AC concurs with and accept the Auditor-General of South Africa's report on the annual financial statements and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa. The auditors remained independent throughout the financial year.

REPORTING

The Audit Committee tabled all its quarterly reports to the Municipal Council, reporting on matters attended to during the relevant quarter.

APPRECIATION

The Audit Committee wishes to thank the Executive Mayor, Mayoral Committee, Council, Management and the staff for their continued commitment to improve effective control environment and good governance of Municipality. Our appreciation is also extended to the team from the Auditor-General South Africa for the independent value that they continue to add to the municipality.

Mr TC Modipane CA(SA)
Audit Committee Chairperson
Mopani District Municipality
31 January 2024

APPENDIX H—LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO 2022/23)					
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
Seedi Development Project	Construction of Sefofotse to Ditshosing water supply & reticulation Phase 2E	12 July 2018	22 Dec 2022	Mr Mandiwana M	R48 433 956
Moepeng Trading 40CC	Construction of Makhushane Water Scheme	23 Nov 2021	06 Dec 2022	Mr Mandiwana M	R46 799 474
Nandzu Trade & General projects	Construction of (Ritavi 2 water scheme)	19 Apr 2021	31 Aug 2022	Mr Mandiwana M	R41 284 588
Rembu Construction	Construction of Ritavi water scheme Phase3)	10 Dec 2021	10 Oct 2022	Mr Mandiwana M	R42 257 340
Martmol Trading	Construction of Sekgosese Regional water scheme phase2B	24 Jan 2022	25 Jan 2023	Mr Mandiwana M	R40 128 913
LEBP construction	Construction of Lulekani water scheme phase1	24 Jan 2022	24 Jan 2024	Mr Mandiwana M	R44 225 286
Selby Construction	Construction of Tours water reticulation)	27 Jan 2022	17 Jan 2023	Mr Mandiwana M	R44 761 253
Good Example Trading	Construction of Sekgosese water scheme phase 2B	13 Jan 2022	13 Jan 2023	Mr Mandiwana M	R38 550 591
Bukuta JV British	Construction Thabina Regional water scheme phase6)	20 Jun 2022	20 Dec 2023	Mr Mandiwana M	R41 227 619
Martmol Trading CC	Construction of Ritavi 2 water scheme phase 4A Zangoma & Mohlaba village water reticulation	29 Nov 2022	18 Oct 2023	Mr Mandiwana M	R41 413 344

LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO 2022/23)					
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
Koephu Business Enterprise	Construction of Tours Reticulation water reticulation phase 2C	22 Dec 2022	15 Dec 2024	Mr Mandiwana M	R41 476 820
Mamohlala Projects	Construction of Lulekani water scheme phase 2C	12 Jan 2023	11 Jan 2024	Mr Mandiwana M	R39 580 079
TQM Projects Engineers	Construction of Tours water reticulation	10 Mar 2023	08 Mar 2024	Mr Mandiwana M	R41 839 780
LebP Construction	Construction of Sekgosese regional ground water scheme 3b	09 Mar 2023	12 Mar 2024	Mr Mandiwana M	R46 713 622
Brooklyn Projects 21	Construction of Sekgosese regional ground water scheme 3c	28 Nov 2022	28 Nov 2023	Mr Mandiwana M	R43 547 779
Good Example Trading (Construction of Ritavi 2 water scheme phase 4b Petanenge village	22 Dec 2022	22 Oct 2023	Mr Mandiwana M	R45 132 889
Nandzu Trade & General	Construction of Regional ground water scheme phase 3A	10 Mar 2023	10 Mar 2024	Mr Mandiwana M	R45 013 324
Selby Construction	Construction of Tours water reticulation to 25 villages	17 Jan 2022	17 Jan 2023	Mr Mandiwana M	R41 406 105
Bright Idea Project 838 CC	Construction of Tours water reticulation to 25 villages phase 2B)	22 Dec 2022	22 Dec 2023	Mr Mandiwana M	R41 109 261
Qcobs CC (Maselapata water supply)	Construction of Maselapata water supply)	08 Dec 2022	28 Apr 2023	Mr Mandiwana M	R47 308 670

APPENDIX I–MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

No service provider performance schedule for 2022/23 financial year.

APPENDIX J–DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2022 to 30 June 2023		
Position	Name	Description of financial interest* (Nil/or details)
Executive Mayor	Cllr Shayi PJ	MTN Zakhele Nathi – 500 shares Erf 78 R 316 000 (Gravellote) Erf 80 R 316 000 (Gravellote)
Speaker	Cllr Maswanganye NM	Juta River Lodge (paying work outside MDM & Directorship) Juta Family Trust Pfunanani Eating house Juta River Lodge Property (R100m)
Chief whip	Cllr Lewele M	Hope combined English medium School - R 60 000
Mayoral Committee	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 Khandlhela	NIL
	Cllr Maloko ML	Marylouie Trading (Trust) Maloko Brick yard (other Financial interest) House Tzaneen 2 Million
	Cllr MG Mangena	NIL
	Cllr MH Sefufi	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	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	Residential stand & House R1.3m
	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	Amigos EPOL – R20 000 income Paledi Civils – R20 000 income
	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
	Cllr L 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
	Cllr MD Selaelo	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 House R 650 000 (205m2)
Chief Financial Officer	Ms Mathevula SP	House R1.8M Town House R1.1m BEE Sasol Izalo R 10.00 P.S BEE Media 24 R10.00 p.s Director Vuxeni advisory Services R30 000 (revenue p.a)
Director: Community Services	Ms C Ntimbane	House R 699 000 (795m2) House R 980 000 (1425m2) House R 780 000 (1616m2)
Director Corporate Services	Ms SN Ngobeni	MTN Group LTD (Zakhele) R2000 value Residential House R 3m (379,1m2)
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	Mr TA Monakedi	SACPLAN DIRECTOR REGULATORY BODY R0 CBE Director Public Compacy R0 TASQUARED Dynasty Director – Domant company R0
*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	2021/22	Current: 2021/22		2022/23		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates		–	0			
Service charges	230 602	198 711	198 711	239 256	309 801	289 601
Interest received	75 144	41 215	41 215	94 451	71 713	71 713
Interest received (trading)						
Investment revenue	3 621	13 701	6 323	11 463	9 000	9 000
Transfers recognised - operational	1 065 743	1 057 434	1 057 434	1 158 167	1 184 019	1 184 019
Other own revenue	2 376	241 149	141 699	11 282	3 173	3 173
Total Revenue (excluding capital transfers and contributions)	311 743	494 776	387 948	356 457	393 687	373 487
Employee costs	(465 971)	(492 773)	(81 208)	(485 368)	(460 123)	(461 134)
Remuneration of councillors	12 175	(13 477)	(8 034 392)	(15 890)	(12 935)	(22 935)
Depreciation & asset impairment	(237 313)	(210 524)	-	(232 733)	(219 126)	(219 126)
Finance charges	(52 436)	(358 344)	-	(50 876)	(150 000)	(150 000)
Materials and bulk purchases	(337 922)	(540 071)	(32 494)	(225 999)	(346 514)	(298 3090)
Contracted services	(93 405)	(205 846)	(44 838)	(102 238)	(147 977)	(179 436)
Debt Impairemnt	(40 501)	(65 173)	(40 501)	(434 502)	(70 005)	(70 005)
Lease rentals on operating lease	(699 568)	--	-	(699 568)	(699 568)	-
Vip Toilets	(13 749)	-	-	-	(66 339)	-
Repairs and Maintanance	(129 643)	-	-	-	---	-
Transfers and grants	(1 937)			(1 143)	-	-
Notional expenses	(2 760)	-	-	(2 953)	-	-
Consulting and professional fees	(87 725)	-		-	-	-
Operating expenses	(189 670)					
Total Expenditure	(1 585 846)	(1 712 475)	149 248	(1 942 526)	(1 403 074)	(1 419 987)
Surplus/(Deficit)	193 813	366 258	16 752	361 966	750 453	673 523
Public contributions & donations	519 500	-	-			
Total sources of capital funds	519 500					

Financial position		-	-			
Total current assets	368 299	2 260 448	(743 827)	285 986	1 677 403	2 130 240
Total non-current assets	8 597 628	7 813 415	2 468 175	9 039 356	6 538 939	8 879 899
Total current liabilities	1 856 559	(2 767 027)	3 958 500	1 861 742	1 463 807	3 134 228
Total non-current liabilities	85 830	255 715	4 118 445	7 384 588	6 752 535	7 748 080
Community wealth/Equity	-	-	-			
Cash flows						
Net cash from (used) operating	463 592	63 471	541 240	1 926 402	1 909 013	1 869 013
Net cash from (used) investing	(438 679)	(77 170)	(523 194)	577 178	604 725	455 224
Net cash from (used) financing	(23 850)	-	-	(306 400)	-	-
Cash/cash equivalents at the year end	29 785	(13 699)	37 974 000	(121 813)	65 344	(74 356)
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

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

R' 000						
Description	2021/22	Current: 2021/22		2022/23		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates					–	0
Service charges	230 602	198 711	198 711	239 256	309 801	289 601
Investment revenue	3 621	13 701	6 323	11 463	9 000	9 000
Transfers recognised - operational	1 065 743	1 057 434	1 057 434	1 158 167	1 184 019	1 144 202
Transfer recognised Capital	397 045	450 618	450 618	760 345	541 243	537 292
Other own revenue	2 376	241 149	141 699	11 282	3 173	3 173
Total Revenue (including capital transfers and contributions)	1 699 387	1 955 613	1 849 094	2 180 513	2 047 236	1 983 268

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Details	Budget	Adjustment Budget	Actual	Variance	Adjustment Budget
				Budget	
WSIG	50 000	35 000	34 478	-0,70	-0,19
RRAMS	2 561	3 663	3 663	0,30	0.1
FMG	3 000	3 000	3 000	0	0
EPWP	10 600	10 600	12 782	0,17	0,17
LP ECON BIOSPHERE	0	0	0	0	0
LGW SETA	0	0	658	0	0
TOTAL	66 161	52 263	54 581	-0,21	0.04

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2022/23

CAPITAL PROGRAMME BY PROJECT BY WARD: 2022/23		
		R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water		
Tours water reticulation	GTM	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
Sanitation/Sewerage		
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
Fire Services		
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
		<i>T O</i>



ANNUAL FINANCIAL STATEMENTS

(VOLUME II)

2022 - 2023



**Mopani District Municipality
(Registration number DC33)
Annual Financial Statements
for the year ended 30 June 2023**

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2023

General Information

Legal form of entity	Local Government
Nature of business and principal activities	<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>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>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>Disaster Management services</p> <p>Provision of the water .</p>
Accounting Officer	Mr T.J Mogano
Grading of local authority	4
Chief Finance Officer (CFO)	<p>Ms L. Nkoane (Acting from 01 March 2022 to 30 September 2022)</p> <p>Ms SP. Mathevula (From 01 October 2022)</p>
Registered office	<p>Government Building</p> <p>Main Road</p> <p>Giyani</p> <p>0826</p>
Business address	<p>Government Building</p> <p>Main Road</p> <p>Giyani</p> <p>0826</p>
Postal address	<p>Private Bag X9687</p> <p>Giyani</p> <p>0826</p>
Bankers	First National Bank
Auditors	Auditor General - South Africa

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2023

General Information

Attorneys

Selokela Mashola
Verveen Attorneys
Nyoffu Attorneys
Mphoke Magane Attorneys
M & M Maiwashe Attorneys
T C Pilusa Attorneys
Nkgapele & Nkgapele Attorneys
Moloko Phooko Attorneys
Machaka Inc
Phungo Incorporated
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
Kgalla 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
Ms Mabuza J.M
Mr Lekoloane T.A
Mr Baloyi T.N

Executive Mayor

Cllr. P.J. Shayi
Cllr. NM. Maswanganyi (Speaker)
Cllr. M. Lewele (Chief Whip)

Mayoral committee

Cllr. NR. Khandhela
Cllr. DJ. Mmetle Ramohlola
Cllr. MH. Sefufi

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2023

General Information

Councillors

Cllr. NN. Baloyi
Cllr. ML. Maloko
Cllr. MS. Magomane
Cllr. MG. Mangena
Cllr. SL. Mohlala
Cllr. MD. Makhananisa
Cllr. P. Hlungwani (Chairperson of MPAC - Resigned December 2022)
Cllr. I. Hlungwana (Resigned)
Cllr. MM. Mukhabele (Started January 2023 - New Chairperson of MPAC)
Cllr. WL. Mtebule (Resigned)
Cllr. GN. Bokisi (Resigned)
Cllr. E. Hlungwani
Cllr. NH. Tshimbana
Cllr. RT. Mavundza
Cllr. HD. Lebeya
Cllr. MW. Mohale
Cllr. NJ. Mbhalati
Cllr. J. Mashele
Cllr. Z. Ndhlovu
Cllr. DG. Mkhabela
Cllr. ML. Ramalepe
Cllr. MC. Morwatshehla
Cllr. TC. Letsoalo (Resigned)
Cllr. MS. Baloyi
Cllr. SB. Ramoshaba
Cllr. WM. Maake
Cllr. C. Stoltz
Cllr. CM. Ramathoka
Cllr. MD. Selaelo
Cllr. MMA. Mathebula
Cllr. SM. Shai
Cllr. SP. Mashumu
Cllr. FM. Moroatshehla
Cllr. PJ. Mampeule
Cllr. TA. Mabasa
Cllr. TJ. Senyolo
Cllr. MP. Matlou
Cllr. PS. Mothomogolo
Cllr. EM. Mathaba (Resigned)
Cllr. BT. Mabilo
Cllr. MJ. Rakgoale
Cllr. SP. Letebele
Cllr. SS. Mathebula
Cllr. S. Mavasa
Cllr. BA. Shibambu
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 2023

General Information

Cllr. MG. Letsoalo

Cllr. MP. Hlongwane

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2023

Index

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

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Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2023

Index

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
COIDA	Compensation of Occupational Injuries and Diseases Act
DBSA	Development Bank of South Africa
CPI	Consumer Price Index
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
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
MDM	Mopani District Municipality
LSA	Long Service Award

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Responsibilities and Approval

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

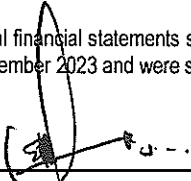
The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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 2024 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 8 to 118, which have been prepared on the going concern basis, were approved by the accounting officer on 04 December 2023 and were signed on its behalf by:



Mr T.J Mogano
Municipal Manager

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Report

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

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, and
- 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 371 051 767 (2022: surplus R 193 813 652).

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 2023, the municipality's current liabilities exceed the current assets by R(1 575 755 370) (2022 : R(1 498 260 305)). However, the total assets of the municipality exceed total liabilities. 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 litigation against the municipality to the value of R174 259 418 (2022: R181 491 600) 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 2023 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.

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Report

3. Subsequent events

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

4. Accounting policies

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

5. Accounting Officer

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

Name	Nationality
Mr T.J Mogano	South Africa

6. Bankers

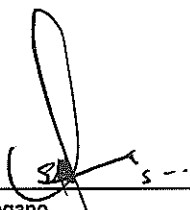
The District Municipality banks with First National Bank.

7. Auditors

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

8. Accounting Officer's interest in contracts

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



Mr T.J Mogano
Municipal Manager

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

	Notes	2023 R	2022 Restated* R
Assets			
Current Assets			
Inventories	3	32 732 935	36 895 183
Operating lease asset	11	699 568	699 568
Receivables from exchange transactions	4	122 849 288	286 794 629
Receivables from non-exchange transactions	5	52 005 619	-
VAT receivable	6	59 222 219	14 124 807
Cash and cash equivalents	7	18 477 337	29 785 017
		285 986 966	368 299 204
Non-Current Assets			
Property, plant and equipment	8	8 987 096 606	8 544 181 196
Intangible assets	9	2 804 853	3 291 963
Heritage assets	10	432 000	432 000
Receivables from exchange transactions	4	46 400 000	46 400 000
Operating lease asset	11	2 623 379	3 322 947
		9 039 356 838	8 597 628 106
Total Assets		9 325 343 804	8 965 927 310
Liabilities			
Current Liabilities			
Finance lease obligation	12	-	305 450
Payables from exchange transactions	13	1 744 669 967	1 710 999 346
Consumer deposits	14	4 005 535	3 865 124
Employee benefit obligation	15	6 130 359	4 676 597
Unspent conditional grants and receipts	17	106 936 475	146 712 992
		1 861 742 336	1 866 559 509
Non-Current Liabilities			
Employee benefit obligation	15	79 012 605	80 426 723
Landfill site provision	18	-	5 403 991
		79 012 605	85 830 714
Total Liabilities		1 940 754 941	1 952 390 223
Net Assets		7 384 588 863	7 013 537 087
Accumulated surplus		7 384 588 863	7 013 537 087
Total Net Assets		7 384 588 863	7 013 537 087

* See Note 47

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

	Notes	2023 R	2022 Restated* R
Revenue			
Revenue from exchange transactions			
Service charges	19	239 259 968	230 602 905
Interest charged on overdue consumer accounts	20	94 451 604	75 144 836
Other income	21	11 282 654	2 376 880
Interest received - investment	22	11 463 425	3 621 608
Total revenue from exchange transactions		356 457 651	311 746 229
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	23	1 944 364 604	1 508 052 200
Public contributions and donations	24	58 700	519 500
Services in kind revenue	25	2 953 200	2 760 000
Other non-exchange income	26	658 272	983 816
Total revenue from non-exchange transactions		1 948 034 776	1 512 315 516
Total revenue		2 304 492 427	1 824 061 745
Expenditure			
Employee related costs	27	(485 368 955)	(466 908 312)
Remuneration of councillors	28	(15 890 084)	(12 175 089)
Depreciation and amortisation	29	(232 733 986)	(237 313 288)
Finance costs	30	(50 876 844)	(52 436 446)
Lease rentals on operating lease	31	(699 568)	(699 568)
Debt Impairment	32	(434 502 442)	40 501 103
Inventory consumed and bulk purchases	33	(225 999 176)	(337 922 976)
Contracted services	34	(102 238 025)	(93 405 694)
Transfers and Subsidies	35	(1 143 000)	(1 937 143)
Notional expenses	25	(2 953 200)	(2 760 000)
Operating expenses	36	(176 491 059)	(189 670 447)
Consulting and professional fees	37	(68 982 957)	(87 725 803)
Repairs and maintenance	38	(61 890 656)	(129 643 993)
VIP Toilets	39	(66 339 304)	(13 749 052)
Total expenditure		(1 926 109 256)	(1 585 846 708)
Operating surplus		378 383 171	238 215 037
Loss on disposal of assets and liabilities	41	(1 435 969)	-
Actuarial gains/losses	15	10 521 517	(52 624)
Impairment and write off - assets	40	(16 416 952)	(44 352 440)
Inventories losses/write-downs	3	-	3 679
		(7 331 404)	(44 401 385)
Surplus for the year		371 051 767	193 813 652

* See Note 47

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

	Accumulated surplus / deficit R	Total net assets R
Opening balance as previously reported	6 849 827 252	6 849 827 252
Adjustments		
Prior year adjustments 47	(30 103 817)	(30 103 817)
Balance at 01 July 2021 as restated*	6 819 723 435	6 819 723 435
Changes in net assets		
Surplus for the year	193 813 652	193 813 652
Total changes	193 813 652	193 813 652
Restated* Balance at 01 July 2022	7 013 537 096	7 013 537 096
Changes in net assets		
Surplus for the year	371 051 767	371 051 767
Total changes	371 051 767	371 051 767
Balance at 30 June 2023	7 384 588 863	7 384 588 863

* See Note 47

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

	Note(s)	2023 R	2022 Restated* R
Cash flows from operating activities			
Receipts			
Sale of goods and services		61 698 704	105 688 867
Grants		1 853 240 739	1 537 942 830
Interest income		11 463 425	3 621 608
VAT refunds		97 623 044	130 077 571
Other receipts		12 882 482	2 695 333
		2 036 908 394	1 780 026 209
Payments			
Employee costs		(513 928 447)	(470 106 562)
Suppliers		(831 964 357)	(846 165 033)
Finance costs		(3 331 924)	(161 946)
		(1 349 224 728)	(1 316 433 541)
Net cash flows from operating activities	42	687 683 666	463 592 668
Cash flows from investing activities			
Purchase of property, plant and equipment		(698 684 946)	(438 679 257)
Cash flows from financing activities			
Finance lease payments		(306 400)	(23 850 471)
Net increase/(decrease) in cash and cash equivalents		(11 307 680)	1 062 940
Cash and cash equivalents at the beginning of the year		29 785 017	28 722 077
Cash and cash equivalents at the end of the year	7	18 477 337	29 785 017

* See Note 47

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	309 801 000	(20 200 000)	289 601 000	239 259 968	(50 341 032)	[BC1]
Interest charged on overdue consumer	71 713 000	-	71 713 000	94 451 604	22 738 604	[BC3]
Other income	3 173 000	-	3 173 000	11 282 654	8 109 654	[BC2]
Investment revenue	9 000 000	-	9 000 000	11 463 425	2 463 425	[BC3]
Total revenue from exchange transactions	393 687 000	(20 200 000)	373 487 000	356 457 651	(17 029 349)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants and subsidies	1 759 840 000	(39 817 000)	1 720 023 000	1 944 364 604	224 341 604	[BC4]
Public contributions and donations	-	-	-	58 700	58 700	
Services in kind revenue	-	-	-	2 953 200	2 953 200	
Other non-exchange income	-	-	-	658 272	658 272	
Total revenue from non-exchange transactions	1 759 840 000	(39 817 000)	1 720 023 000	1 948 034 776	228 011 776	
Total revenue	2 153 527 000	(60 017 000)	2 093 510 000	2 304 492 427	210 982 427	
Expenditure						
Employee related costs	(460 123 000)	(1 011 000)	(461 134 000)	(485 368 955)	(24 234 955)	[BC5]
Remuneration of councillors	(12 935 000)	(10 000 000)	(22 935 000)	(15 890 084)	7 044 916	[BC6]
Depreciation and amortisation	(219 126 000)	-	(219 126 000)	(232 733 986)	(13 607 986)	[BC7]
Impairment loss/ Reversal of impairments	-	-	-	(16 416 952)	(16 416 952)	
Finance costs	(150 000)	-	(150 000)	(50 876 844)	(50 726 844)	[BC8]
Lease rentals on operating lease	-	-	-	(699 568)	(699 568)	
Debt Impairment	(70 005 000)	-	(70 005 000)	(434 502 442)	(364 497 442)	[BC9]
Inventory consumed and bulk purchases	(346 514 000)	48 205 000	(298 309 000)	(225 999 176)	72 309 824	[BC10]
Contracted Services	(147 977 000)	(31 459 000)	(179 436 000)	(102 238 025)	77 197 975	[BC11]
Transfers and Subsidies	-	-	-	(1 143 000)	(1 143 000)	
Notional expenses	-	-	-	(2 953 200)	(2 953 200)	
Operating expenses	(146 244 000)	(22 648 000)	(168 892 000)	(373 703 976)	(204 811 976)	[BC12]
Total expenditure	(1 403 074 000)	(16 913 000)	(1 419 987 000)	(1 942 526 208)	(522 539 208)	
Operating surplus	750 453 000	(76 930 000)	673 523 000	361 966 219	(311 556 781)	
Loss on disposal of assets and liabilities	-	-	-	(1 435 969)	(1 435 969)	
Actuarial gains/losses	-	-	-	10 521 517	10 521 517	
	-	-	-	9 085 548	9 085 548	
Surplus before taxation	750 453 000	(76 930 000)	673 523 000	371 051 767	(302 471 233)	
Surplus	750 453 000	(76 930 000)	673 523 000	371 051 767	(302 471 233)	

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Statement of Financial Position

Assets

Current Assets

Inventories	30 000 000	55 924 000	85 924 000	32 732 935	(53 191 065)	
Operating lease asset	-	-	-	699 568	699 568	
Receivables from exchange transactions	1 582 180 000	535 813 000	2 117 993 000	122 849 288	(1 995 143 712)	
Receivables from non-exchange transactions	-	-	-	52 005 619	52 005 619	
VAT receivable	-	-	-	59 222 219	59 222 219	
Cash and cash equivalents	65 223 000	(138 900 000)	(73 677 000)	18 477 337	92 154 337	
	1 677 403 000	452 837 000	2 130 240 000	285 986 966	(1 844 253 034)	

Non-Current Assets

Property, plant and equipment	6 530 453 000	2 341 697 000	8 872 150 000	8 987 096 606	114 946 606	
Intangible assets	8 054 000	(4 762 000)	3 292 000	2 804 853	(487 147)	
Heritage assets	432 000	-	432 000	432 000	-	
Receivables from exchange transactions	-	-	-	46 400 000	46 400 000	
Operating lease asset	-	4 025 000	4 025 000	2 623 379	(1 401 621)	
	6 538 939 000	2 340 960 000	8 879 899 000	9 039 356 838	159 457 838	

Total Assets	8 216 342 000	2 793 797 000	11 010 139 000	9 325 343 804	(1 684 795 196)	
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Liabilities

Current Liabilities

Finance lease obligation	-	3 398 000	3 398 000	-	(3 398 000)	
Payables from exchange transactions	1 460 199 000	(282 148 000)	1 178 051 000	1 744 669 972	566 618 972	
Consumer deposits	3 608 000	259 000	3 867 000	4 005 535	138 535	
Employee benefit obligation	-	-	-	6 130 359	6 130 359	
Unspent conditional grants and receipts	-	-	-	106 936 475	106 936 475	
Landfill site provision	-	1 948 912 000	1 948 912 000	-	(1 948 912 000)	
	1 463 807 000	1 670 421 000	3 134 228 000	1 861 742 341	(1 272 485 659)	

Non-Current Liabilities

Employee benefit obligation	-	35 679 000	35 679 000	79 012 605	43 333 605	
Landfill site provision	-	92 152 000	92 152 000	-	(92 152 000)	
	-	127 831 000	127 831 000	79 012 605	(48 818 395)	

Total Liabilities	1 463 807 000	1 798 252 000	3 262 059 000	1 940 754 946	(1 321 304 054)	
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Net Assets	6 752 535 000	995 545 000	7 748 080 000	7 384 588 858	(363 491 142)	
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Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated surplus	6 752 535 000	995 545 000	7 748 080 000	7 384 588 863	(363 491 137)	
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Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

[BC1] The 2022/23 projections were based on the tariffs as approved by the District in consultation with the Locals. All municipalities' basic tariff has been increased by 4.5%. We anticipated to bring other customers who were not previously billed through our data cleansing process, the excise was not done.

[BC2] This is due to high volume of tender documents sold which exceeded the expectation

[BC3] positive cashflow position throughout financial year with high interest received more than anticipated

[BC4] The variance is due to WSIG 6B and RBIG Mametja Sekororo grants

[BC5] The reason for variance is due to payment of overtime to essential services workers

[BC6] The council remuneration was adjusted during budget adjustment as a result of back pay of upper limits

[BC7] The variance is due to increase in assets

[BC8] Delaying in paying LNW invoices due to lack of new repayment agreement

[BC9] The variance is due to increased rate of non payment by consumers.

[BC10/11/12] The variance is due to reclassifications among operating expenses

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Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	140 173 000	-	140 173 000	61 698 704	(78 474 296)	
Grants	1 759 840 000	(40 000 000)	1 719 840 000	1 853 240 739	133 400 739	
Interest income	9 000 000	-	9 000 000	11 463 425	2 463 425	
	1 909 013 000	(40 000 000)	1 869 013 000	1 926 402 868	57 389 868	
Payments						
Suppliers and employees	(1 304 138 000)	(109 501 000)	(1 413 639 000)	(1 345 892 804)	67 746 196	
Finance costs	(150 000)	-	(150 000)	(3 331 924)	(3 181 924)	
	(1 304 288 000)	(109 501 000)	(1 413 789 000)	(1 349 224 728)	64 564 272	
Net cash flows from operating activities	604 725 000	(149 501 000)	455 224 000	577 178 140	121 954 140	
Cash flows from investing activities						
Purchase of property, plant and equipment	(560 763 000)	683 000	(560 080 000)	(698 684 946)	(138 604 946)	
Cash flows from financing activities						
Finance lease payments	-	-	-	(306 400)	(306 400)	
Net increase/(decrease) in cash and cash equivalents	43 962 000	(148 818 000)	(104 856 000)	(121 813 206)	(16 957 206)	
Cash and cash equivalents at the beginning of the year	21 382 000	9 118 000	30 500 000	-	(30 500 000)	
Cash and cash equivalents at the end of the year	65 344 000	(139 700 000)	(74 356 000)	(121 813 206)	(47 457 206)	

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

	Note(s)	2023 R	2022 R
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1. Significant account policies

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

1.1 Basis of preparations

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

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Materiality

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.

1.5 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.

1.6 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 from exchange transactions 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 from exchange transactions 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 for stock to write stock down to the lower of cost or net replacement cost. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus.

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.6 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 - Landfill site provision.

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 net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

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

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

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

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

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 58.

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.6 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-cashgenerating 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.

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.6 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.

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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:

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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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.7 Property, plant and equipment (continued)

Furniture and fixtures	Straight-line	5 - 7 years
Motor vehicles	Straight-line	7 - 15 years
IT 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 8).

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

1.8 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

- 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.

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 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:

Item	Depreciation method	Average useful life
Computer software	Straight-line	5 years
Licenses	Straight-line	5 years

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.

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).

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.10 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 8).

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.10 Heritage assets (continued)

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).

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

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

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

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

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

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1.11 Financial instruments (continued)

Classification

The municipality 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 municipality 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 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

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 where initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

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Accounting Policies

1.11 Financial instruments (continued)

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 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 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.

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.

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Accounting Policies

1.11 Financial instruments (continued)

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.

1.12 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

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

The municipality does not charge any interest on statutory receivables.

Other charges

The municipality does not levy any other charges statutory receivables.

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Accounting Policies

1.12 Statutory receivables (continued)

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 receivables 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.

1.13 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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Accounting Policies

1.13 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.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.14 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.

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Accounting Policies

1.15 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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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Accounting Policies

1.15 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 overdesigned or overcapacity asset. Overdesigned 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.

1.16 Net Assets

Net assets consist of residual interest of the municipality after deducting all of its liabilities.

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Accounting Policies

1.17 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 include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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 entity 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 entity accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the entity 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 entity account for the plan as if it was a defined contribution plan.

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Accounting Policies

1.17 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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Accounting Policies

1.17 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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Accounting Policies

1.17 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-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

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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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.17 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.

1.18 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 (deficit).

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

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Accounting Policies

1.18 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 45.

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.

1.19 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.

1.20 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.20 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.

1.21 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.

Unconditional grants

Equitable share allocations are recognised in revenue at the start of the financial year.

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Accounting Policies

1.21 Revenue from non-exchange transactions (continued)

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 noncompliance 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 noncompliance 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.

1.22 Investment income

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

1.23 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.

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.24 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 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.

1.25 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.

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.26 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).

1.27 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).

1.28 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).

1.29 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.

1.30 Budget information

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.31 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.

1.32 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.

1.33 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 55.

1.34 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 South African Revenue Service is included as part of receivables 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 on a net basis 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.

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 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 2023 or later periods:

GRAP 103 (as revised): Heritage Assets

Background

The Accounting Standards Board (the Board) completed its post-implementation review of the Standard of GRAP on Heritage Assets (GRAP 103) (hereafter referred to as "the review") in 2020. Based on the feedback received as part of the review, the Board agreed to reconsider certain principles in GRAP 103.

The objective of the project was to revise and clarify principles in GRAP 103 following feedback received from the review and actions agreed by the Board.

Key amendments to GRAP 103

The Board agreed that the definition of a heritage asset in GRAP 103 should be reconsidered to better align it with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

The proposed definition focuses on assets that have "cultural significance" and defines a heritage asset as "an asset that has cultural significance, and is held indefinitely for the benefit of present and future generations". "Cultural significance" has also been defined and described in GRAP 103 based on legislation.

The characteristics displayed by heritage assets, and the range of assets that could be heritage assets, have also been aligned with legislation.

The amendments further relate to the Classification of dual purpose heritage assets, Determining a reliable value for a heritage asset, Protective rights imposed on heritage assets, Re-assessing if a reliable value becomes available subsequently, Aggregation of individually insignificant heritage assets, Impairment of heritage assets, Mandatory disclosures of heritage assets borrowed or on loan.

The effective date of these revisions have not yet been set by the Minister of Finance.

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

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

Guideline: Guideline on Accounting for Landfill Sites

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

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

The effective date of the guideline is for years beginning on or after 01 April 2023.

The municipality expects to adopt the guideline for the first time in the 2023/2024 annual financial statements.

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

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

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 is for years beginning on or after 01 April 2023.

The municipality expects to adopt the revisions for the first time in the 2023/2024 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 is for years beginning on or after 01 April 2023.

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The municipality expects to adopt the revisions for the first time in the 2023/2024 01 April 2023.

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

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.

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").

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

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

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

iGRAP 21 addresses the following two issues:

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

The effective date of these interpretation is for years beginning on or after 01 April 2023.

The municipality expects to adopt the interpretation for the first time in the 2023/2024 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.

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 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

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The effective date of these improvements is 01 April 2023.

The municipality expects to adopt the improvements for the first time in the 2023/2024 annual financial statements.

The impact of this improvements is currently being assessed.

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

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 2025/2026 annual financial statements.

The impact of this amendment is currently being assessed.

3. Inventories

Consumable stores	32 651 526	36 391 183
Water for distribution	81 409	504 000
	32 732 935	36 895 183

Inventories recognised as an expense during the year	9 705 104	32 071 868
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Inventory pledged as security

No inventory was pledged as security in the period under review.

Inventories gains/(write-downs)

Inventories losses/write-downs	-	3 679
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The gains arose due to consumable inventory variance at year end.

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
4. Receivables from exchange transactions		
Ba - Phalaborwa Municipality [2]	-	(1)
Consumer debtors - Water and sanitation	157 642 944	310 909 138
Eskom - deposits	10 537 645	9 879 342
RBIG project- Mametja Sekororo	(1)	-
Prepaid expenditure	458 019	2 088 223
Service providers	130 714	9 068 909
Staff debtors	479 967	1 249 018
	169 249 288	333 194 629
Non-current assets	46 400 000	46 400 000
Current assets	122 849 288	286 794 629
	169 249 288	333 194 629
Other non-financial asset receivables included in receivables from exchange transactions above are as follows:		
Prepaid expenditure	458 019	2 088 223
Staff debtors	479 967	1 249 018
	937 986	3 337 241
Financial asset receivables included in receivables from exchange transactions above	168 311 302	329 857 388
Total receivables from exchange transactions	169 249 288	333 194 629

There are no statutory receivable in the receivables from exchange transactions disclosed above.

4.1. Ba - Phalaborwa Municipality

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:

Description		
Gross carrying amount	430 765 917	524 133 056
Less impairment allowance	(430 765 917)	(524 133 056)
	-	-

The loan account is broken down into loan accounts and agency fees as tabulated below:

Description		
Loan Balance	502 297 244	582 292 746
Agency Fees Payable	(71 531 326)	(58 159 689)
	430 765 918	524 133 057

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
4. Receivables from exchange transactions (continued)		
4.2. Consumer debtors - Water and sanitation		
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.		
Gross balances		
Sewerage	332 403 356	283 350 682
Water	1 796 596 024	1 479 485 833
	2 128 999 380	1 762 836 515
Less: Allowance for impairment		
Sewerage	(329 087 474)	(240 447 260)
Water	(1 642 268 967)	(1 211 480 122)
	(1 971 356 441)	(1 451 927 382)
Net balance		
Sewerage	3 315 882	42 903 422
Water	154 327 057	268 005 711
	157 642 939	310 909 133
Sewerage - Ageing		
Current (0 -30 days)	30 552 506	4 206 292
31 - 60 days	3 703 203	5 149 611
61 - 90 days	3 492 236	3 211 566
91 - 120 days	3 338 077	3 554 099
121 - 365 days	291 317 311	267 229 115
	332 403 333	283 350 683
Water - Ageing		
Current (0 -30 days)	158 925 853	38 028 339
31 - 60 days	26 433 455	26 260 259
61 - 90 days	27 046 929	13 521 773
91 - 120 days	32 925 097	17 010 884
121 - 365 days	1 551 264 271	1 384 664 577
	1 796 595 605	1 479 485 832

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
4. Receivables from exchange transactions (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	146 924 538	19 915 287
31 - 60 days	22 846 180	24 465 900
61 - 90 days	24 460 778	12 755 115
91 - 120 days	29 939 369	16 487 749
121 - 365 days	1 552 870 795	1 430 985 546
Subtotal	1 777 041 660	1 504 609 597
Less: Allowance for impairment	(1 645 459 624)	(1 278 878 695)
	131 582 036	225 730 902
Industrial / commercial		
Current (0 -30 days)	17 263 189	5 670 838
31 - 60 days	4 485 502	4 419 085
61 - 90 days	3 640 925	2 837 984
91 - 120 days	3 768 139	2 435 720
121 - 365 days	135 630 968	73 078 505
Subtotal	164 788 723	88 442 132
Less: Allowance for impairment	(152 586 851)	(69 173 503)
	12 201 872	19 268 629
National and provincial government		
Current (0 -30 days)	24 961 128	16 648 507
31 - 60 days	2 800 883	2 524 885
61 - 90 days	2 400 387	1 140 240
91 - 120 days	2 560 739	1 641 515
121 - 365 days	154 445 420	147 829 641
Subtotal	187 168 557	169 784 788
Less: Allowance for impairment	(173 309 556)	(103 875 180)
	13 859 001	65 909 608
Reconciliation of allowance for impairment		
Balance at beginning of the year	(1 451 927 379)	(1 492 945 947)
Amounts written off as uncollectible	217 106	13 066 962
Contributions to allowance	(519 646 168)	27 951 606
	(1 971 356 441)	(1 451 927 379)

Receivables breakdown by municipality

The table below shows the gross consumer debtors by category and municipality of origin as well as related impairment.

2023	Ba-Phalaborwa	Tzaneen	Giyani	Letaba	Maruleng	Total
Sewerage	199 235 697	35 419 686	46 003 904	51 103 321	640 748	332 403 356
Water	1 317 878 487	157 374 421	193 481 868	63 933 962	5 927 286	1 738 596 024
Vhembe District Municipality	-	-	-	-	-	58 000 000
Subtotal	1 517 114 184	192 794 107	239 485 772	115 037 283	6 568 034	2 128 999 380
Less: Allowance for impairment	(1 506 820 335)	(133 674 825)	(210 212 680)	(114 133 035)	(6 515 566)	(1 971 356 441)
	10 293 849	59 119 282	29 273 092	904 248	52 468	157 642 939

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Notes to the Annual Financial Statements

					2023 R	2022 R
4. Receivables from exchange transactions (continued)						
2022	Ba-Phalaborwa	Tzaneen	Giyani	Letaba	Maruleng	Total
Sewerage	168 154 242	30 186 815	35 850 649	48 579 696	579 280	283 350 682
Water	1 074 346 915	126 293 974	167 289 548	60 134 924	5 020 472	1 433 085 833
Vhembe District Municipality	-	-	-	-	-	46 400 000
Subtotal	1 242 501 157	156 480 789	203 140 197	108 714 620	5 599 752	1 762 836 515
Less: Allowance for impairment	(1 071 845 232)	(89 414 204)	(177 213 971)	(107 917 253)	(5 536 720)	(1 451 927 380)
	170 655 925	67 066 585	25 926 226	797 367	63 032	310 909 135

Consumer debtors pledged as security

There were no consumer receivables that were pledged as security against any of the municipal liabilities at year end.

4.3. Prepaid expenditure

Prepaid expenditure relates to fuel that has been paid in advance at the end of the year.

4.4. Service providers

Service provider debtors are stated at net carrying amount after deducting the allowance for impairment as detailed in the table below:

Description		
Gross carrying amount	8 807 277	10 413 347
Less impairment allowance	(8 676 562)	(1 344 438)
	130 715	9 068 909

4.5. Staff debtors

Staff debtors are stated at net carrying amount after deducting the allowance for impairment as detailed in the table below:

Description		
Gross carrying amount	4 286 098	4 269 891
Less impairment allowance	(3 809 131)	(3 028 874)
	476 967	1 241 017

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 2023, R189 478 359 (2022: R42 234 631) was current and not impaired.

Trade and other receivables impaired

As of 30 June 2023, trade and other receivables of R1 939 520 579 (2022: R1 720 601 884) were impaired and provided for.

The amount of impairment was R1 971 356 441 as of 30 June 2023 (2022: R1 451 927 379).

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
5. Receivables from non-exchange transactions		
Government grants and subsidies	52 005 619	-
Receivables from non-exchange transactions pledged as security		
There are no receivables from non-exchange transactions that were pledged as security.		
Grants Receivable are made up of the following		
DWS - WSIG schedule 6b grants	39 906 361	-
DWS - RBIG Mamelja Sekororo	12 099 259	-
	52 005 620	-

These relate to project claim invoices outstanding from the Department of Water and Sanitation for which work has already been performed.

6. VAT receivable

VAT	59 222 219	14 124 807
The VAT receivable is made up of the following:		
VAT Input accrued	238 525 971	181 782 935
VAT Output	(248 762 435)	(200 555 303)
Amount Due from SARS	69 458 683	32 897 175
	59 222 219	14 124 807

Prior period error

In the previous year, the municipality incorrectly separated VAT payable from VAT receivable and reported them separately on the face of the Statement of Financial Position. This was not appropriate as the municipality did not have any VAT payable. The error was correctly retrospectively in current year.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	3 166 975	1 632 761
Short-term deposits	15 310 362	28 152 256
	18 477 337	29 785 017

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

Credit quality of cash at bank and short term deposits, excluding cash on hand has been disclosed on Note 49.

Cash and cash equivalents pledged as collateral

No item of cash and cash equivalents has been pledged as security.

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
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7. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
FNB - Public Sector Cheque - 62854372093 [1]	3 200 900	64 092	8 059 207	3 166 975	1 632 761	8 059 207
FNB - Money On Call - 62858452205	6 777 170	26 854	20 490 148	6 777 170	26 854	20 490 148
FNB - Money On Call - 62858453568	8 533 192	28 125 402	892 334	8 533 192	28 125 402	892 334
Total	18 511 262	28 216 348	29 441 689	18 477 337	29 785 017	29 441 689

[1] The difference between the cash book balance and bank statement was due to valid reconciling items which all cleared after year end.

8. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	192 316 269	(90 933 494)	101 382 775	192 316 269	(82 971 126)	109 345 143
Infrastructure	8 630 290 543	(2 431 152 413)	6 199 138 130	8 614 547 586	(2 216 422 008)	6 398 125 578
Land	11 980 776	-	11 980 776	11 980 776	-	11 980 776
Other leased Assets	-	-	-	60 729 856	(13 129 668)	47 600 188
Other property, plant and equipment	190 030 196	(89 114 983)	100 915 213	126 367 201	(57 338 416)	69 028 785
Work in progress	2 573 679 712	-	2 573 679 712	1 908 100 726	-	1 908 100 726
Total	11 598 297 496	(2 611 200 890)	8 987 096 606	10 914 042 414	(2 369 861 218)	8 544 181 196

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers	Change in rehabilitation estimate for landfill [1]	Depreciation	Impairment loss	Total
Buildings	109 345 143	-	-	-	-	(7 962 368)	-	101 382 775
Infrastructure	6 398 125 578	30 241 483	(5 935 804)	-	(1 238 931)	(205 637 244)	(16 416 952)	6 199 138 130
Land	11 980 776	-	-	-	-	-	-	11 980 776
Other leased Assets	47 600 188	-	-	(47 600 188)	-	-	-	-
Other property, plant and equipment	69 028 785	2 933 139	-	47 600 188	-	(18 646 899)	-	100 915 213
Work in progress	1 908 100 726	665 578 986	-	-	-	-	-	2 573 679 712
	8 544 181 196	698 753 608	(5 935 804)	-	(1 238 931)	(232 246 511)	(16 416 952)	8 987 096 606

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers	Change in rehabilitation estimate for landfill [1]	Depreciation	Impairment loss	Total
Buildings	116 867 054	839 400	-	-	-	(7 962 368)	(398 943)	109 345 143
Infrastructure	6 407 156 710	105 753 914	-	116 322 370	(878 039)	(199 603 332)	(30 626 045)	6 398 125 578
Land	11 980 776	-	-	-	-	-	-	11 980 776
Other leased Assets	65 594 337	-	-	-	-	(17 994 149)	-	47 600 188
Other property, plant and equipment	69 142 007	24 464 840	-	-	-	(11 250 610)	(13 327 452)	69 028 785
Work in progress	1 716 282 493	308 140 603	-	(116 322 370)	-	-	-	1 908 100 726
	8 387 023 377	439 198 757	-	-	(878 039)	(236 810 459)	(44 352 440)	8 544 181 196

[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 Rnil.

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
8. Property, plant and equipment (continued)		
Pledged as security		
There were no assets held as security for any of the municipal liabilities.		
Compensation received for losses on property, plant and equipment – included in operating profit.		
Insurance claims	1 030 188	560 518
Assets subject to finance lease (Net carrying amount)		
Motor vehicles	-	47 600 188
Property, plant and equipment in the process of being constructed or developed		
Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Sanitation network	189 157 311	189 157 311
Water network	2 376 309 615	1 718 943 411
	2 565 466 926	1 908 100 722

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Notes to the Annual Financial Statements

	2023 R	2022 R
8. Property, plant and equipment (continued)		
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
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 Foskor sewer pump	2 091 552	2 091 552
The project was delayed by project management.		
Sekgosese Ground water development scheme [1]	93 768 037	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	101 519 499	101 519 499
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	177 070 525	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.		

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	2023 R	2022 R
8. Property, plant and equipment (continued)		
Kampersrus Sewage Plant	56 786 033	56 786 033
Awaiting ESKOM energising.		
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.		
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.		
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.		
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.		

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	2023 R	2022 R
8. Property, plant and equipment (continued)		
Upgrading of Internal Water Reticulation network-Zava	11 156 627	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 electo 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 contractor is done with the original scope of work as per the BOQ and done the additional work as per approved contingencies. The outstanding works is pressure testing the pipeline. Engagement with the Councillor to allow for pressure testing utilizing water tankers to close the contract has been done.		
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	10 588 499	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 Ngove	13 912	13 912
The project was delayed by project management.		
Nkambako Water Treatment works	10 559 294	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.		

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	2023 R	2022 R
8. Property, plant and equipment (continued)		
Refurbishment of Kgapané Waste Water Treatment	4 446 132	4 446 132
The project was delayed by project management.		
Tours Water Reticulation COVID 19	32 561 462	8 305 862
The project was delayed by project management.		
Tours Bulk Water Scheme (Upgrading of Tours Water Treatment	36 422 512	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 newtwork	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.		
	1 175 067 084	913 370 709
Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)		
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 led 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.		
Refurbishment - Giyani water works (Impaired to R1)	1	1
The municipality abandoned the project because of the building structure that was cracking from the foundation. The refurbishments were impaired to R1 in the 2020-2021 financial period,		
	4	4

The four projects impaired had a total cost of R72 405 458 when they were impaired.

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	2023 R	2022 R
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8. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2023

	Sanitation	Water	Buildings	Total
Opening balance	189 157 311	1 718 943 412	3	1 908 100 726
Additions/capital expenditure	-	665 579 023	-	665 579 023
	189 157 311	2 384 522 435	3	2 573 679 749

Reconciliation of Work-in-Progress 2022

	Sanitation	Water	Buildings	Total
Opening balance	197 079 019	1 536 667 988	3	1 733 747 010
Additions/capital expenditure	1 449 348	306 691 255	-	308 140 603
Transferred to completed items	(2 602 295)	(113 720 075)	-	(116 322 370)
Impairment	-	(17 464 513)	-	(17 464 513)
	195 926 072	1 712 174 655	3	1 908 100 730

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	19 140	2 582 801
Maintenance of infrastructure	54 245 453	122 967 672
Motor vehicle and other general municipal services	7 626 063	4 093 520
	61 890 656	129 643 993

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.

9. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	5 456 672	(2 651 819)	2 804 853	5 456 672	(2 164 709)	3 291 963

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software	3 291 963	(487 110)	2 804 853

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software	3 794 796	(502 833)	3 291 963

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Notes to the Annual Financial Statements

	2023 R	2022 R
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9. Intangible assets (continued)

Pledged as security

None of the intangible assets has been pledged as security for any liability of the municipality.

10. Heritage assets

	2023			2022		
	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 2023

	Opening balance	Total
Mayoral chain	432 000	432 000

Reconciliation of heritage assets 2022

	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.

11. Operating lease asset

Non-current assets	2 623 379	3 322 947
Current assets	699 568	699 568
	3 322 947	4 022 515

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 2028. 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 R15 950 144 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.

12. Finance lease obligation

Minimum lease payments due		
- within one year	-	306 400
	-	306 400
less: future finance charges	-	(949)
Present value of minimum lease payments	-	305 451

The municipality's obligations under finance leases were secured by the lessor's charge over the leased assets. Refer note 8.

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	2023 R	2022 R
12. Finance lease obligation (continued)		
Market risk		
The carrying amounts of finance lease liabilities are denominated in the following currencies:		
Rand	-	305 451
For details of sensitivity of exposures to market risk related to finance lease liabilities, as well as liquidity risk refer to note 49.		
The fair value of finance lease liabilities approximates their carrying amounts.		
Finance lease - vehicles		
The municipality had entered into an instalment sale agreement with Betrobrite 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 (2022: 9.50%).		
Interest rates were fixed at the contract date. All leases had fixed repayments. There was no contingent rental on this agreement.		
13. Payables from exchange transactions		
Bonus accrual	9 716 159	8 756 331
Debtors with credit balances	1 009 703	2 450 411
Greater Giyani Municipality	5 261 572	(13 506 389)
Greater Letaba Municipality	174 870 346	157 639 202
Greater Tzaneen Municipality	322 402 965	302 251 130
Leave accrual	47 959 987	48 663 834
Maruleng Municipality	33 131 961	31 435 114
Payroll liabilities	-	14 236 673
Retentions	155 300 180	103 020 033
Trade creditors at local municipalities	21 405 778	8 008 304
Trade payables	973 611 316	1 048 044 703
	1 744 669 967	1 710 999 346

13.1. Bonus accrual

Municipality employees have structured their salary packages to include 13th 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.

13.2. Debtors with credit balances

This relates to overpaid accounts by consumers.

13.3. 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.

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	2023 R	2022 R			
13. Payables from exchange transactions (continued)					
13.4. All other payables from exchange transactions					
These relate to operational creditors of the municipality.					
13.5. Trade payables					
These represent outstanding municipal liabilities for its main operations are are tabulated below:					
Department of Water and Sanitation [1]	413 767 089	437 452 714			
Eskom trade payables	13 615 519	3 253 536			
Lepelle Northern Water [2]	450 474 201	421 531 718			
SITA	410 340	257 587			
Trade creditors	95 344 172	186 056 950			
	973 611 321	1 048 552 505			
 [1] The municipality signed a settlement agreement with the Department of Water and Sanitation after year end for a deposit payment of R24 776 862 and monthly payment of R2.5 million until the debt is fully paid up.					
[2] The municipality is currently negotiating a debt settlement arrangement with Lepelle Northern Water. The agreement is not yet finalised.					
13.7. Financial liabilities in payables from exchange transactions					
The table below shows the reconciliation of payables from exchange transactions to financial liabilities disclosed in note 43.					
Payables from exchange transactions on Statement Financial of Position	1 744 669 967	1 710 999 346			
Less: Bonus accrual - employee benefits	(9 716 159)	(8 756 331)			
Less: Leave accrual - employee benefits	(47 959 987)	(48 663 834)			
Less: Payroll liabilities - employee benefits	-	(14 236 673)			
	1 686 993 821	1 639 342 508			
 Local municipalities loan accounts					
The loan accounts of the local municipalities are broken down into loan accounts and agency fees as tabulated below:					
2023	Tzaneen	Giyani	Letaba	Maruleng	Total
Loan Balance	311 536 578	(5 770 757)	171 950 898	30 814 550	508 531 269
Agency Fees Payable	10 866 387	11 032 329	2 919 448	1 682 115	26 500 279
	322 402 965	5 261 572	174 870 346	32 496 665	535 031 548
 2022	 Tzaneen	 Giyani	 Letaba	 Maruleng	 Total
Loan Balance	293 287 769	(21 154 283)	155 150 310	30 069 463	457 353 259
Agency Fees Payable	8 963 361	7 647 894	2 488 892	1 365 651	20 465 798
	302 251 130	(13 506 389)	157 639 202	31 435 114	477 819 057
 14. Consumer deposits					
Water				4 005 535	3 865 124

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Notes to the Annual Financial Statements

	2023 R	2022 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 2023 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 dependents 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 dependents. 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 dependents receive a 60% subsidy. Upon a member's death-in-service or death-in-retirement the surviving dependents 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 2023.

The benefits awarded for long term are calculated as follows:

Completed service (In years)	Long services Bonuses (% of annual Earnings)
10 years	(4%) 10/250 x annual earnings
15 years	(8%) 20/250 x annual earnings
20, 25, 30, 35, 40, 45 years	(12%) 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).

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	2023 R	2022 R
15. Employee benefit obligations (continued)		
[C] Post-retirement medical aid plan and Long service award		
Valuation Method		
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.		
Liability of employer		
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.		
Valuation assets		
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.		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation - wholly unfunded - PEMA	(56 923 694)	(56 995 253)
Present value of the defined benefit obligation-wholly unfunded - LSA	(28 219 270)	(28 108 067)
	(85 142 964)	(85 103 320)
Non-current liabilities	(79 012 605)	(80 426 723)
Current liabilities	(6 130 359)	(4 676 597)
	(85 142 964)	(85 103 320)
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	85 103 319	77 048 908
Benefits paid	(4 162 216)	(3 887 119)
Net expense recognised in the statement of financial performance	4 201 861	11 941 530
	85 142 964	85 103 319
Net expense recognised in the statement of financial performance		
Current service cost	5 217 539	4 305 755
Interest cost	9 505 839	7 583 151
Actuarial (gains) losses	(10 521 517)	52 624
	4 201 861	11 941 530
Calculation of actuarial gains and losses		
Actuarial (gains) losses – Obligation	(10 521 517)	52 624

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Notes to the Annual Financial Statements

	2023 R	2022 R
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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	12,51 %	11,84 %
Maximum subsidy inflation rate	5,72 %	5,96 %
Health care cost inflation rate	8,12 %	8,45 %

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	11,20 %	10,93 %
General earnings inflation rate (Long-term)	6,52 %	7,34 %
Net effective discount rate	4,39 %	3,34 %

The earnings used in the valuation include assumed increase of 4% as per the SALGBC Circular No.: 23/2021.

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

	2023 R	2022 R
15. Employee benefit obligations (continued)		
Membership for Post-employment medical aid data:		
The number of members entitled to receive post-employment medical aid subsidies from the municipality were:		
Category	30-06-2023 Valuation	30-06-2022 Valuation
Current (In-service) members	422	627
Continuation members (Pensioners)	24	19
In-service (employee) non-members	244	-
	690	646

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:

Category		
Current (In-service) members	27 193 000	36 840 000
Continuation members (Pensioners)	10 285 000	7 430 000
In-service (employee) non-members	7 741 000	-
	45 219 000	44 270 000

Financial Assumptions

[i] Discount rate

A discount rate of 12.51% 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 2023.

[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 2024.

[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

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15. Employee benefit obligations (continued)

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.

[iii] Withdrawal from service

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:

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 %

[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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				2023 R	2022 R
15. Employee benefit obligations (continued)					
Assumption	Change	In-service members	Continuation members	Total	% Change
Central assumption	0,00 %	34 934 000	10 285 000	45 219 000	0,00 %
Health care inflation	1,00 %	37 723 000	10 867 000	48 593 000	7,00 %
	(1,00)%	31 593 000	9 689 000	41 282 000	(9,00)%
Discount rate	1,00 %	30 611 000	9 518 000	40 129 000	(11,00)%
	(1,00)%	40 211 000	11 172 000	51 383 000	14,00 %
Post-retirement mortality	1 year	34 022 000	9 995 000	44 017 000	(3,00)%
	-1 year	35 829 000	10 573 000	46 402 000	3,00 %
Average retirement age	-1 year	38 253 000	10 285 000	48 538 000	7,00 %
Continuation of members at retirement	(10,00)%	30 276 000	10 285 000	40 561 000	(10,00)%

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 2023.

Assumption	Change	Current Service Costs	Interest Cost	Total	% Change
Central assumptions	0,00 %	2 055 000	5 208 000	7 263 000	0,00 %
Health care inflation rate	1,00 %	2 246 000	5 620 000	7 866 000	8,00 %
	(1,00)%	1 809 000	4 723 000	6 532 000	(10,00)%
Discount rate	1,00 %	1 725 000	4 954 000	6 679 000	(8,00)%
	(1,00)%	2 476 000	5 485 000	7 961 000	10,00 %
Post-employment mortality	1 year	1 997 000	5 059 000	7 056 000	(3,00)%
	-1 year	2 110 000	5 356 000	7 466 000	3,00 %
Average retirement age	-1 year	2 218 000	5 627 000	7 845 000	8,00 %
Continuation of members at retirement	(10,00)%	1 782 000	4 627 000	6 409 000	(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 %	23 836 000	0,00 %
General earnings inflation	1,00 %	25 020 000	5,00 %
	(1,00)%	22 747 000	(5,00)%
Discount rate	1,00 %	22 709 000	(5,00)%
	(1,00)%	25 080 000	5,00 %
Average retirement age	2 years	27 149 000	14,00 %
	-2 years	20 349 000	(15,00)%
Withdrawals	x2	20 266 000	(15,00)%
	x0.50	26 190 000	10,00 %

Sensitivity analysis on current service and interest costs for the year ending 30 June 2023:

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				2023 R	2022 R
15. Employee benefit obligations (continued)					
Assumption	Change	Current Service Costs	Interest Cost	Total	% Change
Central assumptions	0,00 %	1 987 000	2 419 000	4 406 000	0,00 %
General earnings inflation	1,00 %	2 143 000	2 552 000	4 695 000	7,00 %
	(1,00)%	1 847 000	2 296 000	4 143 000	(6,00)%
Discount rate	1,00 %	1 860 000	2 500 000	4 360 000	1,00 %
	(1,00)%	2 130 000	2 326 000	4 546 000	(1,00)%
Average retirement age	2 years	2 184 000	2 785 000	4 969 000	13,00 %
	-2 years	1 733 000	1 978 000	3 711 000	(16,00)%
Withdrawal rates	x2	1 468 000	2 016 000	3 484 000	(21,00)%
	x0.50	2 367 000	2 585 000	5 052 000	14,00 %

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	2023 R	2022 R
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15. Employee benefit obligations (continued)

Key Assumptions for Long service award

Financial variables

[i] Discount Rate

A discount rate of 11.20% 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 11.20% is then derived as the liability-weighted average of the yields derived in the first step. The corresponding liability-weighted index-linked yield is 4.91%. 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 2023.

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.

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:

Age band	Additional promotional scale
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:

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	2023 R	2022 R
15. Employee benefit obligations (continued)		
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

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

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

	2023 R	2022 R	2021 R	2020 R	2019 R
Defined benefit obligation - PEMA	(56 923 694)	(56 995 253)	(53 464 820)	(44 803 443)	(51 016 481)
Defined benefit obligation - LSA	(28 219 270)	(28 108 067)	(23 584 088)	(25 914 513)	(25 461 879)

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Notes to the Annual Financial Statements

	2023 R	2022 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	46 478 038	43 875 556
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Employee benefits obligation breakdown by municipality

The table below shows the Employee benefits obligation category and municipality of origin:

2023	Mopani	Ba-Phalaborwa	Tzaneen	Giyani	Letaba	Maruleng
PEMA	45 219 000	4 429 227	4 056 000	1 242 000	1 442 478	618 000
LSA	23 836 000	851 652	2 473 000	351 000	413 057	304 000
Total	69 055 000	5 280 879	6 529 000	1 593 000	1 855 535	922 000
Less current portion	(5 078 000)	(242 511)	(620 792)	(79 077)	(59 718)	(50 260)
	63 977 000	5 038 368	5 908 208	1 513 923	1 795 817	871 740
2022	Mopani	Ba-Phalaborwa	Tzaneen	Giyani	Letaba	Maruleng
LSA	23 732 000	964 339	2 366 000	289 000	399 500	357 000
PEMA	44 270 000	5 371 260	4 227 000	1 256 000	1 298 900	572 000
Total	68 002 000	6 335 599	6 593 000	1 545 000	1 698 400	929 000
Less current portion	(3 858 000)	(222 814)	(441 122)	(37 718)	(63 614)	(53 330)
	64 144 000	6 112 785	6 151 878	1 507 282	1 634 786	875 670

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	2023 R	2022 R
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16. Multi-employer plans

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 R46 478 038 (2022 :R43 875 556) 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

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.

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%.

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	2023 R	2022 R
17. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Drought Relief WISG [1]	6 777 182	6 777 182
Municipal Infrastructure Grant (MIG)	-	45 543 719
Rural roads asset management grant	45 000	-
RBIG - COVID 19 relief grant [2]	36 090 000	36 090 000
Water Services Infrastructure Grant	64 024 293	58 302 091
	106 936 475	146 712 992

[1] 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.

[2] The municipality received a COVID 19 relief grant from the Department of Water Affairs amounting to R36 090 000 in 2021 financial year. The purpose of the grant was to assist the municipality in providing water to the communities during the COVID pandemic period.

Movement during the year

Balance at the beginning of the year	146 712 992	117 806 178
Additions during the year	533 337 000	484 444 000
Income recognition during the year	(533 113 517)	(435 458 186)
Unapproved rollover	(40 000 000)	(20 079 000)
	106 936 475	146 712 992

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 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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	2023 R	2022 R			
18. Landfill site provision					
Reconciliation of landfill site provision - 2023					
	Opening Balance	Reductions	Change in discount factor	Derecognition	Total
Environmental rehabilitation	5 403 991	(1 238 931)	334 415	(4 499 475)	-
Reconciliation of landfill site provision - 2022					
	Opening Balance	Reductions	Change in discount factor	Derecognition	Total
Environmental rehabilitation	5 772 678	(878 039)	509 352	-	5 403 991
Environmental rehabilitation provision					
The landfill site provision related to the costs of rehabilitating its landfill site that was located in Maruleng Municipality when it reaches the end of its useful and was discounted to reflect its present value at 31 January 2023 and was derecognised on the same date when it was transferred to Maruleng local Municipality.					
The evaluation, audit and computation of the provision for rehabilitation of the site was carried out by Environmental & Sustainability Solution CC.					
Provision was made for this cost based on the estimated present value of future cash flow arising from the landfill cost expected as at 31 January 2023, the discount rate used for present value calculation was based on average CPI of 6.17%, a discount rate of 11.42% and net effective discount rate of 5.25%.					
The landfill site was expected to be used for the next thirty-seven and half (37.5) years as at 31 January 2023 and it is estimated that R25 474 365 (2022: R23 749 951) would have been required to rehabilitate the site.					
This obligation was not cash backed at the date of derecognition. Further, the municipality did not have any separate investments or assets to fund this obligation.					
19. Service charges					
Sale of water				212 962 632	206 061 181
Sewerage and sanitation charges				26 297 336	24 541 724
				239 259 968	230 602 905
20. Interest charged on overdue consumer accounts					
Interest charged on overdue consumer accounts				94 451 604	75 144 836
This relates to interest charged by the municipality for late payment of water and sanitation accounts by consumers.					
21. Other income					
Insurance claims				1 030 188	560 518
Reconnection fees				59 160	274 107
Sundry income				1 218 154	899 010
Tender fees [1]				8 975 152	643 245
				11 282 654	2 376 880

[1] There was a significant increase in tender sales income due to the huge increase in high value bids during the year where the tender deposit fee was an average of R4 000 per document against R350 in the previous year.

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	2023 R	2022 R
22. Investment revenue		
Interest revenue		
Interest received - Investment	11 463 425	3 621 608
23. Government grants and subsidies		
Operating grants		
Equitable share	1 170 419 000	1 044 405 000
EPWP grant	10 600 000	10 129 000
Finance management grant	3 000 000	2 900 000
	1 184 019 000	1 057 434 000
Capital grants		
Municipal infrastructure grant	486 572 718	391 253 281
Water services infrastructure grant	29 277 798	28 920 905
Rural roads asset management grant	3 663 000	2 255 000
WSIG Schedule 6B grants	193 429 578	-
RBIG Mamefja Sekororo grant	47 402 510	28 189 014
	760 345 604	450 618 200
	1 944 364 604	1 508 052 200
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	773 945 604	463 647 200
Unconditional grants received	1 170 419 000	1 044 405 000
	1 944 364 604	1 508 052 200
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Municipal infrastructure grant		
Balance unspent at beginning of year	45 543 719	4 098 169
Current-year receipts	481 029 000	436 797 000
Conditions met - transferred to revenue	(486 572 719)	(391 253 281)
Unapproved rollover	(40 000 000)	(4 098 169)
	-	45 543 719

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.

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	2023 R	2022 R
23. Government grants and subsidies (continued)		
Finance management grant		
Current-year receipts	3 000 000	2 900 000
Conditions met - transferred to revenue	(3 000 000)	(2 900 000)
	-	-

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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	2023 R	2022 R
23. Government grants and subsidies (continued)		
Rural roads asset management grant		
Balance unspent at beginning of year	-	1 257 580
Current-year receipts	3 708 000	2 255 000
Conditions met - transferred to revenue	(3 663 000)	(2 255 000)
Unapproved rollover	-	(1 257 580)
	45 000	-

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	10 600 000	10 129 000
Conditions met - transferred to revenue	(10 600 000)	(10 129 000)
	-	-

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.

WSIG schedule 6B grants

Current-year receipts	153 523 217	-
Conditions met - transferred to revenue	(153 523 217)	-
	-	-

There are no conditions still to be met on these grants.

The purpose of the grant is to finance construction of water and sanitation infrastructure in the communities.

RBIG Mamefja Sekororo

Current-year receipts	35 303 251	28 189 015
Conditions met - transferred to revenue	(35 303 251)	(28 189 015)
	-	-

There are no conditions still to be met on these grants.

The purpose of the grant is to finance construction of the Mamefja Sekororo Water infrastructure.

RBIG - COVID 19 relief grant

Balance unspent at beginning of year	36 090 000	36 090 000
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Conditions still to be met - remain liabilities (see note 17).

The municipality received a COVID 19 relief grant from the Department of Water Affairs amounting to R36 090 000 in 2021 financial year. The purpose of the grant was to assist the municipality in providing water to the communities during the COVID pandemic period.

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Notes to the Annual Financial Statements

	2023 R	2022 R
23. Government grants and subsidies (continued)		
Water service infrastructure grant		
Balance unspent at beginning of year	58 302 091	69 583 247
Current-year receipts	35 000 000	32 363 000
Conditions met - transferred to revenue	(29 277 798)	(28 920 905)
Unapproved rollover	-	(14 723 251)
	64 024 293	58 302 091

Conditions still to be met - remain liabilities (see note 17).

The purpose of this grant is to support refurbishment of water services infrastructure projects.

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	58 700	519 500
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25. Service in-kind

The nature and type of major classes of services in-kind received, are as follows

Services in-kind that are significant to the municipality's operations and/or service delivery objectives

Free use of offices belonging to other organs of state [1]	2 953 200	2 760 000
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Notional expenses

Notional rent on office space [1]	(2 953 200)	(2 760 000)
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[1] 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. The deemed right of use of the building is significant to its operations and/or service delivery objectives as the building is used for housing of key departments which are integral to the execution of water and sanitation services to the community. The rental was valued by the Department of Public Works.

26. Other non-exchange income

LGW SETA income	658 272	983 816
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	2023 R	2022 R
27. Employee related costs		
Bargaining council	66 631	46 744
Basic	273 817 700	261 678 026
Bonus	20 660 429	18 241 668
Car allowance	35 710 917	33 593 911
Defined contribution plans	46 478 038	43 875 556
Housing benefits and allowances	4 285 781	5 190 746
Leave expenditure	19 204 764	19 658 955
Long-service awards - service cost	2 365 373	1 814 061
Medical aid - company contributions	18 881 696	16 715 118
Non-pensionable allowance	293 719	321 115
Other allowances and levies	7 685 177	8 664 930
Overtime payments	45 131 013	49 197 103
Post-employment medical aid - service cost	2 852 166	2 162 527
SDL	3 743 976	3 267 994
UIF	1 676 860	1 718 440
Workman compensation	2 514 715	761 418
	485 368 955	466 908 312

Detailed senior management remuneration disclosures for Section 57 managers have been disclosed in note 46.

28. Remuneration of councillors

Executive Mayor	988 262	902 091
Speaker	806 625	716 210
Chief Whip	895 357	436 406
Councillors	13 199 840	10 120 382
	15 890 084	12 175 089

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 46.

29. Depreciation and amortisation

Property, plant and equipment	232 246 876	236 810 455
Intangible assets	487 110	502 833
	232 733 986	237 313 288

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	2023 R	2022 R
30. Finance costs		
Interest on late payment of trade and other payables	41 035 641	43 160 695
Finance leases	949	1 183 248
Discounting of landfill site provisions	334 415	509 352
Post-employment benefits	9 505 839	7 583 151
	50 876 844	52 436 446
31. Lease rentals on operating lease		
Infrastructure		
Contractual amounts	699 568	699 568
<p>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 2028. 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 R15 950 144 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.</p>		
32. Debt impairment		
Debt impairment - Consumer debtors	519 646 165	(27 951 607)
Debt impairment - Ba-Phalaborwa loan account	(93 367 139)	(14 295 770)
Debt impairment - Staff debtors and service providers	8 223 416	1 746 274
	434 502 442	(40 501 103)
33. Inventory consumed and bulk purchases		
Borehole Spares	9 477 264	42 246 587
Chemicals	19 379 281	33 453 382
Water	197 142 631	262 223 007
	225 999 176	337 922 976
Water losses		
	Volumes (m3) 2023	Volumes (m3) 2022
Raw abstracted	27 638 358	73 016 761
Produced	(24 753 134)	(68 326 975)
Loss	2 885 224	4 689 786
Comprising of:		
Technical losses	2 885 224	4 689 786
Percentage Loss:		
Technical losses	10,440 %	6,420 %
34. Contracted services		
Agency fees	16 874 885	23 914 869
Fleet services	-	3 356 898
Meter management	2 632 753	2 540 627
Security services	82 730 387	63 593 300
	102 238 025	93 405 694

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	2023 R	2022 R
35. Transfer and subsidies		
Employee Bursaries	1 143 000	1 937 143
36. Operating expenses		
Advertising	1 021 331	1 239 337
Air quality monitoring	407 383	347 400
Audit committee remuneration	1 660 218	3 235 596
Auditors remuneration	12 003 118	10 231 071
Awareness campaign material	-	331 423
Bank charges	87 309	34 392
Catering services	804 317	1 696 757
Commission paid	6 453 668	15 783 562
Conferences and seminars	558 876	243 275
Electricity	62 742 446	53 420 219
Files and records management	-	857 642
Financial support to farmers	-	400 016
Fuel and oil	16 240 329	15 017 001
Fumigation and disinfection	-	1 593 481
IT expenses	550 460	69 690
Insurance	1 005 820	3 153 918
Motor vehicle expenses	739 970	323 663
Municipal services	109 196	53 518
Municipal tribunal and planning members	450 141	530 500
OHS assessment	184 000	-
Other expenses	2 608 491	1 441 186
Performance management system	-	562 027
Postage and courier	-	939
Printing and stationery	904 818	1 760 631
Protective clothing	1 933 422	6 641 408
Road management system	3 185 217	2 255 000
Software expenses	3 912 452	5 121 230
Subscriptions and membership fees	488 268	5 083 371
Telephone and fax	5 739 785	5 064 411
Testing of samples	-	1 655 139
Township establishment	355 500	2 018 070
Training	1 397 348	2 157 834
Transport and equipment hire	-	869 325
Travel - local	24 271 312	21 500 020
Waste management	795 430	-
Water tanker services	25 880 434	24 977 395
	176 491 059	189 670 447
37. Consultation and professional fees		
Accounting and advisory	17 276 381	30 457 837
Asset management	3 455 534	4 243 770
Legal advice and litigation	29 634 322	39 466 134
Project management	18 616 720	13 558 062
	68 982 957	87 725 803

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	2023 R	2022 R
38. Repairs and maintenance		
Maintenance of buildings and facilities	19 140	2 582 801
Maintenance of infrastructure	54 245 453	122 967 672
Motor Vehicle and other general municipal services	7 626 063	4 093 520
	61 890 656	129 643 993
39. VIP Toilets		
VIP Toilets	66 339 304	13 749 052
40. Impairment and write off - assets		
Impairments		
Property, plant and equipment	16 416 952	44 352 440
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 R16 416 952 (2022: R44 352 440).		
41. (Loss) gain on disposal of assets and liabilities		
Gain on derecognition of landfill site provision	4 499 475	-
(Loss) gain on disposal of items of property, plant and equipment	(5 935 444)	-
	(1 435 969)	-
42. Cash generated from operations		
Surplus	371 051 767	193 813 652
Adjustments for:		
Depreciation and amortisation	232 733 986	237 313 288
Gain on sale of assets and liabilities	1 435 969	-
Finance costs - Finance leases	949	1 183 248
Discounting of landfill site provisions	334 415	509 352
Impairment loss	16 416 952	44 352 440
Debt impairment	434 502 442	(40 501 103)
Movements in operating lease assets and accruals	699 568	699 568
Movements in retirement benefit assets and liabilities	39 644	8 054 412
Inventory losses or write-downs	-	(3 679)
Non-cash donations and other in-kind benefits	(58 700)	(519 500)
Services in kind revenue	(2 953 200)	(2 760 000)
Notional expenses	2 953 200	2 760 000
Non cash in other income	(9 967)	(369 903)
Changes in working capital:		
Inventories	4 162 248	(13 885 321)
Receivables from exchange transactions	(270 557 103)	(181 062 323)
Other receivables from non-exchange transactions	(52 005 619)	-
Payables from exchange transactions	33 670 629	159 032 256
VAT receivable	(45 097 406)	25 819 498
Unspent conditional grants and receipts	(39 776 519)	28 906 813
Consumer deposits	140 411	249 970
	687 683 666	463 592 668

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	2023 R	2022 R
43. Financial instruments disclosure		
Categories of financial instruments		
2023		
Financial assets		
	At amortised cost	Total
Receivables from exchange transactions	168 311 302	168 311 302
Cash and cash equivalents	18 477 337	18 477 337
	186 788 639	186 788 639
Financial liabilities		
	At amortised cost	Total
Payables from exchange transactions	1 686 993 821	1 686 993 821
Consumer deposits	4 005 535	4 005 535
	1 690 999 356	1 690 999 356
2022		
Financial assets		
	At amortised cost	Total
Receivables from exchange transactions	329 857 388	329 857 388
Cash and cash equivalents	29 785 017	29 785 017
	359 642 405	359 642 405
Financial liabilities		
	At amortised cost	Total
Payables from exchange transactions	1 639 342 508	1 639 342 508
Consumer deposits	3 865 124	3 865 124
Finance lease obligation	305 450	305 450
	1 643 513 082	1 643 513 082
Financial instruments in Statement of financial performance		
2023		
	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	105 915 029	105 915 029
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(41 036 590)	(41 036 590)
Impairment loss	(426 279 026)	(426 279 026)
	(361 400 587)	(361 400 587)
2022		
	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	78 766 444	78 766 444
Interest expense (calculated using effective interest method) for financial instruments at amortised cost	(44 343 943)	(44 343 943)
Impairment loss	42 247 377	42 247 377
	76 669 878	76 669 878

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	2023 R	2022 R
44. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	1 575 312 382	517 630 058
Total capital commitments		
Already contracted for but not provided for	1 575 312 382	517 630 058
Authorised operational expenditure		
Already contracted for but not provided for		
• Services	100 246 223	198 610 564
Total operational commitments		
Already contracted for but not provided for	100 246 223	198 610 564
Total commitments		
Total commitments		
Authorised capital expenditure	1 575 312 382	517 630 058
Authorised operational expenditure	100 246 223	198 610 564
	1 675 558 605	716 240 622

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 RRMS amounting to R64 024 293 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	857 504 798
Correction of errors [1]	(141 264 177)
Balance restated	716 240 621

[1] The errors were due to understatements caused by including contracts with negative balances as commitments.

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	2023 R	2022 R
45. Contingencies		
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.		
Pending Legal Cases		
Matter between Anna Magaretha Botha and MDM for the injury she sustained at a MDM sewage manhole in Modjadiskloof. The matter is before the high court	950 000	950 000
Matter between Esorfranki and MDM for incorrect tender awarding. [9]	-	10 284 387
Matter between Palm Kwekery and MDM for failure to prevent wildfire. The summons have been issued	4 684 140	4 684 140
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.	8 844 923	8 844 923
Matter between EMC Consulting and MDM application for settlement of account on work done for the sefototse 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 [2]	43 611 996	43 611 996
Matter between MN Nengovhela and MDM. Civil non-payment of a claim for work done by the municipality	4 500 136	4 500 136
Civil Mater- Matter between Bicacon and MDM on the extension of time claim [9]	-	2 454 395
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	375 000
Matter between SGL Engineering and MDM for Nkowankowa Sewer Project	2 412 437	2 412 437
A claim by MN Nengovhela for alleged work done at Senakwe project	461 664	461 664
A claim by Siphiwe 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 Kgatla Family and MDM/Civil Element. The family is suing for damages to property on Thapane water scheme phase 28	995 000	995 000
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 MDM and Endecon Ubuntu. Endecon launched legal action and claimed R1 530 513 for variation and work done	1 530 513	1 530 513
Matter involving MD and Chem Tech. This is claim for alleged services rendered in the amount of R822 192	822 192	822 192
Matter involving MD and Joachim Johannes Nienaber relating to a motor vehicle accident claim	190 193	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	2 500 690
Matter involving MDM and Manengo Ngoben for a civil – claim for damages as a result of a car accident in the amount of R63 884	63 884	63 884
Matter involving MDM and Mpumamanzi Group relating to a civil – claim for alleged work done in the amount of R5 047 104. Summons was amended to R269 788	269 788	269 788

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	2023 R	2022 R
45. Contingencies (continued)		
Matter involving MDM and Ramalepe & Others in respect of a labour review of arbitration award [9]	-	418 800
Uranus Consulting Engineering cc. Failure to pay for service rendered R 3 432 331.00	3 432 331	-
Happy Nkuna case no 46/2023. Mr Nkuna issued summons as a result of damage to his tyre due to a pothole in the amount of R 109 535.50. Mr Nkuna was served with plea.	109 536	-
Justmat Trading and Projects (Pty) Ltd	2 383 533	-
Mopani Flying Squad and Alarm Response, issued a review application against MDM under case number 354/2022 following it being unsuccessful in a tender bidding process [8]	-	-
	174 259 418	181 491 600

Contingent assets

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
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	14 764 271	14 764 271
MDM // Councillors Civil – Overpayment of Upper limits of R 3,589,337.45	3 589 337	-
	37 371 732	33 782 395

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	Contingent liabilities	Contingent assets
Amount previously reported	(157 806 708)	31 764 619
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 [1]	2 000 000	-
Civil matter- Matter between Makgetsi Construction and MDM on the Namakgale Sewage works [1]	4 107 720	-
Matter Between Arena Venus and MDM for VIP Toilets unpaid claim [1]	348 000	-
Matter between Tsurikom SSS and MDM for termination of contract on the Kampersrus Sewage Plant [1]	5 774 485	-
Civil claim based on cession between Tainama Jv Civicon on the Tours bulk water supply [1]	963 647	-
Matter between Sebone Traffic Academy and MDM - Nonpayment of claim [1]	275 437	-
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 [2]	(43 611 996)	-
Matter involving MDM and Mpumamanzi Group relating to a civil – claim for alleged work done in the amount of R5 047 104. Summons was amended to R269 788 [3]	4 777 316	-
Matter between MDM and Twin Corner Construction. The municipality is claiming refunds for payment made for services not performed [4]	-	3 759 758
Matter between Johannes Jacobus Swart/LebP construction/MDM and others. The plaintiff is suing MDM for failure to settle a cession [5]	1 680 499	-
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 [6]	-	(1 080 000)
Matter between MDM and former employee. The municipality is claiming refund for fraud committed by the employee [7]	-	(661 982)
Mopani Flying Squad and Alarm Response, issued a review application against MDM under case number 354/2022 following it being unsuccessful in a tender bidding process [8]	-	-
	(181 491 600)	33 782 395

[1] These cases were incorrectly included in the list of contingent liabilities (assets) while they did not meet the definition of contingent liabilities (assets).

[2] This matter was incorrectly excluded from the list of contingent liabilities in 2021/2022 financial year.

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	2023 R	2022 R
45. Contingencies (continued)		
[3] The amount of claim on this matter was amended down from R5 047 104 to R269 788. In the previous year, the Municipality incorrectly reported the contingent liability at the old amount thereby overstating it by R4 777 316 (R5 047 104 less R269 788).		
[4] This matter was reported as a contingent asset of R11 004 513 in the 2021/2022 financial year while omitting an additional amount of R3 759 758 which has since been added to the case by the Municipality.		
[5] This matter was incorrectly included in the list of contingencies. MDM was never part to the dispute. The matter was between the contractor and its sub-contractor. MDM was merely cited in the papers.		
[6] The matter should not have been included as there was already an instruction to withdraw.		
[7] The municipality has withdrew the case following assessment that the probability of recovering this money is almost nil.		
[8] The case was incorrectly excluded in the previous year. However, there is no amount involved but rather just a review application for the tender process followed.		
[9] These matters were finalised during the year.		

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	2023 R	2022 R
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46. Related parties

Relationships

Accounting Officer
Councillors

Refer to accounting officers' report note 6.
Refer to General Information pages 3.

Members of key management

Mr Mogano TJ (Municipal manager)
Mr Ntimbani C (Community services from January 2023)
Mrs Maboya F (Planning and development)
Mr Mahayi M (Engineering services from January 2023)
Mr Shilowa P (Water services)
Ms L. Nkoane (Acting Chief financial officer from March 2022 to September 2022)
Ms SP Mathevula (Chief Financial Officer from October 2022)
MA. Monyepao (Acting Senior Manager Planning - resigned September 2022)
Mr Ngobeni R (Acting Planning and development)
Masipa K (Acting Engineering Services)
Mr Mudau N (Acting Community services - July to September 2022)

Related party balances

2023	Members of key management	Councillors	Total
Staff receivables	189 216	811 411	1 000 627
Subtotal	189 216	811 411	1 000 627
Less impairment recognised	(189 216)	(790 397)	(979 613)
	-	21 014	21 014

2022	Members of key management	Councillors	Total
Staff receivables	189 216	875 235	1 064 451
Subtotal	189 216	875 235	1 064 451
Less impairment recognised	(189 216)	(11 999)	(201 215)
	-	863 236	863 236

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

Basic salary	6 109 265	6 553 545
Car allowances	2 126 067	2 657 438
Other short-term employee benefits	758 591	2 063 854
Acting allowances	200 036	483 947
	9 193 959	11 758 784

Key management information

Class	Description	Number
Section 57 Directors	Head off departments within the municipality	9

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46. Related parties (continued)

Councillors	Political appointments	53
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Remuneration of management

Management class: Section 57 Directors

2023

Name	Basic salary	Car allowances	Other short-term employee benefits	Acting allowances	Cellphone Allowance	Total
T.J. Mogano ((Municipal Manager)	1 199 446	384 700	15 582	-	18 300	1 618 028
SN. Ngobeni (Corporate Services)	974 549	228 791	90 868	-	18 500	1 312 708
JP. Shilowa (Water services)	982 415	314 473	11 648	-	18 500	1 327 036
ML. Mahayi (Engineering Services - Started January 2023)	752 277	327 314	207 090	-	16 500	1 303 181
C. Ntimbani (Community Services - Started January 2023)	690 434	339 284	183 047	-	16 500	1 229 265
SP Mathevela (Chief Financial Officer - Started October 2022)	721 716	235 855	9 019	-	13 500	980 090
MA. Monyepao (Senior Manager Planning) resigned September 2022	235 855	78 618	33 456	-	3 000	350 929
TA. Monakedi (Planning and development - Started June 2023)	78 618	26 206	921	-	1 500	107 245
LI. Nkoane (Acting Chief Financial officer - up to September 2022)	174 279	69 206	49 441	106 112	-	399 038
GT. Maponya (Acting Director for planning to May 2023)	299 676	121 620	157 519	93 924	-	672 739
	6 109 265	2 126 067	758 591	200 036	106 300	9 300 259

2022

Name	Basic salary	Car allowances	Other short-term employee benefits	Acting allowances	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. Tshikovihi (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
	6 553 545	2 657 438	2 063 854	483 947	11 758 784

[1] Mr. Q. Kgatla resigned as the municipal manager on the 8th of February 2022 and council appointed Mr. T.J. Mogano in an acting capacity on 10th of February 2022 and was later confirmed as a substantive incumbent on the 1st of June 2022.

[2] Mr. T.J. Mogano occupied the position until the 10th of February 2022 when he was appointed the Acting Municipal Manager and Ms. LI. Nkoane acted as the CFO from the 1st of March 2022.

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	2023 R	2022 R
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46. Related parties (continued)

[3] Ms Ngobeni took up the post in May 2022. She replaced Lebepe who passed away in June 2021. Before her, Mr. M.J. 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 1st of March 2022.

Management class: Councillors

2023

Name	Basic salary	Cellphone Allowance	Travel Allowance	Other	Sitting Allowance	Total
Cllr. P.J. Shayi	947 462	40 800	-	-	-	988 262
Cllr. NM. Maswanganyi	757 615	40 800	7 405	805	-	806 625
Cllr. SL Mohlala	310 264	-	313 789	-	-	624 053
Cllr. MH. Sefufi	687 404	40 800	200 500	-	-	928 704
Cllr. ML. Maloko	383 338	34 000	148 542	-	-	565 880
Cllr. NN. Baloyi	705 052	43 940	53 687	-	-	802 679
Cllr. CM. Ramathoka	331	-	37 838	-	40 808	78 977
Cllr. FM. Moroatshehla	14 060	-	58 865	-	-	72 925
Cllr. MMA. Mathebula	84 102	-	149 338	-	-	233 440
Cllr. T.J. Senyolo	10 955	-	31 557	-	1 360	43 872
Cllr. I. Hlungwana *	251 279	30 600	12 656	-	-	294 535
Cllr. RN. Sekgobela	1 740	-	10 289	-	14 026	26 055
Cllr. AT. Rabothata	10 955	-	46 771	-	-	57 726
Cllr. BT. Mabilo	10 955	-	-	-	-	10 955
Cllr. E. Hlungwani	380 927	34 000	80 945	-	-	495 872
Cllr. GE. Kobane	10 955	-	36 407	-	-	47 362
Cllr. GN. Bokisi *	251 576	30 832	33 949	-	-	316 357
Cllr. HD. Lebepe	296 825	34 000	25 423	-	-	356 248
Cllr. MG. Mangena	95 614	-	88 449	-	-	184 063
Cllr. MM. Mukhabele	506 549	34 000	106 832	-	-	647 381
Cllr. Mafemani Patrick. Hlungwani *	296 926	17 309	64 363	-	-	378 598
Cllr. Mabandla Patrick. Hlungwani	10 955	-	65 585	-	-	76 540
Cllr. MP. Matlou	94 838	-	28 547	-	-	123 385
Cllr. NH. Tshimbana	380 927	34 000	72 834	-	-	487 761
Cllr. NJ. Mbhalati	380 927	34 000	42 179	-	-	457 106
Cllr. P.J. Mampeule	95 057	-	30 026	-	-	125 083
Cllr. P.S. Mothomogolo	92 573	-	40 233	-	-	132 806
Cllr. RT. Mavundza	296 825	34 000	85 054	-	-	415 879
Cllr. SP. Letebele	10 955	-	16 717	-	-	27 672
Cllr. WL. Mtebule	261 509	31 527	41 901	-	-	334 937
Cllr. BA. Shibambu	95 057	-	73 815	-	-	168 872
Cllr. DJ. Mmetle Ramohlola	703 968	40 800	133 154	-	-	877 922
Cllr. M. Lewele	700 377	40 800	154 180	-	-	895 357
Cllr. MD. Makhananisa	106 569	-	90 663	-	-	197 232
Cllr. MJ. Rakgoale	95 057	-	56 471	-	-	151 528
Cllr. MN. Madike	282 870	40 800	27 451	-	-	351 121
Cllr. MS. Magomane	392 439	34 000	76 530	-	-	502 969
Cllr. MW. Mohale	296 825	34 000	94 164	-	-	424 989
Cllr. NR. Khandhela	703 968	40 800	(6 713)	-	-	738 055
Cllr. S. Mavasa	10 955	-	51 111	-	-	62 066

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					2023 R	2022 R
46. Related parties (continued)						
Cllr. SS. Mathebula	95 057	-	112 432	-	-	207 489
Cllr. C. Stoltz	1 026	-	48 333	-	54 279	103 638
Cllr. DG. Mkhabela	563	-	43 557	-	50 969	95 089
Cllr. ML. Ramalepe	662	-	16 901	-	28 342	45 905
Cllr. SP. Mashumu	761	-	98 932	-	50 870	150 563
Cllr. TC. Letsoalo	364	-	5 168	-	11 297	16 829
Cllr. WM. Maake	529	-	-	-	1 136	1 665
Cllr. EM. Mathaba	563	-	8 107	-	15 809	24 479
Cllr. J. Mashele	794	-	45 607	-	50 969	97 370
Cllr. MC. Morwatshehla	794	-	67 845	-	47 527	116 166
Cllr. MS. Baloyi	596	-	34 217	-	31 618	66 431
Cllr. SB. Ramoshaba	728	-	31 956	-	28 309	60 993
Cllr. SM. Shayi	629	-	71 448	-	41 911	113 988
Cllr. MD. Selaelo	162 232	-	4 153	-	-	166 385
Cllr. TA. Mabasa	24 280	1 700	-	-	-	25 980
Cllr. Z. Ndhlovu	48 559	3 400	7 326	-	-	59 285
Cllr. MG. Letsoalo	24 280	1 700	-	-	-	25 980
	11 389 952	752 608	3 277 489	805	469 230	15 890 084

* These Councillors resigned during the year.

2022

Name	Basic salary	Cellphone Allowance	Travel Allowance	Other	Sitting Allowance	Total
Cllr. P.J. 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. Mashele	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

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

					2023 R	2022 R
46. Related parties (continued)						
Cllr. X.J. 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. T.J. Senyolo	9 926	-	-	-	-	9 926
Kgosigadi M.J. Sekgopo	10 853	3 619	-	-	-	14 472
Kgosigadi M.J. Mamefja	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. P.J. 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. Lewele	398 677	23 800	-	13 929	-	436 406
Cllr. MC. Nkhwashu	106 273	14 527	35 424	-	-	156 224
Cllr. MD. Makhnanisa	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

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

					2023 R	2022 R
46. Related parties (continued)						
Cllr. MW. Mohale	168 222	23 800	-	13 929	-	205 951
Cllr. NR. Khandihela	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. Maake	-	-	-	-	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	-	-	-	-	16 556	16 556
	9 854 044	944 690	844 565	295 691	236 099	12 175 089

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 2023:

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.

Name		
Cllr. NM. Maswanganyi	12 812	12 812
Cllr. MH. Sefufi	21 014	84 838
Cllr. ML. Maloko	38 670	38 670
Cllr. NN. Baloyi	696 950	696 950
Cllr. CM. Ramathoka	29 966	29 966
Cllr. BT. Mathevula	11 999	11 999
	811 411	875 235

Prior period errors

The municipality identified errors in this disclosure which included amounts paid still left as a receivable and amounts for individuals who are no longer councillors (former councillors) still left on the list. These were corrected retrospectively, and the effect is analysed in the table below:

Detail	Gross carrying Amount	Impairment	Carrying Amount
Amount previously reported	3 399 067	(2 538 987)	860 080
Cllr. CN. Rakgoale [1]	(8 000)	8 000	-
Cllr. MC. Mohale [2]	(23 077)	23 077	-
Cllr. SEJ. Mathonsi [2]	(212 821)	212 821	-
Cllr. MO. Maswanganyi [2]	(62 256)	62 256	-
Cllr. ML. Mokgobi [4]	(52 560)	52 560	-
Cllr. NH. Zandamela [2]	(728 340)	728 340	-
Cllr. NA. Sono [4]	(714 340)	714 340	-
Cllr. GH. Modjadji [2]	(606 868)	606 868	-
Cllr. PT. Malatji [2]	(14 831)	14 831	-
Cllr. SJ. Nkuna [3]	19	-	19
Cllr. MA. Helm [3]	3 000	-	3 000

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

		2023 R	2022 R
46. Related parties (continued)			
Cllr. MR. Nyakane [2]	(29 132)	29 132	-
Cllr. MR. Chauke [2]	(29 966)	29 966	-
Cllr. GA. Maluleke [2]	(14 831)	14 831	-
Cllr. MD. Maake [5]	136	-	136
Cllr. DG. Mushwana [2]	(29 966)	29 966	-
Amount restated	875 234	(11 999)	863 235

[1] Individual resigned in 2019 and payment was payment on 02 March 2022 and incorrectly posted to suspense account.

[2] The individual was a former councillor and term of office ended before 30 June 2022 and therefore, should not have been included in the list of amounts owed by councillors.

[3] The individual was no longer a council member at 30 June 2022 and the accounts was already overpaid.

[4] The individual now deceased and was no longer a council member at 30 June 2022.

[5] The individual is now deceased and the account was already overpaid at 30 June 2022.

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
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47. Prior-year 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 years. 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 Inventories, Property, plant and equipment, VAT receivable, VAT payable, Consulting and professional fees, Contracted services, Inventory consumed and bulk purchases, Operating expenses, Repairs and maintenance, VIP Toilets, Other non-exchange income and Government grants and subsidies. These reclassifications effected the surplus previously reported in the prior year by R18 713 759.

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, unauthorised expenditure, fruitless and wasteful expenditure, disclosures by agents and principals, related party disclosures and Commitments. These were corrected retrospectively as required by GRAP 3. Details of the errors are in notes 54, 52, 53, 58, 45, 46 and 44.

Receivables from exchange transactions, service charges and intermunicipal loan accounts

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. 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. Also noted and corrected was the fact that the municipality was incorrectly accounting for the transaction between itself and the Department of Water and Sanitation as an agent principal relationship when the contract did not meet GRAP 109 requirements. This resulted in the municipality not recognising revenue and related assets arising from this contractual relationship. 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.

Accounts payable, general expenditure and accruals

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. 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.

Inventories

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 inventory items from the local municipalities were different from the schedules and records supplied by the local municipalities.

Property, plant and equipment, Work in progress (WIP), depreciation, impairment and retentions

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
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47. Prior-year errors (continued)

The municipality identified a multiple number of errors affecting property, plant and equipment and related depreciation, residual, values, impairment and loss on sale of assets. In the previous years, some items of property, plant and equipment were recorded as expenses and some assets were duplicated in error. The municipality also incorrectly carried some completed project in WIP thereby understating completed assets and related depreciation. Some payment certificates' retention liabilities were not accrued and projects were being capitalised in WIP resulting in understatements to both WIP and retention liabilities. Finance leased assets were incorrectly revalued at the end of lease and brought in at their revalued amounts. 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.

Finance lease obligation

The municipality identified and corrected errors involving finance lease liabilities where the amortisation schedules for vehicles bought at different time were combined and calculated as if the assets were received at one day. This overstated the liability. 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.

VAT receivable

The municipality incorrectly split VAT on the Statement of Financial Position in the previous year and reported the VAT receivable separated from payable. In the current year, it was discovered that the municipality does not any VAT payable and this has been corrected. Further some unsupported journals which were posted into the VAT accounts were identified and corrected retrospectively.

Services in Kind

The municipality corrected errors involving services in kind for office rental and Ba-Phalaborwa agency services. These were not recognised in the financial statements in the previous year contrary to the requirements of GRAP 23.

Unspent condition grants and related grant revenue

The Municipality identified errors relating to overstatement of grant revenue recognised of WSIG, MIG and RBIG COVID 19 relief grants. 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.

Employee benefit obligation

During the year, the municipality identified an error where the amounts for Post-Employment Medical Aid subsidy liability was overstated by R2 914 898 while that of the Long Service Award liability was understated by the same amount in the financial statements of 2022. This was corrected (Note 15) and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

Description	As previously reported	Correction of error	Restated
Present value of the defined benefit obligation - wholly unfunded - PEMA	59 910 151	(2 914 898)	56 995 253
Present value of the defined benefit obligation-wholly unfunded - LSA	25 193 169	2 914 898	28 108 067
	85 103 320	-	85 103 320

Nature and effect of correction of errors

The nature and 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 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
47. Prior-year errors (continued)		
Error description	Reported surplus	Accumulated surplus
Ba-Phalaborwa agency fees incorrectly recognised	3 141 497	(26 113 919)
Ba-Phalaborwa debtors misstated	29 659 528	5 240 195
Ba-Phalaborwa errors identified on unbilled water meters	-	(1 798 763)
Ba-Phalaborwa expenditure misstated	(78 280)	1 621 394
Ba-Phalaborwa service charges misstated	31 561 128	-
Eskom deposits understated in the financial statements	(1 696 425)	-
Expenditure classification errors	23 106	-
Giyani agency fees misstated	628	269 567
Giyani consumer debtors misstatements	(53 811 740)	82 162 645
Giyani employee costs misstatements	100 485	67 121
Giyani expenditure misstatements	967 361	3 544
Giyani interest charges misstated	-	-
Giyani Inventory overstatement	-	-
Invalid journals posted to VAT	-	(23 417 748)
Invoice from supplier recorded in an incorrect accounting period	3 970 647	-
Landfill site provision decrease incorrectly posted to expenditure instead of the related asset	878 039	-
Letaba bulk water charges misstated	(17 486 567)	-
Letaba consumer debtors misstatements	296 324	(296 226)
Letaba employee costs misstatements	(23 538)	-
Letaba expenditure misstatements	15 880 977	-
Letaba reconnection fees misstated	(13 833)	-
Long outstanding supplier invoices	-	(15 000)
Mamelja Sekororo project costs and revenue incorrectly accounted for as agency/principal relation transactions	(28 189 008)	(45 816 680)
Maruleng water service charges understated	(771 055)	(1 428 450)
MLG Revenue recognition of 2022 overstated	9 484 454	-
Misstatements in Finance lease liabilities of copiers	(1 327 690)	-
Operating lease expenditure overstated	383	1 724
Over billing by the supplier	-	-
Staff debtors and related impairment overstated	(8 000)	-
Supplier invoices duplicated	(34 261)	(415 242)
Supplier invoices overstated	-	(38 849)
Supplier invoices raised in error	(10 561 386)	(1 434 243)
Supplier invoices rounding off and clearances	-	(4)
Tzaneen Bad debts written off not included in financial statements	26 133 924	(13 066 962)
Tzaneen Consumer debtors overstated	-	-
Tzaneen Employee costs understated	-	-
Tzaneen Expenditure invoices understated	651 356	-
Tzaneen Interest on debtors understated	(14 035 999)	-
Tzaneen Prior year expenditure overstated	-	-
Tzaneen Water charges understated	-	-
Tzaneen Workman compensation charges overstated	-	(153 444)

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

					2023 R	2022 R
47. Prior-year errors (continued)						
Various misstatements in property plant and equipment	34 389 493	(21 656 721)	(12 108 267)	(1 140 308)	-	515 803
Vehicle finance lease liabilities misstated due to treating vehicles as if they were received on one day	1 235 923	190 310	(671 313)	(2 519 452)	-	1 764 532
Water sales to Vhembe District Municipality not recognised	(23 200 000)	(69 600 000)	-	-	-	-
WSIG Revenue of 2022 overstated	11 054 619	-	-	-	-	(15 206 076)
Long outstanding, duplicated and invoice variances	-	(9 998)	-	-	-	9 999
Maruleng debt impairment understated	(1 633 634)	5 233 566	-	(3 599 932)	-	-
RBIG COVID 19 incorrect revenue recognition	-	36 090 000	-	-	-	(36 090 000)
Inventory variances of 2022	(3 679)	-	-	3 679	-	-
LNW payable understated	84 737 520	-	-	12 710 628	-	(97 448 148)
Ba-Phalaborwa receivable impairment misstated	-	33 249 158	-	(33 249 158)	-	-
Maruleng leave provisions	694 420	945 886	-	-	-	(1 640 307)
Service in kind revenue not recognised	(3 141 497)	-	-	3 141 497	-	-
Giyani interest and service charges misstated	(172 635)	122 097	-	-	-	-
Giyani Inventory overstatement	-	-	-	(828 224)	-	-
Expenditure posted in the wrong accounting period	(7 984 660)	11 976 990	-	-	-	-
DWS supplier mistatement	-	(86 319 380)	-	(10 124 549)	-	-
Tzaneen debtors misstatements	(10 762 566)	(55 345 868)	-	65 826 272	-	-
Tzaneen service charges misstatements	240 235	(413 292)	-	-	-	-
Vhembe district municipality service charges not recorded	13 113 043	39 339 130	-	40 347 826	-	-
Ba-Phalaborwa loan account misstated	-	-	-	(17 628 745)	-	-
Ba-Phalaborwa loan impairment misstatements	(8 187 506)	160 186 058	-	(151 998 552)	-	-
Expenditure recorded in incorrect period	7 984 660	(7 315 082)	-	(669 578)	-	-
Misclassifications in bank	-	45 650	-	(45 650)	-	-
Consumers debt impairment misstated	(74 253 046)	7 902 411	-	-	-	-
VAT on service charges not recorded	-	-	-	(52 518 283)	-	52 518 285
Giyani Service charges misstatements	(10 637)	104 411	-	-	-	(226 823)
Tzaneen sanitation charges overstated	-	-	-	-	-	(61 781)
Consumer debt impairment mistated BPLM	(15 061)	-	-	15 060	-	-
	18 797 047	30 095 986	16 019 255	(96 337 821)	-	31 425 533

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

			2023 R	2022 R	
47. Prior-year errors (continued)					
2022					
	Note	As previously reported	Correction of error	Re- classification	Restated
Inventories	3	37 723 406	(824 545)	(3 679)	36 895 182
Receivables from exchange transactions	4	257 752 593	75 442 037	-	333 194 630
VAT receivable	6	214 230 299	(174 407 259)	(25 698 233)	14 124 807
Cash and cash equivalents	7	30 500 249	(715 229)	-	29 785 020
Property, plant and equipment	8	8 505 286 734	20 188 537	18 713 759	8 544 189 030
Intangible assets	9	3 291 963	-	-	3 291 963
Heritage assets	10	432 000	-	-	432 000
Operating lease asset	11	4 024 622	(2 107)	-	4 022 515
Finance lease obligation	12	(3 397 673)	3 092 222	-	(305 451)
Payables from exchange transactions	13	(1 795 960 062)	84 960 718	-	(1 710 999 344)
VAT payable		(25 701 912)	-	25 701 912	-
Consumer deposits	14	(3 866 790)	1 667	-	(3 865 123)
Employee benefit obligation	15	(85 103 320)	-	-	(85 103 320)
Unspent conditional grants and receipts	17	(90 083 917)	(56 629 074)	-	(146 712 991)
Landfill site provision	18	(5 403 991)	-	-	(5 403 991)
Accumulated surplus		(7 043 724 201)	48 893 033	(18 713 759)	(7 013 544 927)
		-	-	-	-

Statement of financial performance

2022

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges	19	222 904 530	7 698 374	-	230 602 904
Interest charged on overdue consumer accounts	20	74 140 890	1 003 946	-	75 144 836
Other income	21	2 343 422	33 459	-	2 376 881
Investment revenue	22	3 621 608	-	-	3 621 608
Government grants and subsidies	23	1 501 386 076	7 649 941	(983 816)	1 508 052 201
Public contributions and donations	24	519 500	-	-	519 500
Services in kind revenue	25	-	2 760 000	-	2 760 000
Other non-exchange income	26	-	-	983 816	983 816
Employee related costs	27	(465 971 226)	(937 084)	-	(466 908 310)
Remuneration of councillors	28	(12 175 090)	-	-	(12 175 090)
Depreciation and amortisation	29	(240 666 731)	3 353 443	-	(237 313 288)
Finance costs	30	(52 068 433)	(368 012)	-	(52 436 445)
Lease rentals on operating lease	31	(699 185)	(383)	-	(699 568)
Debt Impairment	32	(31 947 899)	72 449 002	-	40 501 103
Inventory consumed and bulk purchases	33	(189 101 685)	(76 459 470)	(72 361 821)	(337 922 976)
Contracted services	34	(93 030 491)	(937 231)	562 027	(93 405 695)
Transfers and Subsidies	35	(1 937 143)	-	-	(1 937 143)
Operating Expenses	36	(240 130 478)	7 187 935	43 272 104	(189 670 439)
Consulting and professional fees	37	(77 343 698)	4 020 824	(14 402 929)	(87 725 803)
Repairs and maintenance	38	(169 317 475)	(3 257 134)	42 930 620	(129 643 989)
VIP Toilets	26	(32 462 812)	-	18 713 759	(13 749 053)
Notional expenses	25	-	(2 760 000)	-	(2 760 000)
Gain on disposal of assets and liabilities		40 238 335	(40 238 335)	-	-
Actuarial gains/losses	15	(52 624)	-	-	(52 624)
Impairment loss	40	(44 352 440)	-	-	(44 352 440)
Inventories losses/write-downs		-	3 679	-	3 679
Surplus for the year		193 896 951	(18 797 046)	18 713 760	193 813 665

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Notes to the Annual Financial Statements

		2023 R	2022 R
47. Prior-year errors (continued)			
Cash flow statement			
2022			
	Note	As previously reported	Restated
Cash flow from operating activities			
Cash flow from operating activities	42	459 331 219	459 331 219
Cash flow from investing activities		(437 801 221)	(437 801 221)
Cash flow from financing activities		(20 467 056)	(20 467 056)
		1 062 942	1 062 942

The impact of these errors for the opening accumulated surplus at 01 July 2021 is reconciled as tabulated below:

Details	
Total cumulative effect of error corrections on surplus	(48 900 863)
Total effect of error corrections on surplus of 2021/2022 financial year	18 797 046
Effect on the accumulated surplus as at 01 July 2021	(30 103 817)

48. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are shown in note 47.

49. 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:

2023	Carrying amount	Carrying amount Contractual cash flows	1 year or less	>1 year
Payables from exchange transactions	1 686 993 821	1 686 993 821	1 686 993 821	-
Consumer deposits	4 005 535	4 005 535	4 005 535	-
	1 690 999 356	1 690 999 356	1 690 999 356	-
2022	Carrying amount	Carrying amount Contractual cash flows	1 year or less	>1 year
Finance lease obligation	305 450	305 450	305 450	-
Payables from exchange transactions	1 639 342 508	1 639 342 508	1 639 342 508	-
Consumer deposits	3 865 124	3 865 124	3 865 124	-
	1 643 513 082	1 643 513 082	1 643 513 082	-

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	2023 R	2022 R
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49. Risk management (continued)

Credit risk

Investment

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	18 477 337	29 785 017
Receivables from exchange transactions	168 311 302	329 857 388
	186 788 639	359 642 405

The municipality invested excess funds in call accounts at tiered interest rates per annum for financial year ended 30 June 2023.

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 +	18 511 262	28 216 348

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.

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	2023 R	2022 R				
49. Risk management (continued)						
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
Receivables from exchange transactions - normal credit terms	12,38 %	168 311 302	-	-	-	-
Cash in current banking institutions	Tiered	18 511 262	-	-	-	-
	12	186 822 564	-	-	-	-

50. Going concern

We draw attention to the fact that at 30 June 2023, although the municipality had an accumulated surplus of R 7 384 588 863 and that the municipality's total assets exceed its liabilities by R 7 384 588 863, its current liabilities exceeded its current assets by R(1 575 755 370) (2022 :R(1 498 260 305)). 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.
- The obligations to Lepelle Northern Water at R450 474 201 (2022: R421 531 718) and Department of Water and Sanitation at R413 767 089 (2022: R437 452 714) 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 R174 259 418 (2022: R181 491 600) provides continuity risk for the District Municipality. However, management continues to monitor the risk.

Conclusion

Mopani District Municipality

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	2023 R	2022 R
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50. Going concern (continued)

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 2023 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.

51. Events after the reporting date

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

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	2023 R	2022 R
52. Unauthorised expenditure		
Opening balance as previously reported	1 303 588 960	1 071 755 912
Add: Unauthorised expenditure - current	588 657 734	322 856 181
Less: Amount written off	(244 967 240)	(91 023 133)
Closing balance	1 647 279 454	1 303 588 960

Unauthorised expenditure: Budget overspending – per municipal department:

Municipal Manager	16 290 977	21 501 860
Finance	59 519 536	105 060 031
Corporate service	15 132 339	30 607 126
Water distribution	466 648 405	84 701 600
Technical services	-	19 774 673
Community services	-	49 734 915
Waste Water Management	3 908 201	11 475 976
Planning and development	19 678 708	-
Mayor and Council	3 038 130	-
Public Safety	9 582	-
Health	4 431 856	-
	588 657 734	322 856 181

Breakdown by type of expenditure

Operating expenditure	588 657 734	270 494 740
Capital expenditure	-	52 361 442
	588 657 734	322 856 182

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 R244 967 240 (2022: R91 023 133) has been investigated by the Municipal Public Accounts Committee (MPAC). The Municipal Council approved the write off of this amount following MPAC recommendations.

Causes of unauthorised expenditure

The unauthorised expenditure was due to under budgeted items in the various departments.

Prior period errors

In the current year the municipality identified and corrected some errors for the 2022 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 2022 financial year	1 394 612 094
Less amount written off omitted from the disclosure	(91 023 133)
Restated amount	1 303 588 961

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	2023 R	2022 R
53. Fruitless and wasteful expenditure		
Opening balance as previously reported	493 774 529	412 321 621
Add: Fruitless and wasteful expenditure identified - current	40 946 021	43 516 843
Add: Fruitless and wasteful expenditure understatements identified in current year relating to prior years	-	38 988 704
Less: Amount written off - current	(43 516 843)	(1 052 639)
Less: Amount written off by suppliers	(18 822 389)	-
Closing balance	472 381 318	493 774 529

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Interest incurred on late payment of suppliers	None	40 946 021	43 516 843

Fruitless and wasteful expenditure from the previous year amounting to R43 516 843 was investigated by MPAC and of this, R43 443 307 was written off.

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	18 851 858	25 809 851
Lepelle Northern Water	22 071 177	17 188 898
Eskom	12 873	375 302
Other	10 113	142 792
	40 946 021	43 516 843

Prior period errors

In the current year the municipality identified and corrected some errors for the 2022 financial year, relating to misstatements of fruitless and wasteful expenditure. This was due to omission of interest incurred on LNW opening balances following reversal of debt waiver as well as omission of expenditure written off following MPAC recommendations. This was corrected retrospectively, and the details are tabulated below:

Details	Amount
Fruitless and wasteful expenditure as previously reported for 2022 financial year	455 838 464
Add: Fruitless and wasteful expenditure understatements identified in current year relating to prior years	38 988 704
Less amounts written off omitted from the disclosure	(1 052 639)
Restated balance	493 774 529

54. Irregular expenditure

Opening balance as previously reported	1 430 189 569	1 673 453 235
Add: Irregular expenditure - current	51 694 817	88 328 136
Prior period correction	-	113 254 014
Less: Amount written off - prior period	(129 938 122)	(444 845 816)
Closing balance	1 351 946 264	1 430 189 569

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Overspending on contracts	None	-	2 605 267
Non-compliance with SCM policy	None	51 694 817	85 722 869
		51 694 817	88 328 136

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	2023 R	2022 R
53. Fruitless and wasteful expenditure		
Opening balance as previously reported	493 774 529	412 321 621
Add: Fruitless and wasteful expenditure identified - current	40 946 021	43 516 843
Add: Fruitless and wasteful expenditure understatements identified in current year relating to prior years	-	38 988 704
Less: Amount written off - current	(43 516 843)	(1 052 639)
Less: Amount written off by suppliers	(18 822 389)	-
Closing balance	472 381 318	493 774 529

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Interest incurred on late payment of suppliers	None	40 946 021	43 516 843

Fruitless and wasteful expenditure from the previous year amounting to R43 516 843 was investigated by MPAC and of this, R43 443 307 was written off.

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	18 851 858	25 809 851
Lepelle Northern Water	22 071 177	17 188 898
Eskom	12 873	375 302
Other	10 113	142 792
	40 946 021	43 516 843

Prior period errors

In the current year the municipality identified and corrected some errors for the 2022 financial year, relating to misstatements of fruitless and wasteful expenditure. This was due to omission of interest incurred on LNW opening balances following reversal of debt waiver as well as omission of expenditure written off following MPAC recommendations. This was corrected retrospectively, and the details are tabulated below:

Details	Amount
Fruitless and wasteful expenditure as previously reported for 2022 financial year	455 838 464
Add: Fruitless and wasteful expenditure understatements identified in current year relating to prior years	38 988 704
Less amounts written off omitted from the disclosure	(1 052 639)
Restated balance	493 774 529

54. Irregular expenditure

Opening balance as previously reported	1 430 189 569	1 673 453 235
Add: Irregular expenditure - current	51 694 817	88 328 136
Prior period correction	-	113 254 014
Less: Amount written off - prior period	(129 938 122)	(444 845 816)
Closing balance	1 351 946 264	1 430 189 569

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Overspending on contracts	None	-	2 605 267
Non-compliance with SCM policy	None	51 694 817	88 328 136
		51 694 817	88 328 136

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	2023 R	2022 R
54. Irregular expenditure (continued)		
Amount written-off		
Irregular expenditure from the previous year amounting to R149 193 986 was investigated by MPAC during the year. After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R129 938 122 was proven without reasonable doubt that the amount was not recoverable.		
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 2021/2022 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
Limitation of Scope - tender files not available		14 022 978
Bidders disqualified on wrong evaluation criteria		96 077 386
Procurement not evaluated on local content		970 200
Three quotations were not sourced and no deviation was recorded		1 513 200
Reasons for deviation recorded were not justifiable		645 250
No declaration of Interest		25 000
		113 254 014
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 2021/2022 financial year. The table below details the impact of corrections of these errors on the previously reported amounts:		
Details		Amount
Irregular Expenditure as previously reported		1 318 400 214
Add: Omitted Irregular Expenditure [detailed above]		113 254 014
Less: Overspending on contract overstated		(1 464 659)
Restated balance		1 430 189 569
55. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	-	4 251 766
Amount paid - current year	-	(4 251 766)
	-	-
Audit fees		
Current year subscription / fee	12 003 118	10 231 071
Amount paid - current year	(12 003 118)	(10 231 071)
	-	-
PAYE and UIF		
Opening balance	6 229 183	-
Current year subscription / fee	75 991 976	66 932 407
Amount paid - current year	(82 223 147)	(60 703 224)
	(1 988)	6 229 183

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	2023 R	2022 R
55. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Pension and Medical Aid Deductions		
Opening balance	6 561 445	-
Current year subscription / fee	55 005 607	45 078 574
Amount paid - current year	(61 567 052)	(38 517 129)
	-	6 561 445
VAT		
VAT receivable	59 222 219	14 124 807

All VAT returns have been submitted by the due date throughout the year.

56. 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 R12 422 965 (2022: R35 262 181) 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		
Hiring of Water Tankers	-	3 068 530
Borehole Development	-	10 612 246
Sole Supplier	721 346	1 616 917
Other	11 425 619	19 964 488
Emergency	276 000	-
	12 422 965	35 262 181

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Notes to the Annual Financial Statements

	2023 R	2022 R
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57. 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.

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 local economic development, spatial planning.
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.

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57. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

Revenue	Community services	Engineering Services	Mayor and Council	Planning and development	Water services	Total
Revenue from non-exchange transactions	66 112	11 946 952	-	10 600 000	697 287 031	719 880 095
Revenue from exchange transactions	-	-	110	-	239 319 216	239 319 326
Interest revenue	-	-	-	-	94 451 605	94 451 605
Total segment revenue	66 112	11 946 952	110	10 600 000	1 031 037 852	1 053 651 026
Unallocated interest revenue						11 463 425
Other unallocated revenue						1 239 377 979
Total revenue reconciling items						1 250 841 404
Entity's revenue						2 304 492 430
Expenditure						
Employee related costs	121 916 813	19 610 771	19 719 849	40 613 804	204 590 213	406 451 450
Remuneration of councillors	-	-	15 890 084	-	-	15 890 084
Depreciation and amortisation	487 110	-	2 551 402	-	230 986 373	234 024 885
Finance costs	-	-	-	-	1 878 839	1 878 839
Debt Impairment	-	-	-	-	426 279 026	426 279 026
Inventory consumed and bulk purchases	-	-	-	-	225 999 176	225 999 176
Contracted services	-	-	-	-	19 507 639	19 507 639
Transfers and Subsidies	-	-	1 143 000	-	-	1 143 000
Operating Expenses	12 063 377	3 526 780	6 635 436	5 526 726	108 539 119	136 291 438
Consulting and professional fees	-	18 616 720	-	-	-	18 616 720
Repairs and maintenance	506 416	439 254	-	-	60 925 846	61 871 516
VIP Toilets	-	-	-	-	66 339 304	66 339 304
Actuarial gains/losses	-	-	-	-	(3 662 971)	(3 662 971)
Total segment expenditure	134 973 716	42 193 525	45 939 771	46 140 530	1 341 382 564	1 610 630 106

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	Community services	Engineering Services	Mayor and Council	Planning and development	Water services	Total
57. Segment information (continued)						
Total segmental surplus/(deficit)	(134 907 604)	(30 246 573)	(45 939 661)	(35 540 530)	(310 344 712)	(556 979 080)
Interest expense						(48 998 005)
Unallocated expenses						(273 824 167)
Total revenue reconciling items						1 250 841 404
Entity's surplus for the period						371 040 152
Assets						
Segment assets	5 537 664	36 542 886	532 292	42 002 825	534 406 217	619 021 884
Unallocated assets						8 706 318 143
Total assets as per Statement of financial Position						9 325 340 027
Liabilities						
Segment liabilities	141 541 684	3 121 373	1 484 755	1 015 130	447 290 424	594 453 366
Unallocated liabilities						1 346 301 577
Total liabilities as per Statement of financial Position						1 940 754 943
2022						
Revenue						
Revenue from non-exchange transactions	60 004	104 024 876	-	12 323 863	311 857 367	428 266 110
Revenue from exchange transactions	24	3	111	227	230 877 018	230 877 383
Interest revenue	-	-	-	-	75 144 836	75 144 836
Total segment revenue	60 028	104 024 879	111	12 324 090	617 879 221	734 268 329

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Figures in Rand

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Notes to the Annual Financial Statements

Figures in Rand

57. Segment information (continued)					
Liabilities	Community services	Engineering Services	Mayor and Council	Planning and development	Water services
Segment liabilities	141 105 646	2 864 994	407 416	909 446	288 532 973
Unallocated liabilities					
Total liabilities as per Statement of financial Position					
					1 518 569 744
					1 952 390 219

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.

Prior period adjustments

Following identification and correction of prior period errors noted in various sections of the financial statements which also affected segment results, the corresponding segment disclosures of 2022 have been restated accordingly.

58. Accounting by principals and agents

The Municipality is a party to a principal-agent arrangements.

Details of the arrangement(s) are as follows:

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.

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
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58. Accounting by principals and agents (continued)

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, Manuleng Local Municipality, Ba - Phalaborwa Local Municipality and Greater Giyani Local Municipality.

In terms of the agreements, the five local municipalities are to sell water and provide sanitation services to the consumers on behalf of Mopani District Municipality (MDM).

As the principal agent MDM is liable for agency fees to each local municipality as disclosed in note 34. All cash collections by the locals are payable to MDM, and all water related expenses are to be reimbursed by MDM. The nature of expenses paid by the locals on behalf of MDM, includes inter alia, bulk water 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 13 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 systems 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 and 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 for reimbursement by MDM. 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.

Fees payable

Agency fees incurred as compensation to the agent	16 874 885	23 914 869
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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 the agreement of Ba-Phalaborwa provides for this calculation based on the volumes of water distributed (sold) to consumers. 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 13 - payables from exchange transactions and note - receivables from exchange transactions.

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.

Prior period errors

This disclosure has been restated for prior years following discovery that the agreement between the Department of Water Affairs and Mopani District Municipality does not constitute any agent/principal relationship in terms of GRAP. The accounting for the related assets, liabilities and revenue has been corrected retrospectively and so has been the related disclosure on principal/agent relationships.

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
59. Other statutory receivables		
VAT due from SARS (Note 5)	69 458 683	32 897 175

This represents amount of VAT that is receivable from the South African Revenue Service following the submission of the returns.

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 South African Revenue Service (SARS) is included as part of VAT receivables in the Statement of Financial Position. Once payments are received or paid, the VAT returns are submitted to SARS and the resultant VAT receivable from SARS is accounted as statutory receivables. 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.

Prior period error

This disclosure has been affected by a correction of prior period where in the prior year the return for June 2022 amounting to R 8 836 529 was incorrectly omitted resulting in the receivable being reported as R24 060 646 instead of R 32 897 175.

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Maruleng
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www.greaterletaba.gov.za www.greatergiyani.gov.za www.maruleng.gov.za www.ba-phalaborwa.gov.za www.greatertzaneen.gov.za

