

# MOPANI DISTRICT MUNICIPALITY



2020/2021  
ANNUAL REPORT  
(30 June 2021)

# TABLE OF CONTENTS

## PART A: GENERAL INFORMATION

<b>CHAPTER 1</b>	
<b>1. MAYOR'S FOREWORD AND EXECUTIVE SUMMMARY</b>	<b>6</b>
1.1. Municipal Functions, Population and Environmental Overview	9
1.2. Service Delivery Overview	14
1.3. Financial Health Overview	18
1.4. Organisational Development Overview	18
1.5. Auditor-General Report	19
1.6. Statutory Annual Report Process	19
<b>CHAPTER 2</b>	
<b>2. GOVERNANCE</b>	<b>23</b>
Component A: Political And Administrative Governance	25
2.1. Political Governance	26
2.2. Administrative Governance	31
Component B: Intergovernmental Relations	33
2.3. Intergovernmental Relations	33
Component C: Public Accountability And Participation	35
2.4. Public Meetings	36
2.5. IDP Participation And Alignment	41
Component D: Corporate Governance	41
2.6. Risk Management	42
2.7. Anti-Corruption And Fraud	43
2.8. Supply Chain Management	44
2.9. By-laws	44
2.30. Websites	45
<b>CHAPTER 3</b>	
<b>3. SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)</b>	<b>33</b>
Component A: Basic Services	63
3.1. Water Provision	63
3.2. Waste Water (Sanitation) Provision	65
3.3. Electricity	66
3.4. Waste Management (This Section To Include: Refuse Collections, Waste Disposal, Street Cleaning And Recycling)	67
3.5. Free Basic Services And Indigent Support	67
Component B: Road Transport	67
3.6. Roads	67
Component C: Planning And Development	67
3.7. Planning	68
3.9. Local Economic Development (Including Tourism And Market Places)	68
Component D: Community & Social Services	69
3.10. Child Care; Aged Care; Social Programmes	69
Component E: Environmental Protection	69
3.11. Pollution Control	69
Component F: Health	70
3.12. Health Inspection; Food And Abbatoir Licensing And Inspection; Etc	71
Component G: Security And Safety	71
3.13. Fire	71
3.14. Other (Disaster Management, Animal Licencing And Control, Control Of Public Nuisances And Other)	71
Component H: Corporate Policy Offices And Other Services	72
3.15. Executive Council	72
3.16. Financial Services	72
3.17. Human Resource Services	73
3.18. Information And Communication Technology(Ict) Services	74
3.19. Property; Legal; Risk Management And Procurement Services	75
Component I: Miscellaneous	76

Component J: Organisational Annual Performance Report For 2019/20	76
<b>CHAPTER 4</b>	
<b>4. ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)</b>	<b>77</b>
Component A: Introduction To The Municipal Personnel	78
4.1. Employee Totals, Turnover And Vacancies	78
Component B: Managing The Municipal Workforce	78
4.2. Policies	79
4.3. Injuries, Sickness And Suspensions	79
Component C: Capacitating The Municipal Workforce	80
4.4. Skills Development And Training	83
Component D: Managing The Workforce Expenditure	83
4.5. Municipal Workforce Expenditure	83
<b>CHAPTER 5</b>	
<b>FINANCIAL PERFORMANCE</b>	<b>84</b>
Component A: Statements Of Financial Performance	85
5.1. Statements Of Financial Performance	85
5.2. Grant	85
5.3. Asset Management	85
5.4. Financial Ratios Based On Key Performance Indicators	88
Component B: Spending Against Capital Budget	88
5.5. Capital Expenditure	88
5.6. Sources Of Finance	89
5.7. Capital Spending On 5 Largest Projects	89
5.8. Basic Service And Infrastructure Backlogs – Overview	89
Component C: Cash Flow Management And Investments	90
5.9. Cash Flow	90
5.10. Borrowing And Investment	91
Component D: Other Financial Matters	91
5.11. Supply Chain Management	91
5.12. Grap Compliance	91
<b>CHAPTER 6</b>	
<b>AUDITOR-GENERAL AUDIT FINDINGS</b>	<b>92</b>
6.1. Auditor - General Reports 2019/20	93
<b>GLOSSARY</b>	<b>104</b>
<b>APPENDICES</b>	<b>105</b>
<b>Appendix A – Councillors; Committee Allocation And Council Attendance</b>	<b>106</b>
<b>Appendix B – Committees And Committee Purposes</b>	<b>107</b>
<b>Appendix C – Third Tier Administrative Structure</b>	<b>108</b>
<b>Appendix D – Functions Of Municipality / Entity</b>	<b>109</b>
<b>Appendix E – Ward Reporting</b>	<b>110</b>
<b>Appendix G – Recommendations Of The Municipal Audit Committee 2019/20</b>	<b>111</b>
<b>Appendix H – Long-Term Contracts And Public Private Partnerships</b>	<b>114</b>
<b>Appendix I – Municipal Entity/Service Provider Performance Schedule</b>	<b>114</b>
<b>Appendix J – Disclosures Of Financial Interests</b>	<b>115</b>
<b>Appendix K – Revenue Collection Performance By Vote And By Source</b>	<b>116</b>
<b>Appendix K(I) – Revenue Collection Performance By Vote</b>	<b>116</b>
<b>Appendix K(II) – Revenue Collection Performance By Source</b>	<b>117</b>
<b>Appendix L – Conditional Grants Received: Excluding MIG</b>	<b>118</b>
<b>Appendix M – Capital Expenditure – New &amp; Upgrade/Renewal Programmes</b>	<b>118</b>
<b>Appendix M(I) – Capital Expenditure - New Assets Programme</b>	<b>118</b>
<b>Appendix O – Capital Programme By Project By Ward 2019/20</b>	<b>118</b>
<b>Appendix S – Declaration Of Returns Not Made In Due Time Under MFMA S71</b>	<b>118</b>

## LIST OF ABBREVIATIONS/ACRONYMS

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



# CHAPTER - 1:

**2020 - 2021**

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

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



The end of the 2020/21 financial year is a signal that we are indeed at the tail end of the term of office of the fourth democratic local government administration. In the next few months, our people will vote in the local government elections which will effectively usher in the next generation of Councillors that will take forward the programme of building a better life for our people as espoused in the Freedom Charter.

However, we also need to reflect on the work of the current administration, in the context of the 2020/21 financial year. And we do so on the backdrop of the ongoing COVID-19 pandemic. It has not made our journey easy. And we agree as the current generation of Councillors that the COVID-19 pandemic has been our biggest trial.

But even in the midst of the COVID-19 pandemic, working with our people, we have continued the programme of advancing people's power in every community. We have been to our communities of Santeng village in Maruleng Municipality and Selwane village in the Ba-Phalaborwa Municipality to celebrate the success of our short-term water projects implemented as part of COVID-19 intervention.

We have worked with our business community and other sectors of our society to help our people confront hunger at this time of the pandemic. Through the District Food Bank, we have to help our people confront hunger as we continue to battle the pandemic. At least over 42 000 of our people have been assisted from this joint initiative.

The pandemic is still with us. It has worsened the socio-economic situation of our people. The biggest priority for all of us is to overcome the pandemic. The efforts to rebuild the economy of the country is largely tied to our fight to overcome the COVID-19 pandemic. We will have to fast-track the review of the district's local economic development strategy, which should help us adapt to the current environment, but continue our economy which is anchored around agriculture, mining, tourism, trade and manufacturing.

We have used the Expanded Public Works Programme (EPWP) to mitigate the impact of COVID-19 pandemic. Through this important programme, we created 5134 work opportunities for our people, targeting in the main women, youth and our people living with disabilities. The programme is key not only for the livelihoods of our people, but for skills development in our rural communities.

Working with FABCO, we have continued our work around supporting SMMEs. During the financial year under review, we have supported 40 SMMEs. We also hosted for the first time, the District Youth Economic Indaba. The resolutions of the Indaba have been tabled before council. Through council structures we will monitor implementation of these resolutions for we have an obligation to promote and support youth development in this district space.

We have continued to traverse this journey of advancing people's power in communities even under the difficult COVID-19 conditions. We have in the financial year under review spent 100% of the Municipal Infrastructure Grant (MIG), which could be an indication that we have, consistent with our mandate channeled the money to the much needed water infrastructure projects across the district.

However, we are the first to concede that challenges still remain. We have not met the targets on our spending of the Water Services Infrastructure Grant. It's a matter we need to correct going forward for we need to move with speed in our programme of delivering basic services to the people of our district, in particular water and sanitation.

It was our commitment in 2016 that together with our people, we will build a strong, accountable, transparent and resilient system of local government. And today, as we conclude the 2020/21 financial year, we can say without fear of contradiction that we have invested a lot of work in turning the tide against a culture of non-accountability. At the level of council, we are continuing with investigations of UIFW, dating back to the 2010/11 financial year. And to that extent, we wish to applaud the council oversight committees, but in particular the work of MPAC.

We have noted the limitations around our internal control systems, which negatively impacts our obligation to submit timeously, proper records that is not only relevant, but complete to support financial and performance reporting. And that ultimately has impact as the Auditor General does work in auditing the Municipality. Therefore, we are working around strengthening our support on the work of internal audit and the audit committee.

It is also on that note that we wish to report to the people of Mopani that Council is still stable. All structures of Council continue to function optimally. We engage robustly, but with no malice intended. Our robust engagements are in the main always driven by our shared desire to improve the socio-economic conditions of our people.

We have successfully launched the District Development Model, and we believe it sets us on a clear path for better coordination at the district space. And because through this model, development will be pursued

through a single, integrated plan for the district, it means that the private sector as well must come on board with their plans through their participation in the IDP Rep Forums to ensure synergy as we work together to make the model a success.

Already, we have engaged some of the big players in the economy of our district with a view of bringing them into our planning space in the context of this DDM. We met at the level of the District Strategic Planning Session in December 2020 and agreed in principle that we need to forge partnerships and collaborations that will help us around with skills development programmes and also linkage to supply chain management programmes so that our people are able to benefit from such programmes.

It was our commitment in 2016 to ensure clean governance. We had hoped to improve from the qualified audit opinion achieved in the 2019/20 financial year, but we have suffered a setback. The Auditor General's report shows that we are on a disclaimer opinion. However, we are aware of the areas that need our special attention going forward. We do need to improve our internal control systems, ensure stringent financial control, and also improve our record keeping system.

Through our internal oversight structures, we have made great strides in investigating issues around unauthorized, irregular, fruitless and wasteful expenditures dating back to 2011. It is the work of the next council will have to take forward in ensuring full accountability on our spending of public funds. We want to thank the people of Mopani for the confidence and support over the last five years. And in doing, I do wish to implore all of us to remain actively involved on matters of local government because it is only our collective efforts that will give impetus to our sustained programme of advancing people's power in all our communities.

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**CLLR PJ SHAYI**  
**EXECUTIVE MAYOR**

## 2. COMPONENT B: EXECUTIVE SUMMARY

### MUNICIPAL MANAGER'S OVERVIEW



As with the other districts, Mopani District Municipality does not have a distinct land area of its own but share the same operational area with the local municipalities falling within it. Mopani District also embraces certain parts of the Kruger National Park through Ba-Phalaborwa and Greater Giyani. 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 (Parliament building) in the Greater Giyani Municipality.

The District Disaster Management centre is located in Tzaneen town and is operational including Fire services. The Mopani District Council has distinct roles, powers and functions to those of the local municipalities.

Amongst these is the role of coordinating and supporting services across the three spheres of government.

All municipalities are legislatively expected to report annually on their activities and decisions taken by both municipal councils and management. This allows all local government stakeholders and the South African public at large to be properly informed about the affairs of local government, which is in line with the Constitution of the Republic of South Africa, 1996.

Mopani District Municipality strives to undertake developmentally oriented planning as enshrined in the Constitution and section 23 of the Municipal Systems Act, No.32 of 2000. Guidelines and regulatory frameworks have been developed to enable municipalities to adopt a result-based approach to manage service delivery.

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 later regulate the corrective actions to be embarked upon to enhance service delivery in the 2020/21 financial year.

The municipality regressed in terms of Auditor general, in the year under review, the municipality received disclaimer audit opinion.

The majority of our people still live in abject poverty which is evident as you move around our township settlements, and this lends credence to the indictment of our old spatial planning. Our residential areas, in particular townships do not resemble functional neighbourhoods. The municipality has budgeted in the 2021/22 financial year township establishment in Greater Tzaneen municipality (Nwamitwa & Xihoko), Greater Giyani municipality (Xivulani) and Ba-Phalaborwa municipality (elwane & Humulani Matiko-xikaya) There is a “moving backlog” of services as there are always new areas that needs development. There is still so much to be done to improve the lives of our people for the better. We have a firm believe that we are still on course to go back to basics, and build an accountable, responsive and caring government

Lastly, the integrity of Mopani District Municipality is being restored and this is observable in simplified work processes that are being presented each day. The commitment of leadership in good governance cannot be emphasized there by allowing the municipality to eliminate all unwarranted matters that deter it to its purpose.

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**Mr TJ Mogano**  
**ACTING MUNICIPAL MANAGER**

## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

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

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

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

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

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

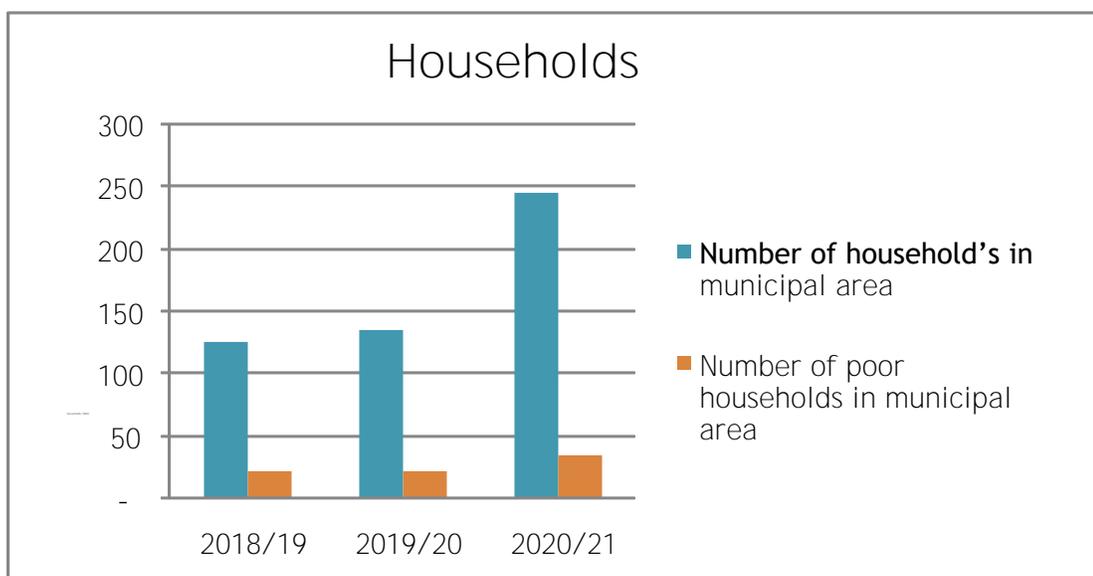
**T 1.2.1**

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 6**. Out of the entire district population, 81% reside in rural areas, 14% in urban areas and 5% stay on farms. The population densities vary from municipality to another, but the average is 23 people/ ha. It shows that people are sparsely populated with sufficient land around them. The problem of land shortage for economic development is perpetrated by the vast land occupied for dwelling purposes, leaving much little for economic growth.

POPULATION DETAILS									
									Population `000
Age	2018/19			2019/20			2020/21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0-4	59,508	54,117	113,625	59,508	54,117	113,625	69,381	69,379	138,760
5-9	67,455	62,576	130,031	67,455	62,576	130,031	57,589	58,160	115,749
10-19	138,750	143,807	282,557	138,750	143,807	282,557	124,410	120,182	244,592
20-29	83,343	93,447	176,790	83,343	93,447	176,790	96,846	106,670	203,516
30-39	58,485	71,977	130,462	58,485	71,977	130,462	55,074	76,330	131,404
40-49	36,292	57,474	93,766	36,292	57,474	93,766	39,715	61,682	101,397
50-59	25,861	34,207	60,068	25,861	34,207	60,068	28,323	41,855	70,178
60-69	17,016	26,422	43,438	17,016	26,422	43,438	17,922	25,925	43,847
70+	10,237	27,585	37,822	10,237	27,585	37,822	12,322	30,747	43,069

Source: Statistics SA IDP18/19

**T1.2.**



SOCIO ECONOMIC STATUS						
Year	Housing Backlog as proportion of current demand	Unemployment rate	Proportion of households with no income	Proportion of population in low-skilled employment	HIV/AIDS prevalence	Illiterate people older than 14 years
2018/19	32.3%	19.7%	48.0%	30.6%	24.8%	27.1%
2019/20	8.4%	10.4%	14.2%	30.6%	24.8%	27.1%
2020/21	8.4%	39.0%	43.0%	30.6%	24.6%	12.0%
<b>T1.2.4</b>						

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

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

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

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

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

males than females and that could be attributed to more men ready for field rangers' jobs than women, with the ratio men: women being 63%: 27%.

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

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

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

Income from employment determines the overall living standards of people and also the household's affordability levels. These levels should be taken into account when setting service level targets. The majority of people in the district (at least 81%) live in rural areas and most of these rural residents are poor. Income in rural areas is constrained by the rural economy that is unable to provide people with remunerative jobs or self-employment opportunities. A notable percentage of people in the district has no income. It should, however, be taken into account that these figures reflect the total population and

not only the potentially economically active portion of the population. Economically inactive people, such as, children and pensioners are also included. It is disturbing to note that, even for the labour force alone, 89.1% of the population in the Greater Giyani Municipality earns less than R800 per month. The situation is worse in Greater Letaba where 92.2% of the earning population earn less than R800 per month, while the situation is much better in Ba-Phalaborwa with only 75% of the labour force earning less than R800 per month. This can be attributed to the high level of urbanization in Ba-Phalaborwa and the presence of mines.

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

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

*Source: MDM IDP 20/21*

T1.2.8

## 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.

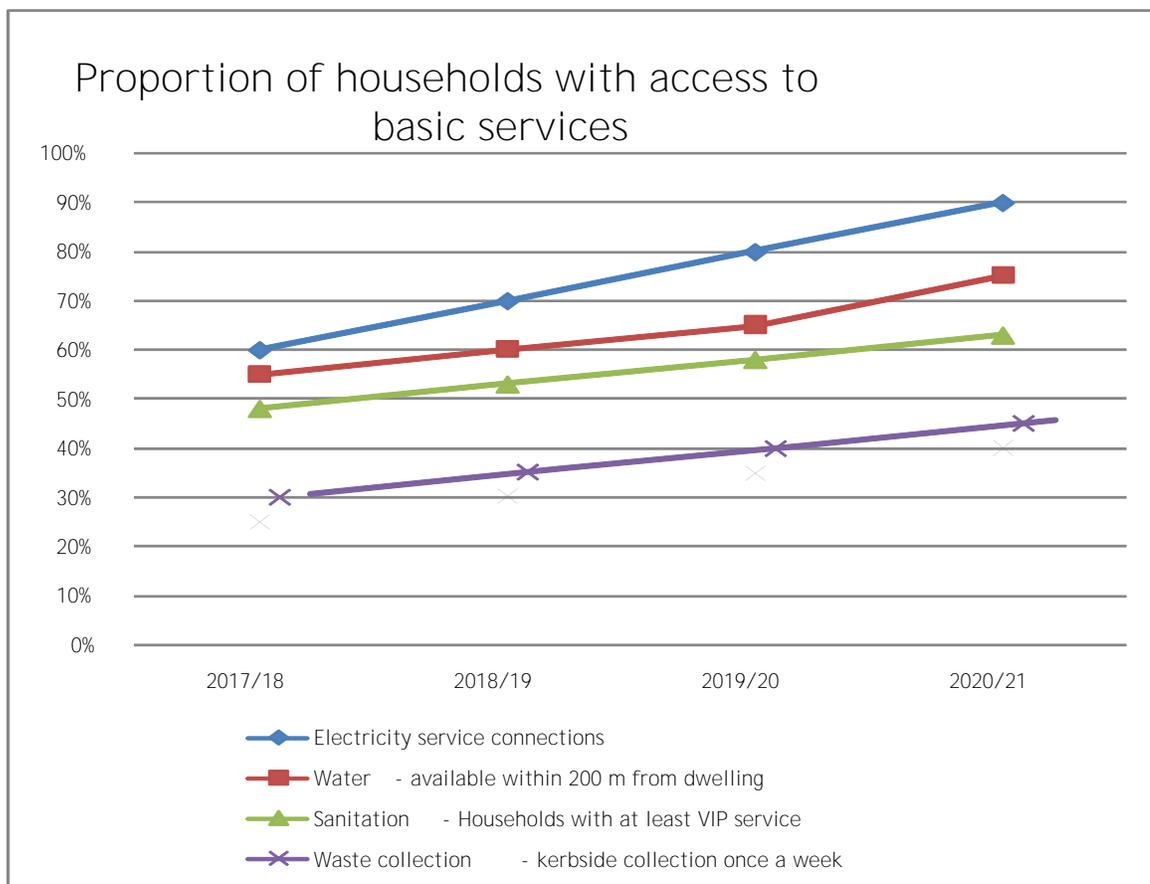
Income from employment determines the overall living standards of people and also the household's affordability levels. These levels should be taken into account when setting service level targets. The majority of people in the district (at least 81%) live in rural areas and most of these rural residents 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 2020/21**

**T 1.3.1**



**ACCESS TO BASIC SERVICES:**

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

**T1.3.3**

## 1.4. FINANCIAL HEALTH OVERVIEW

### FINANCIAL POSITION

Financial Overview – 2020/21			
			R` 000
Details	Original Budget	Adjustment Budget	Actual
<b>Income</b>			
Grants	1 135 221	1 134 762	1 751 561
Taxes, Levies & Tariffs	13 702	13 702	6 479
Other	243 927	470 927	541 099
<b>Sub Total</b>	<b>1 392 850</b>	<b>1 619 391</b>	<b>2 299 129</b>
Less Expenditure	1 372 807	1 571 530	1 568 446
<b>Net Total</b>	<b>4 158 507</b>	<b>4 810 312</b>	<b>6 166 704</b>

Operating Ratios 2020/21	
Detail	%
Employee Cost	89%
Repairs & Maintenance	87%
Finance Charges & Impairment	77%
T1.4.3	

Total Capital Expenditure 2018/19 – 2020/21			
			R` 000
Detail	2018/19	2019/20	2020/21
Original budget	581 459	569 480	567 412
Adjustment budget	722 153	486 180	761 301
<b>Actual</b>	<b>518 073</b>	<b>339 448</b>	<b>700 378</b>
T1.4.4			

During the period under review, the municipality ended with an Actual Expenditure of R 1 568 445 559.

## 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 3 passed on. The Organogram review was conducted in May for 2020/21 Financial year.

## 1.6. AUDITOR-GENERAL REPORT

### AUDITOR-GENERAL REPORT 2020/21

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 2020/21 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 2020
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 <sup>th</sup> quarter Report for previous financial year	
4	Submit draft Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August 2020
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September – October 2020
12	Municipalities receive and start to address the Auditor General's comments	January 2021
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	

17	Oversight report is made public	<b>March 2021</b>
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	<b>January 2021</b>
		<b>T 1.7.1</b>

## **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 the specific financial year. This report, together with the Annual Financial Statements are submitted to the Auditor-General by the 31 August. Then comes the development of the Annual Report.

The Annual Report content will assist municipal councilors, municipalities, municipal entities, residents, oversight institutions and other users of Annual Reports with information and progress made on service delivery. It must align with the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP), and in year reports. The Annual Report is tabled before the Council on the 30th of January and after consideration by the MPAC, the MPAC will report to council by the 30th 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 could not submit the Draft annual report on the legislated dates (31 January) due to the audit report that was issued in April 2021. The 2019/20 annual report was only tabled in council in June 2021. Which led the Oversight report to be tabled in council in August 2021.

**1.7.1.1**



## CHAPTER - 2:

### GOVERNANCE

# Political and Governance Administration

2020 - 2021

## 2. INTRODUCTION TO GOVERNANCE

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

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

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

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

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

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

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

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

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

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

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

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

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

The Municipal Manager Mr Q Kgatla was appointed in February 2020. Council appointed Mr MJ Mogano as Chief financial officer from 01 November 2020, the salary disclosed is for 8 months’ period, the position was previous occupied by Mr Sekati Mangena on acting capacity until 31 October 2021.

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

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

**T2.1.0**

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

The Municipal Public Accounts Committee (MPAC), heard evidence on and considered the contents of the Annual Report and the Report of the Auditor-General on the 2019/20 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 2020/21 Financial year, the Chairperson of the MPAC was Cllr MC Nkwashu.

#### **MPAC Members**

Chairperson: Cllr Nkwashu

Cllr Hlungwane I

Cllr Maluleke MPT

Cllr Moshole SP

Cllr Mashele G

Cllr Zandamela NH

## 2.1 POLITICAL GOVERNANCE

### 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.

# MOPANI DISTRICT MUNICIPALITY POLITICAL MANAGEMENT TEAM



**Cllr Sedibeng WD**  
Speaker



**Executive Mayor**  
Cllr Pule Shayi



**Cllr Maswanganyi M**  
Chief Whip

# MOPANI DISTRICT MUNICIPALITY MAYOTAL COMMITEE



**Cllr Mohale MC**  
MMC Economic Development  
Housing and Spatial Planning



**Cllr Maake MD  
(Deseased)**  
MMC Governance  
and Shared Services



**Cllr Modjadji GH**  
MMC Finance



**Cllr Sefufi MH**  
MMC Water Serices



**Cllr Malatji GM**  
MMC Infrastrucure  
Development Services



**Cllr Mathonsi EJ**  
MMC Public Transport  
and Roads



**Cllr Shimange Fazi MI**  
MMC Community  
Services



**Cllr Mathaba MA**  
MMC Agriculture and  
Environmental Management  
Services



**Cllr Baloyi NN**  
MMC Sport,  
Recreation, Arts and Culture

## **COUNCILLORS**

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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.

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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.

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

<b>Functions of the Mayoral Committee and Council</b>	
<b>Area</b>	<b>Detail</b>
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
<b>Speaker</b>	
Section 37 of Municipal Systems Act	Presides at meetings of Council;
	Ensure that Council meets once quarterly;
	Maintain order during Council meetings;
	And to ensure that Council meetings are conducted in accordance with the Rules of order
<b>Full time Councillors</b>	
	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
<b>Municipal Manager</b>	
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 Q Kgatla**

Municipal Manager

**FUNCTION**

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



**Mr TJ Mogano**

Chief Financial Officer

**FUNCTION**

Manage Budget and reporting; Revenue Management



**Mr N.G Lebepe  
(Deceased)**

Director: Corporate Services

**FUNCTION**

Manage Human Resource; Administration and information Technology.



**Mr P.J Shilowa**

Director: Water & Engineering Services

**FUNCTION**

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



**Mrs F.T Maboya**

Director: Planning and Development

**FUNCTION**

Manage Local Economic Development, Spatial



**Mrs C Ntimbani**

Director: Community Services

**FUNCTION**

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



**Mr M Mahayi**

Director: Technical Services

**FUNCTION**

Manage municipal Infrastructure Grants Management technical services and capital projects

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

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

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

**T 2.3.0**

## 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:

**T2.3.1**

### 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:

<b>KEY INTER-GOVERNMENTAL STRUCTURES</b>		
<b>Intergovernmental structures</b>	<b>Participants</b>	<b>Responsibility</b>
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
<b>NON-POLITICAL STRUCTURES</b>		
District Managers' Forum	Sector Departments' District Managers Municipal Managers Municipal Senior Managers (Directors)	Co-ordinate inter-governmental relations at district level between municipalities and sector departments
Clusters	Councillors Municipal Managers Municipal Senior Managers (Directors)	Co-ordinate policy issues affecting government at a district level (between sector departments and municipalities)
Technical Committees of Clusters	Sector Department Officials Municipal Senior Managers (Directors) Municipal Officials	Provide inter-governmental inputs into the work of Clusters
Provincial Planners Forum	Sector Departmental Planners IDP Managers Spatial Planners Town Planners	Provide for a coherent inter- governmental planning framework and alignment and integration of development plans in the province
District Development Planning Forum	Sector Depts, SOEs, MDM and LMs	Alignment the IDP planning progress
		T2.3.3

## **RELATIONSHIPS WITH MUNICIPAL ENTITIES**

**The municipality has no entities**

**Appendix D.**

## **DISTRICT INTERGOVERNMENTAL STRUCTURES**

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

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

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

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

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

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

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

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

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

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

## 2.4. PUBLIC MEETINGS

### COMMUNICATION. PUBLIC PARTICIPATION AND FORUMS

The municipality has the following interactive mediums with the community

- Quarterly newsletters

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

## Community Engagements 2020/21

### JULY 2020

DATE	DESCRIPTION OF CAMPAIGN	PLATFORM
24 July 2020	Meeting with Service Providers appointed by DBSA to drill boreholes in GGM and GGM	Stakeholder engagement

### AUG 2020

DATE	DESCRIPTION OF CAMPAIGN	PLATFORM
30 Aug 2020	Women Month Celebration	Outreach to Female Farm Workers at Beerseuns Boerdery Farm, MLM

### SEP 2020

DATE	DESCRIPTION OF CAMPAIGN	PLATFORM
16 Sep 2020	Handover of COVID-19 water project	Outreach in Santeng village, Maruleng Municipality
16 Sep 2020	Radio interview	Radio interview with Capricorn FM on handover of COVID-19 water project.
17 Sep 2020	Handover of COVID-19 water project	Outreach in Selwane village, BPM
24 Sep 2020	Heritage Day Celebration	Outreach to First Responders in Disaster Centre, Tzaneen

### OCTOBER 2020

DATE	DESCRIPTION OF CAMPAIGN	PLATFORM
06 Oct 2020	Engagement with tourism establishments	Visit to Modjadji Nature Reserve (GLM), and Khalanga Royal Lodge in N'wamitwa (GTM)
12 Oct 2020	Visit to families affected by windstorm in BPM	Outreach programme
16 Oct 2020	District Taxi Lekgotla	Stakeholder Engagement in Karibu, GTM
26 Oct 2020	Engagement with Senior Traditional Leaders on Draft by-laws	Stakeholder engagement with Giyani
30 Oct 2020	District Active Ageing Campaign	Outreach Programme in Greater Giyani

### NOVEMBER 2020

DATE	DESCRIPTION OF CAMPAIGN	PLATFORM
03 Nov 2020	District Matric Exam Prayer	Outreach campaign in Greater Tzaneen
09 Nov 2020	Radio interview	Thobela FM
12 Nov 2020	Disinfection of taxi rank as part of COVID-19 campaign	Outreach in Modjadjiskloof
18 Nov 2020	IDP Rep Forum	Stakeholder meeting in Greater Tzaneen.
20 Nov 2020	District Men's march on GBV	Outreach campaign in Giyani

23 Nov 2020	Handover of three fully furnished houses at N'wadzekudzeku.	Outreach campaign in Giyani
24 Nov 2020	Breakfast engagement with the private sector	Stakeholder engagement in Tzaneen
25 Nov 2020	District inaugural Youth Economic Indaba	Outreach campaign in Greater Letaba Municipality
28 Nov 2020	Rural Safety Imbizo led by Deputy Minister of Police.	Imbizo in Greater Giyani Municipality
29 Nov 2020	Church visit	Outreach campaign in Greater Giyani Municipality

#### DECEMBER 2020

DATE	DESCRIPTION OF CAMPAIGN	PLATFORM
09 Dec 2020	Capacity building workshop for Mopani Disability Forum	Workshop in Tzaneen
09 Dec 2020	IMBIZO	GCR FM, Maruleng FM, Vision FM and Sekgosese FM
11 Dec 2020	Handover of Sand Water Extraction Project by Minister of Water and Sanitation	Outreach at Sekhimini village, GGM.
18 Dec 2020	District Cheka Impilo Campaign	Outreach campaign in Giyani
19 Dec 2020	Festive Season Message	Video shared on MDM Social media platforms.
30 Dec 2020	Festive Season Message	Radio interview on SABC's MLFM

#### JANUARY 2021

DATE	DESCRIPTION OF CAMPAIGN	PLATFORM
07 Jan 2021	Executive Mayor's radio interview	MLFM
15 Jan 2021	COVID-19 Awareness and Monitoring Roadblock	Outreach in Ba-Phalaborwa
16 Jan 2021	COVID-19 Awareness Video	Facebook
19 Jan 2021	Taxi Rank Disinfection with MEC Mavungu Lerule – Ramakhanya	Outreach in Tzaneen
26 Jan 2021	Launch of project: Gidela Secondary School upgraded to State of the Art school with MEC Polly Boshielo and Dickson Masemola	Outreach at Blinkwater
26 Jan 2021	Road D3840 – Contractor Introduced to the community with MEC Dickson Masemola	Outreach at D3840 (Giyani – Phalaborwa)
28 Jan 2021	Road D11 (Ga Mamaila) Contractor Introduced to the community with MEC Dickson Masemola	Outreach D11 (Ga Mamaila)
28 Jan 2021	Road D 3200 (Mohlabaeng) Contractor Introduced to the community with MEC Dicson Masemola	D3200 (Mohlabaeng)
29 Jan 2021	Council Sitting	Virtual
29 Jan 2021	Post-Council Briefing Radio Interviews	Sekgosese FM GCR FM
30 Jan 2021	Post-Council Briefing Radio Interviews	Vision FM Maruleng FM

**FEBRUARY 2021**

DATE	DESCRIPTION	PLATFORM
08 Feb 2021	District Virtual Prayer Session	Physical at and Shared on the following platforms: <ul style="list-style-type: none"> <li>▪ MDM Facebook Live</li> <li>▪ Youtube Live</li> <li>▪ Sekgosese FM</li> <li>▪ Vision FM</li> <li>▪ HBN FM</li> </ul>
14 Feb 2021	Disinfection of Taxi Rank	Outreach in Giyani
15 Feb 2021	Back to school campaign	Outreach in Ba-Phalaborwa
16 Feb 2021	Back to school Campaign	Outreach Maruleng
17 Feb 2021	Water and Fire Services draft by-laws awareness and community interaction	GCR FM
18 Feb 2021	I choose Vaccination video	Facebook
22 Feb 2021	Deputy Minister for Social Development, Hendrietta Bogopane-Zuma's visit to Ndindani Community Care Centre	Outreach at Ndindani Community Care Centre in Giyani
23 Feb 2021	Deputy Minister for Social Development, Hendrietta Bogopane-Zuma's visit to Bonn Community Care Centre	Outreach at Bonn Community Care Centre in Tzaneen
24 Feb 2021	IMBIZO	Sekgosese FM GCR FM Vision FM Maruleng FM
24 Feb 2021	Executive Mayor's radio interview on the IMBIZO	Capricorn FM

**MARCH 2021**

DATE	DESCRIPTION	PLATFORM
10 March 2021	Project Visit and oversight	Monitoring visit Lephephane
12 March 2021	Handover of industrial machines by SALGA	Outreach at Khomanani Special School Lulekani
19 March 2021	Handover of laptops to Traditional Leaders	Outreach at Disaster Centre, Tzaneen
19 March 2021	EPWP Forum	Virtual
25 March 2021	IDP Rep Forum	Karibu Resort
25 March 2021	LED Forum	Virtual
30 March 2021	District TB Day event	Outreach at Ga- Maphalle

**APRIL 2021**

DATE	DESCRIPTION	PLATFORM
01 April 2021	Easter Arrive Alive Campaign	Outreach at R71 Haenertsburg
16 April 2021	Launch of the District Development Model	Oureach at Nkowankowa Stadium and line broadcast on MDM Facebook page, Vision FM, GCR FM, Maruleng FM and Sekgosese FM.
20 April 2021	Handover of specially built wheelchair to Bontle Monyela	Outreach at Mogapeng Village
28 April 2021	Selwane stakeholders meeting on power supply challenges	Stakeholder engagement at Selwane Village.

## MAY 2021

DATE	DESCRIPTION	PLATFORM
03 May 2021	Post-Council Briefing Interviews	Sekgosese FM GCR FM Maruleng FM Vision FM
04 May 2021	Executive Mayor's Radio Interview	MLFM
04 May 2021	Fire Fighters Day	Outreach campaign at Disaster Centre, Tzaneen
13 May 2021	Draft IDP & Budget stakeholders meeting	Stakeholder engagement
19 May 2021	Draft IDP & Budget Public Participation	Sekgosese FM GCR FM Maruleng FM Vision FM
25 May 2021	Inaugural risk reduction project school competition	Outreach campaign at Nkowankowa Community Hall
26 May 2021	District Candlelight Memorial Day	Giyani Community Hall
28 May 2021	Greater Tzaneen Municipality State of Municipal Address	SOMA at Lenyenye Community Hall

## JUNE 2021

DATE	DESCRIPTION	PLATFORM
01 June 2021	Handover of Phalaborwa Private Hospital by MEC of Health	Outreach event with MEC at Phalaborwa
09 June 2021	District Farmers Consultative Forum	Stakeholder engagement at Tzaneen
30 June 2021	Executive Mayor's Birthday Outreach: Handover of house and interactive white boards (Smartboards)	Outreach programme at Winne Mandela Village (GTM) & Maphokwane High School (BPM)

## WARD COMMITTEES

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

The forum creates an appreciable platform for the communities to be able to understand the functioning of government and participate effectively in the strategic issues of municipalities. It is the base for building a better stakeholder capacity through programmes of public participation. It is also a mode to entrench democracy to ordinary members of communities. Again, the District as local government is

able to relate better with communities, thus transforming the notion of “local authority” into “local governance”, especially on services that are solely provided in terms of the District powers and functions. Every phase of the IDP process was presented to this forum for information and inputs.

## T2.4.2

The municipality has the following interactive mediums with the community

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

## 2.5. IDP PARTICIPATION AND ALIGNMENT

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

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

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

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

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

## 2.1. RISK MANAGEMENT

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

The Chief Risk Officer as the head of risk management is responsible for co-ordinating, facilitating the risk management within the entire organisation as well as providing expertise on risk issues.

Furthermore, she partly performs the functions of security management. The Risk Management unit has assisted management to identify and evaluate the effectiveness of council's risk management system and contribute to the improvement of risk management and control systems. That has been done by taking the identified risks, categorizing them into low, medium and high risks for management to develop actions for mitigation.

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

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

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

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

### **PURPOSE OF THE STRATEGY**

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

### **PRINCIPLES OF THE STRATEGY**

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

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

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

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

## 2.7. SUPPLY CHAIN MANAGEMENT

### OVERVIEW SUPPLY CHAIN MANAGEMENT

Supply Chain Management policy was developed and approved by council for implementation in the 2020/21 financial year.

T2.8.1

## 2.8. BY-LAWS

By-laws Introduced during 2020/21					
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
-	Emergency by-laws	YES	17/11/2020 18/11/2020 19/11/2020 24/11/2020 25/11/2020	YES	9/7/21
<b>Water and sanitation by-law</b>	-	YES	17/11/2020 18/11/2020 19/11/2020	YES	9/7/21
<b>Air quality by-law</b>	-	NO	n/a	No	n/a
<b>Credit control &amp; Debt collection</b>	-	NO	n/a	NO	n/a
<b>Food Handling</b>	-	NO	n/a	NO	n/a

<b>Food vending</b>	-	NO	n/a	NO	n/a
<b>Waste management</b>	-	NO	n/a		n/a
<i>*Note: See MSA section 13.</i>					T 2.9.1

**COMMENT ON BY-LAWS:**

Only two by-laws were gazetted. Out of the 7 by-laws were revised and unfortunately five of them were not tabled for public participation and council structures due to other processes that needed to be followed. The development, revision and tabling of by-laws is as per the MSA 2000 S11 (3) (m) that provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

**T2.9.1.**

## 2.9. WEBSITES

<b>Municipal website: content and currency of material</b>		
<b>Documents published on the municipality`s /entity`s website</b>	<b>Yes/No</b>	<b>Publishing date</b>
Current annual and adjustment budgets and all budget related documents	Yes	March
All current budget related policies		June
The previous annual report (2019/20)	Yes	July
The annual report (2019/20) 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 (2020/21)	Yes	August
All long term borrowing contracts (2020/21)	N/A	N/A
All supply chain management contracts above a prescribed value (give value) for 2020/21	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 2020/21	Yes	June
Contracts agreed in 2020/21 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 2020/21	N/A	N/A
All quartely reports tabled in the council in terms of section 52 (d) during 2020/21	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 2020/21 financial year and all strategic documents including the quarterly performance report and annual report were published on the website.

**T2.10.1.1**

## 2.10. PUBLIC SATISFACTION LEVELS

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

T2.10.1.1



## CHAPTER - 3:

# SERVICE DELIVERY PERFORMANCE

2020 - 2021

### 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 2020/21 and SDBIP.

T3.0.1

#### COMPONENT A: BASIC SERVICES

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

### 3.1. WATER PROVISION

#### INTRODUCTION TO WATER PROVISION

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

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

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

There are over 20 (small and large) dams in the district with 9 being used for primary consumption (domestic, industrial and commercial) and most of the other dams are used for irrigation purposes.

Some private small dams also exist and are used for irrigation purpose as well. The total yield from the dams for primary usage is 273 million m<sup>3</sup> per annum. The agricultural sector uses the greatest portion of the available yield in the district, which is estimated at 70%, leaving 30 % for the other water users.

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

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

The majority of households in Ba-Phalaborwa (77, 3%) have access to RDP standard water, Greater Tzaneen at 53, 6%, Greater Letaba at 60, 7%, Greater Giyani at 57,3% and Maruleng the lowest at 49,9%. However, taking a look at the household's 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

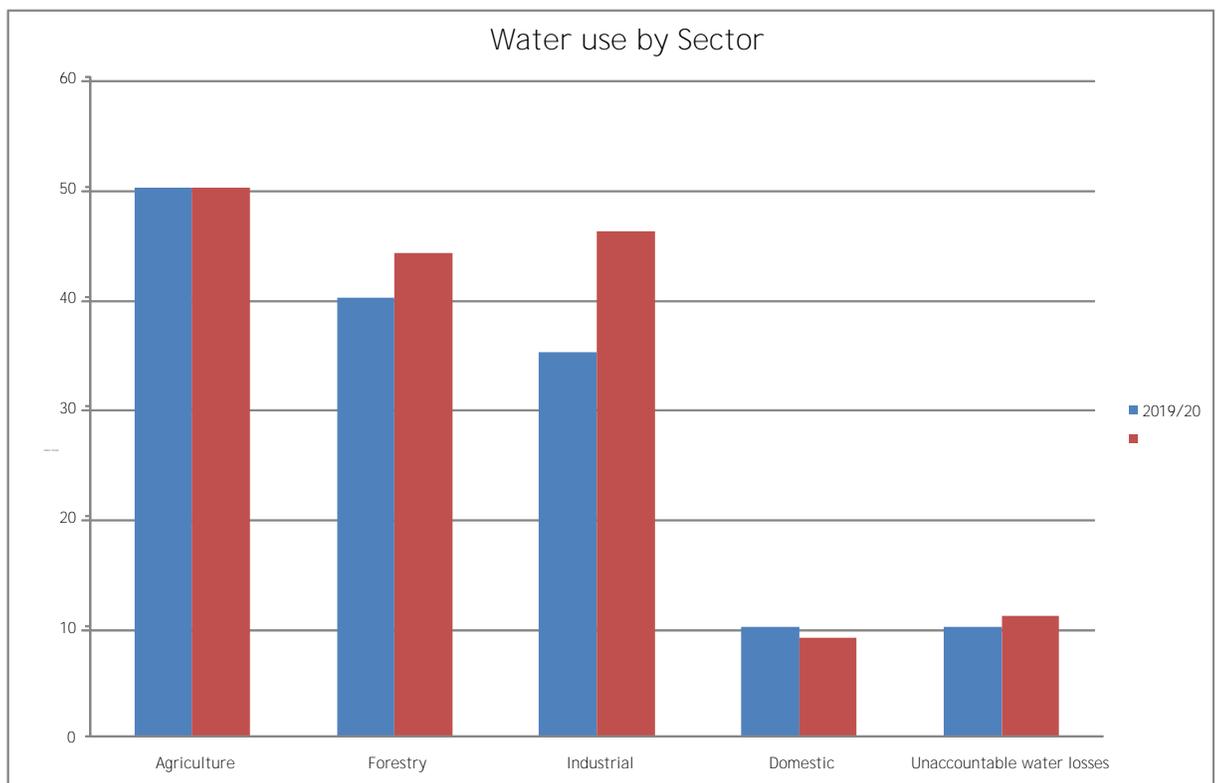
Ba-Phalaborwa. The smaller population and the absence of many scattered villages in Ba-Phalaborwa, compared to e.g. Greater Giyani, probably contributed to this.

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 20/21**

Total use of water by sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2019/20	51 200	44 830	26 380	15 000	16 000
2020/21	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 2019/20 and 2020/21 remains relatively the same. Use in the Forestry and Industrial sector has increased in 2020/21 when compared to 2019/20. Water supply for domestic use has also increased in 2020/21 compared to 2019/20. The increase in usage is as a result of increased access to water supply through completed infrastructure projects, refurbishment and drilling of boreholes in areas experiencing shortages in water supply.

### T3.1.2.2

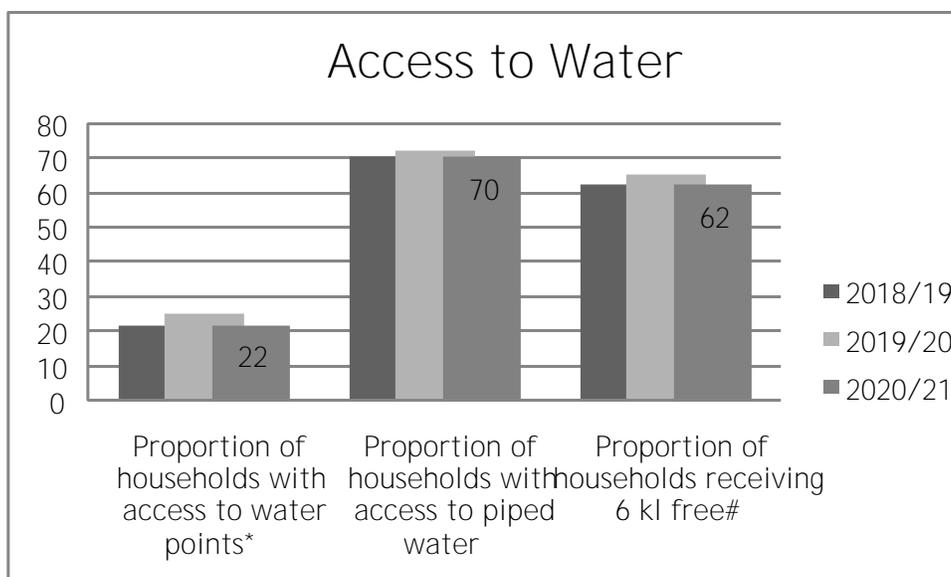
Households				
Description	2017/18	2018/19	2019/20	2020/21
	Actual No.	Actual No.	Actual No.	Actual No.
Water: (above min level)				
<i>Piped water inside dwelling</i>	49 923	51 674	51 674	52 966
<i>Piped water inside yard (but not dwelling)</i>	99 434	72 754	72 754	74 572
<i>Using public tap (stand pipes)</i>	57 534	109 341	109 341	91 898
<i>Other water supply (within 200m)</i>	0	29 218	29 218	29 948
<i>Minimum service level and above sub-total</i>	206 891	262 987	262 987	249 384
<i>Minimum service level and above percentage</i>	<b>72%</b>	<b>100%</b>	<b>100%</b>	<b>84.16%</b>
Water; (below min level)				
Using public tap (more than 200m from dwelling)	33 773			
Other water supply (more than 200m from dwelling)	46 935		2 303	36 921
No water supply	80 708		2 303	10 014
Below minimum service level sub-total	28%		1%	15.84%
Below minimum service level percentage				
<b>Total number of households*</b>	<b>287 599</b>	<b>262 987</b>	<b>265 290</b>	<b>296 319</b>
<b>To include informal settlements</b>				<b>T3.1.3</b>

IDP 2020/21

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

Households – water service delivery levels below the minimum						
Description	2017/18	2018/19	2019/20	2020/21		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal Settlements</b>	<b>262 987</b>	<b>265 290</b>	<b>265 290</b>	<b>296 319</b>	<b>296 319</b>	<b>296 319</b>
Total households	262 987	265 290	265 290	249 319	249 319	249 319
Households below minimum service level	206 891	265 290	265 290	249 384	249 384	249 384
Proportion of households below minimum service level						
<b>Informal Settlements</b>						
Total households	80 708	0	0	46 935	46 935	46 935
Households below minimum service level	80 708	0	0	46 935	46 935	46 935
Proportion of households below minimum service level						
<b>T3.1.4</b>						

APR 20/21



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

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

T3.1.

Water service policy objectives taken from IDP										
Service Objectives	Outline service targets	2017/18		2018/19		2019/20	2020/21			
		Target	Actual	Target	Actual	Target				
		*previous year		*previous year	*current year		*current year	*current Year	*following year	
Service indicators (i)	(ii)	(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 20/21*

## 3.2. WASTE WATER (SANITATION) PROVISION

### INTRODUCTION TO SANITATION PROVISION

The municipality for 2020/21 financial year targeted to give 8430 Households with access to sanitation. The municipality managed to complete 7517 units for sanitation. This was due to contractors not completing the units in Giyani which will be rolled over to 2021/22 financial year.

T3.2.1



## **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%.

**T3.2.10**

## **3.3. ELECTRICITY**

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

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

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

The municipality provides boreholes to the whole part of Mopani. In providing the boreholes we are required to energise the provided boreholes with electricity. Most of the electrification of the boreholes result in the transformers being stolen. However, the municipality is embarking on an exercise to

number the transformers with serial numbers, which will in turn minimise the theft of boreholes transformers in the district.

### 3.4. WASTE MANAGEMENT

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

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

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

### 3.5. HOUSING

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

### 3.6. FREE BASIC SERVICES AND INDIGENT SUPPORT

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

## 3.7. ROADS & TRANSPORT

This component is not applicable to the district.

### COMPONENT C: PLANNING AND DEVELOPMENT

#### INTRODUCTION TO PLANNING AND DEVELOPMENT

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

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

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

T3.10.

## 3.8. PLANNING

#### INTRODUCTION TO PLANNING

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

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

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

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

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

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

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

### **3.8.4. Integrated GIS**

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

**T3.10.1**

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

### **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 2020/21 through, among others, the quarterly sessions with LED practitioners in the form of HOD/Technical committees, LED Fora.

**T3.11.1**

Successfully coordinated Youth Economic Indaba in 2020. 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	2016/17	2017/18	2018/19	2019/20	2020/21
Marula Festival	47	20	22	18	Diverted funds to SMME
Agri –Expo	22	-	212	Postponed due to COVID -19	Diverted funds to SMME
Letaba Show	16	16	18	Wholesale Tour Replaced by	Diverted funds to SMME
Rand Show	03	05	11	04	Diverted funds to SMME
Tourism Indaba	04	05	05	Postponed due to COVID -19	Diverted funds to SMME

Council approved during the adjustment budget that tradeshow funds be used to assist SMMEs for COVID-19 relief and the processes were unfolded to invite interested SMMEs.

#### **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 40 SMMEs. **T3.11.4**

On the job opportunities, we have created 3767 job opportunities through EPWP program. That is through Infrastructure, Social, and Environmental Sectors.

<b>Job Creation through EPWP* Projects</b>		
<b>Details</b>	<b>EPWP Projects No.</b>	<b>Jobs created through EPWP projects No.</b>
<b>2018/19</b>	<b>3</b>	1912
<b>2019/20</b>	<b>4</b>	3545
<b>2020/21</b>	<b>4</b>	4287
<b>*-EPWP</b>		<b>T3.11.6</b>

#### **AREAS FOR IMPROVEMENT FOR EPWP**

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

#### **Fora meetings**

- **Internal Steering Committee meetings**

Held on 16 July 2020, 06 August 2020, 03 September 2020, 21 October 2020, 13 January 2021, 4 February 2021, 5 March 2021, and 29 April 2021.

### - Sector Meetings &

Held on 17 September 2020, 11 March 2021 & 17 June 2021.

### - District Forum

Chaired by EM and held on 21 September 2020, 19 March 2021 & 25 June 2021.

### - Community Works Programme

The District is not directly implementing the programme.

## RESPONSE TO COVID-19

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

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

### Moshupatsela Farm - 2020/21

- ❖ The working streams resuscitated their investigations and tabled a number of resolutions per stream and Council adopted the following resolutions in March 2021 which includes:
- ❖ Finalizing the status quo on the infrastructure of the Farm & advertising for potential beneficiaries and strategic partners.

## OTHER ACHIEVEMENTS

Appeared before a **Parliamentary committee- the Select Committee on Trade & Investment, Economic Development, Tourism, Employment & Labour** on 6 October 2020

- **MDM Economic Recovery Plan** on COVID-19 impact. Was due for submission to Coghsta on 20 November 2020 @ Coghsta & 30 November 2020 @ Cogta. Submissions were met and the MDM Economic Recovery plan ready to serve in Council in the 3<sup>rd</sup> Quarter.
- Serve in **JOC** fortnightly

- Snr Manager Planning & Development assigned to drive the District Development Model as per the strategic session resolution undertaken in December 2020. **District Development Model was launched by Premier on 16 April 2021**

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

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

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

This component is not applicable to the district.

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

This component is not applicable to the district.

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

This component is not applicable to the district.

## **COMPONENT E: ENVIRONMENTAL PROTECTION**

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

### **3.15. POLLUTION CONTROL**

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

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

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

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

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

**T3.59.1/2**

### **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.

**T3.59.1/2**

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

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

#### COMPONENT F: HEALTH

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

#### INTRODUCTION TO HEALTH

The challenge of the health sector in South Africa is to develop a unified national health system capable of delivering quality health care to all citizens efficiently and in a decent environment. The provision of health facilities to all settlements in the district is a problem because of the large number of settlements (varying in size), with the majority of them being relatively small and scattered throughout the district. A simplified calculation of the number of people per hospital per local municipality would not provide a true reflection of the actual situation, as hospitals provide services to communities across municipal boundaries and international refugees. The Health plan has been reviewed and further details will be unpacked adequately therein. District Health Council and the AIDS Councils to govern health activities in the district are also established and functional. The prevalence of HIV and AIDS has resulted in the increase of child-headed families without any source of income in the province. However, the Department of Social Development has been proactive in providing child support grants

Municipal Health Services (MHS) is mandated to perform 9 functions of MHS: Food quality monitoring; Water quality Monitoring; Vector control; Chemical safety; Disposal of the dead; Waste Management; Health Surveillance of the premises; Prevention of Communicable diseases; Environmental pollution control

#### Top 3 Service delivery priorities

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

**T.62.0**

### 3.17. CLINICS

This component is not applicable to the district.

### 3.18. AMBULANCES

This component is not applicable to the district.

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

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

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

#### T3.64.1

- 3104 premises were inspected
- 2244 were complaint
- 860 were non- complaint

Food samples taken

- 108 taken
- 101 were complaint
- 07 were non-complaint

#### T3.64.7

## COMPONENT G: SECURITY AND SAFETY

### 3.20. POLICE

This component is not applicable to the district.

### 3.21. FIRE

#### INTRODUCTION TO FIRE SERVICES

Mopani has established a fully-fledged unit for fire services in the District. Each local municipality is allocated an operational Fire station in the following areas: Tzaneen, Giyani, Modjadjiskloof,

Phalaborwa and Hoedspruit. Every station ensures twenty-four-hour services to communities, in the following services:

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

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

Metropolitan Fire Service Data					
	Details	2018/19	2019/20		2020/21
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	734	750	471	650
2	Total of other incidents attended in the year	726	760	658	750
3	Average turnout time – urban areas	10 Minutes	10 Minutes	10 Minutes	10 Minutes
4	Average turnout time – rural areas	20 Minutes	20 Minutes	20 Minutes	20 Minutes
5	Fire fighters in post at year end	72	114	114	153
6	Total fire appliances at year end	32	37	29	33
7	Average number of appliance off the road during the year				

## Concerning

*The average turn-around time to respond to an emergency call is 30 minutes due to bad roads and sometimes due to misallocation of the actual incident place. Our villages and facilities are not yet captured in the GIS. The process of mapping all our villages and facilities in the GIS has started. Delete Directive note once table is complete - T3.66.2.1*

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

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

Disaster Management is a continuous and integrated multi-sectoral and multi-disciplinary process of planning and implementation of measures aimed at disaster prevention, mitigation, preparedness, response, recovery, and rehabilitation (Disaster Management Act 57 of 2002), so as to minimize the

impact upon lives, environment and natural resources. The following hazards are posing the greatest risks in the District on the economy, cultural, welfare, sustained development and sustained livelihoods. The Disaster Management Act (Section 53) requires the Mopani District Municipality to take the following actions:

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

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

Total number of campaigns: 51

Total number of people reached : 7690

Total number of municipalities reached : 5

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

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

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

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

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

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

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

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

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

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

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

**CHALLENGES**

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

## **COMPONENT H: SPORTS AND RECREATION**

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

This component is not applicable to the district.

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

### **3.24. EXECUTIVE COUNCIL**

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

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

electronic systems, training of staff, filling of vacant positions, mitigation of industrial relations and employee performance reviews.

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

To strengthen and support oversight regarding Risk Management through the strategies of to conduct risk assessment to ensure risk reduction; Review Enterprise Risk Assessment annually; Ensure that identified risks according to the Risk Assessment are minimised and addressed; Vetting of qualifications and security matters; Conduct auditing of internal controls; Investigating all allegations of fraud and corruption and enforcement of disciplinary and criminal actions. Regarding monitoring and evaluation, the implementation of a procedure manual for monitoring, evaluation and reporting has been developed. Building capacity at the level below S57 to take place to ensure continuity of knowledge that has been built. Regarding legal services, strategies are i.e. intensification of the implementation of anti-corruption strategy. Disseminate the strategy to all employees and Councillors. Utilisation of the hotline to address reported cases of alleged corruption. Once the hotline is in place, review the strategy. Strategies to improve the human resource's function are i.e. conduct skills audit. Twinning or employee exchange programme to be directed at employees that are struggling on certain issues. These identified employees to be referred to other institutions for practical learning. Develop training programmes to address competencies in organisation. Develop and implement coaching and mentoring programme. Develop and submit workplace skills plan. Ensure people are training according to competency assessment and skills audit. Monitor and evaluate the impact of training. Sponsor comprehensive development programme based upon identified criteria. Ensure that skilled personnel are retained and awarded. Attract and appoint skilled and competent staff in appropriate positions. Conduct an analysis of vacancies vis-a-vis the organogram. Development and implementation of succession planning strategy. Embark upon a coaching and mentoring programme. To improve employee monitoring and reporting the aim is to promote accountability and responsibility. Implementation of disciplinary procedures. Develop Change and Diversity Management Programme. Completion and implementation of Personal Development Plans for S57 and contractual managers. Cascading of employee performance management to all levels. Ensure monitoring and coaching and creation of awareness of organisation culture. Implement motivational strategies within the organisation. Monitor whether focused and disciplined workforce has been established.

### 3.25. FINANCIAL SERVICES

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

R' 000							
Details of the types of account raised and recovered	2019/20		2020/21			2021/22	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates							
Water - C	200 841 743,00	39,35	274 431 734,00	274 431 734,00	17,70	224 982 479,49	39 815 334,78
Sanitation	33 319 324,00	37,49	34 395 921,00	34 895 921,00	24,,41	38 322 291,14	589 195,94
Other	1 021 352,00	100	499 675,00	499 675,00	100	4 668 672,00	30,23
<i>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.</i>							T 3.25.2

### 3.26. HUMAN RESOURCES SERVICES

#### INTRODUCTION TO HUMAN RESOURCE SERVICES

The top three Human Capital priorities during the said reporting period were the Organisational Restructuring, cascading of performance management to the next line of management being post level three (3) and finalisation of placement and disparities of former DWA staff who were transferred in 2012.To date, preliminaries and progress where at advanced stage and middle of completion

**T3.71.1**

#### SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

**T3.71.2**

an Resource Services Policy objectives taken from IDP									
Service Objectives	Outline service targets	2017/18		2018/19			2019/20	2020/21	
		Target	Actual	Target		Actual	Target	Target	Target
Service indicators	(ii)	*Previous year	(iv)	*Previous year	*Current year	(vii)	*Current year	*Current year	*following year
		(iii)	(v)	(vi)	(viii)	(ix)	(x)		

(i)									
To promote democracy and sound governance									
Employee performance assessment below senior managers conducted ytd	12	12	0	12	0	0	12	12	12
Number of existing policies reviewed and ready for adoption by Council structure ytd	12	12	12	12	12	16	12	12	4
Percentage of women recruited according to recruitment plan ytd	8	8	8	8	8	8	8	8	4
Percentage of people with disability recruited ytd	4	4	4	4	4	1.70	0	2	0
Percentage of posts filled timeously ytd	100	100	10	100	100	60	100	40	60
Number of attitude and moral survey conducted ytd	0	0	0	0	0	1	2	2	2
Percentage progress with the review and approval of the Organogram by Councillor next financial	100	100	100	100	100	95	100	100	100

Number of reports on the implementation of the Workplace Skills Plan submitted to Management ytd	12	12	12	12	12	12	12	12	12
Skills Development Plan developed and submitted to SETA by end of June	1	1	1	1	1	1	1	1	1
T3.71.3									

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

The human resource office had a review of the Organizational structure that was successfully done. Employment Equity Plan was developed and submitted to department of labour. Work place skills plan was developed for all employees and submitted to LGSETA. **3.71.7**

**3.27. INFORMATION AND COMMUNICATION TECHNOLOGY**

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

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

delivery of IT services and performance in the municipality. Further proposals for improvement of staffing in the unit were forwarded during the organisational structure review in the institution.

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

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

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

**T3.72.1**

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

Property; legal; Risk Management and Procurement Services Policy objectives taken from IDP									
Service Objectives	Outline service targets	2017/18		2018/19			2019/20	2020/21	
		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)
(i)	Service indicators								
	To promote democracy and Sound Governance								
	Percentage of reported cases of Fraud and corruption resolved ytd	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
									<b>T3.73.3</b>

Source: APR 20/21

## 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. The District has not as yet taken over

**T3.75.0**

**COMPONENT K: ORGANISATIONAL ANNUAL PERFORMANCE REPORT FOR 2020/21  
FINANCIAL YEAR**

# **MOPANI DISTRICT MUNICIPALITY**



**2020/2021 ANNUAL PERFORMANCE REPORT**

**SEC 46 REPORT**

<b>Table of Contents</b>	
Legislation	3
Executive Mayors Foreword	4
Municipal Management s Remarks	6
Municipal Transformation and Organisational Development KPI's	13
Basic Service Delivery KPI s	15
Local Economic Development KPI's	17
Municipal Financial Viability KPI's	18
Spatial Planning	23
Good Governance & Public Participation	25
Annexture : Projects	28
Service Provider s Performance	30
Approval	33

***“To be the Food Basket of Southern Africa and the Tourism Destination of Choice”***

**LEGISLATION**

Section 46 (1) and (2) of the Local Government: Municipal Systems Act, Act 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 further states that the annual performance report should form part of the municipal’s annual report. Mopani District Municipality’s 2020/21 Annual Performance Report has been prepared in line with the provisions of the Municipal Systems Act and the Municipal Finance Management Act

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 Mayor to monitor the performance of the Municipal Manager, and for the community to monitor the performance of the municipality.

The Annual Performance Report was compiled using the approved revised Service Delivery Budget Implementation Plan that was approved by council in March 2021. 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.”

## **2020/21 ANNUAL PERFORMANCE REPORT**

### **LEGISLATION**

Section 46 (1) and (2) of the Local Government: Municipal Systems Act, 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 further states that the annual performance report should form part of the municipal's annual report. Mopani District Municipality's 2020/21 Annual Performance Report has been prepared in line with the provisions of the Municipal Systems Act and the Municipal Finance Management Act.

The 2020/21 Approved Service Delivery and Budget Implementation Plan that was approved by the Executive Mayor, Cllr PJ Shayi in June 2020, it captured the performance targets of the municipality in the year under review. The 2020/21 Approved SDBIP gave effect to the 2020/21 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 2020/21 Approved SDBIP was reviewed and submitted to Council for approval in March 2021. Council noted the adjusted SDBIP through a Council Resolution.

The SDBIP was also adjusted during March after considering sec 72 report. The 2020/21 Annual Performance Report was compiled using the approved revised 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.

Mopani District Municipality for 2020/21 financial year implemented an automated Performance Management reporting system. The 2020/21 reporting was generated from the system which also allowed uploading of evidence against the reported information using IT Action assist.

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 to be taken improve the performance in 2021/22 financial year.

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

The municipality operated with a total of eight (8) functional departments, namely, Water Services, Technical services, Planning and Development, Community Services, Corporate Services, Office of the Mayor, Office of the Executive Mayor and Budget and Treasury Office. The staff establishment was amended and adopted by council in May 2021. The IDP was approved within the legislated timeframe and community was consulted through public participation (virtually). Mopani district municipality complied in terms of municipal reporting, quarterly reports were compiled and adopted by council. Issues of Labour were successfully dealt with in an amicable manner since all the LLF resolution taken in 2020/21 were resolved.

## **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. During 2019/20 financial year the municipality appointed a pool of contractors to enhance service delivery and address service backlog in Mopani area. 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. The municipality managed to give access to water to 4509 Households in Mopani area which improved service delivery.

## **iii) Local Economic Development**

The third key performance area for the municipality is local economic development which mandate the municipality to promote economic sectors within the district. For 2020/21 Financial year 5134 job opportunities were creater through municipal capital projects. The municipality further appointed EPWP workers for the financial year under review. The municipality supported 40 SMMEs to market their products . The number of SMMEs supported decreased compared to the previous years, due to gatherings being restricted by COVID regulations.

## **iv) Municipal Financial Viability**

The municipality adopted its 2020/21 budget in May 2020 as per legislation. The Revenue Enhancement strategy was approved by council for implementation in the year under review. All Five (5) local municipalities signed the Service Level agreement with the district. The Municipality managed to appoint billing administrators in all local municipalities so that the district managed all water transactions and also to improve in terms of revenue collection. The municipality did not perform well in terms of conditional grants (WSIG, RBIG and RRAMS). Supply Chain Management Committees were in place throughout the year and bids were adjudicated and evaluated. The municipality managed to spent 100% on MIG, EPWP and FMG budget in the financial year under review. The municipality fulfilled its obligation of preparing the Annual Financial Statements (AFS) and the audit was conducted which saw the municipality retaining its qualified audit opinion.

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

All governance structures, namely, Council, EXCO, Section 80 and MPAC and Audit committees were fully functional in the year under review. The council was stable there were no infighting and meeting were held as per the corporate calendar. The Municipality had a functional Audit Committee for 2020/21 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 representative forum was fully functional and all the meetings were held as planned. Various mandatory structures such as LLF, Municipal Public Accounts Committee and Portfolio committees were established and functional.

## **Key Challenges for the 2020/21 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 in time for some projects
- PMS is not cascaded to lower levels of the workforce
- Non-adherence to the Procurement plan
- Internal audit and Auditor General findings not fully resolved
- District Fire Plan and Disaster Management Plan, Water services Infrastructure plan not developed due to financial constraints

- Municipal Tribunal appointed late in the last part of the financial year,
- WSIG grant transferred later in the financial year which resulted in the municipality not committing on the water projects.

Section 54 and 56 managers' positions are filled with well qualified personnel. Audit Committee for 2020/21 financial year was functional. The Institution continued to fill in critical positions with human capital to ensure that the municipality achieve its objectives. All essential committees that are key in terms of achieving institutional goals are in place. Institutional policies and strategies were reviewed and job descriptions were also reviewed.

**MR Q KGATLA**

**MUNICIPAL MANAGER**

## 2020/21 ANNUAL PERFORMANCE REPORT

### KPA 1 : MUNICIPAL TRANSFORMATION & ORGANISATIONAL DEVELOPMENT

Ref	Internal Ref / Indicator Code	Responsible Owner	KPI Name	Strategic Objective	National KPA	Measurable Objectives	Municipal Programme	Source of Evidence	Baseline	Original Annual Target	Performance Annual Target	YTD Actual	Challenges	Corrective Measures	Overall Performance for Quarter ending September 2020 to			
															Original Target	Revised Target	Actual	Result
TL116	TL_GGPP_38	Municipal Manager	Develop Auditor General action plan for current financial year	To promote democracy and sound governance	Good Governance & Public Participation	Functionality of Audit within the financial year	Internal Audit	Council resolution	1	1	1	1	None	None	1	1	1	G
TL117	TL_GGPP_01	Municipal Manager	% of AG issues resolved as planned	To promote democracy and sound governance	Good Governance and Public Participation	To attain Clean Audit by ensuring compliance to all governance; financial management and reporting requirements by 30 June	Internal Audit	Resolved AG issues and POE 's submitted	34	100	100	0	N/A	2019/20 Action Plan will be implemented in the new financial year	100	100	0	N/A
TL118	TL_GGPP_40	Municipal Manager	% of internal audit findings implemented	To promote democracy and sound governance	Good Governance and Public Participation	To attain Clean Audit by ensuring compliance to all governance; financial management and reporting requirements by 30 June	Internal Audit	Resolved IA register/pl an, POE submitted	30	100	100	60	Non responsive by directorates in implementing the findings	Facilitate Internal audit Action plan at Directorate meetings monthly and also on a weekly Audit steering Committee	100	100	60	R
TL121	TL_MTOd_11	Municipal Manager	# of Quarterly B2B performance reports compiled & approved by council	To inculcate entrepreneurial and intellectual capabilities	Municipal Transformation and Institutional Development	To ensure quarterly reporting and compliance within the financial year	Integrated Performance Management	Council resolution	4	4	4	4	None	None	4	4	4	G
TL122	TL_GGPP_37	Municipal Manager	Council approve Draft IDP within financial year	To promote democracy and sound governance	Good Governance and Public Participation	Approval of the Draft IDP by 31 March	Institutional IDP	Council resolution	1	1	1	1	None	None	1	1	1	G
TL123	TL_GGPP_43	Municipal Manager	Council approve Final IDP within financial year	To promote democracy and sound governance	Good Governance and Public Participation	Approval of the Final IDP by 31 May	Institutional IDP	Council resolution	1	1	1	1	None	None	1	1	1	G

TL12 4	TL_GGPP_35	Municipal Manager	Council approve IDP/Budget/ PMS Process Plan	To promote democracy and sound governance	Good Governance and Public Participation	Approval of the IDP/Budget/PMS process plan by 31 July	Institutional IDP	Council resolution	1	1	1	1	None	None	1	1	1	G
TL12 5	TL_MTOD_21	Municipal Manager	% Signed Service Level Agreements within 30 days after the appointment of Service Providers	To inculcate entrepreneurial and intellectual capabilities	Municipal Transformation and Institutional Development	To improve efficiency and effectiveness of municipal administration within the financial year	Legal Services	Dated signed Service Level Agreement s	100	100	100	50	Draft SLA s were drafted and sent to service providers , awaiting their response	Ensure that there is a register to record all appointments letters that must be duplicated to Legal services for drafting of SLAs	100	100	50	R
TL12 6	TL_MTOD_16	Municipal Manager	Submit Mid-Year report to CoGHSTA, Provincial and National Treasury by 25 January each year	To inculcate entrepreneurial and intellectual capabilities	Municipal Transformation and Institutional Development	To ensure municipal reporting and compliance within the financial year	Integrated Performanc e Managem ent	Dated proof of submissio n to CoGHSTA & Treasury	1	1	1	1	None	None	1	1	1	G
TL12 7	TL_MTOD_17	Municipal Manager	Table Annual Report in Council by 31 January each year	To inculcate entrepreneurial and intellectual capabilities	Municipal Transformation and Institutional Development	To ensure municipal reporting and compliance within the financial year	Integrated Performanc e Managem ent	Council resolution	1	1	1	1	None	None	1	1	1	G
TL12 8	TL_MTOD_10	Municipal Manager	# of Quarterly performance reports compiled & approved by council	To inculcate entrepreneurial and intellectual capabilities	Municipal Transformation and Institutional Development	To ensure quarterly reporting and compliance within the financial year	Integrated Performanc e Managem ent	Council resolution	4	4	4	4	None	None	4	4	4	G
TL12 9	TL_MTOD_15	Municipal Manager	Submit Annual Institutional Performance report to CoGHSTA, AG, Provincial Treasury and National Treasury by 30 August each year	To inculcate entrepreneurial and intellectual capabilities	Municipal Transformation and Institutional Development	To ensure municipal reporting and compliance within the financial year	Integrated Performanc e Managem ent	Dated proof of submissio n to CoGHSTA, AG, Provincial and National Treasury	1	1	1	1	None	None	1	1	1	G

TL130	TL_M TOD_09	Municipal Manager	Mayor approve SDBIP within 28 days after adoption of the Budget and IDP	To inculcate entrepreneurial and intellectual capabilities	Municipal Transformation and Institutional Development	To ensure that SDBIP is finalised by 30 June	Integrated Performance Management	Signed SDBIP by the Executive Mayor	1	1	1	1	None	None	1	1	1	G
TL131	TL_M TOD_14	Municipal Manager	# of performance assessments conducted for Sec 54A & 56 Managers	To inculcate entrepreneurial and intellectual capabilities	Municipal Transformation and Institutional Development	To ensure quarterly assessments for S54 & 56 Managers is conducted within 30 days after the end of the quarter	Integrated Performance Management	Performance Assessments report	1	2	2	0	Performance assessments are partly done	To finalise the assessments report in the 1st quarter of the new financial year	2	2	0	R
TL132	TL_M TOD_12	Municipal Manager	Signed Performance Agreements by all S54A & 56 Managers by 31 July each year	To inculcate entrepreneurial and intellectual capabilities	Municipal Transformation and Institutional Development	To ensure that S54 & 56 Managers sign the performance agreements within 30 days after adoption of the final SDBIP	Integrated Performance Management	Signed Performance Agreements for Sec 54 & 56 Managers	100	100	100	100	None	None	100	100	100	G
TL134	TL_G GPP_44	Municipal Manager	# of Risk reports submitted to Audit Committee	To promote democracy and sound governance	Good Governance and Public Participation	To ensure effective implementation of risk mitigations actions 30 June	Risk Management	Quarterly risk reports	4	4	4	4	None	None	4	4	4	G

TL135	TL_GGPP_42	Municipal Manager	% of Risk issues resolved	To promote democracy and sound governance	Good Governance and Public Participation	To ensure effective implementation of risk mitigations actions 30 June	Risk Management	Resolved Risk issues and POE submitted	30	100	100	80	1.Delay in procurement of Fires services rescue vehicles. 2.Delay in the appointment of service provider for spatial planning. 3.Delay in the appointment of service provider for LED strategy. 4.None compliance with the SLA by the al local municipalities not transferring revenue collected on sale of water to the District municipality. 5.Delay in the appointment of service provider for projects.	1.Procurement of fire services rescue vehicles. 2.Appointment of spatial planning service provider. 3.Collection of revenue on sale of water from the locals 4.Finalise the approval of LED strategy. 5.Appointment of service provider of projects in time. 6.Allocation of more funds to boreholes to the community.	100	100	80	O
TL139	TL_MTOD_20	Municipal Manager	The Mayor approve adjusted SDBIP within 30 days after budget adjustment each year	To inculcate entrepreneurial and intellectual capabilities	Municipal Transformation and Institutional Development	To ensure municipal reporting and compliance within the financial year	Integrated Performance Management	Council resolution	1	1	1	1	None	None	1	1	1	G
TL149	TL_MTOD_04	Director: Corporate Shared Services	% of disciplinary cases resolved by end of each year	To inculcate entrepreneurial and intellectual capabilities	Municipal Transformation and Institutional Development	To promote fair labour practice	Governance	Disciplinary cases reports	32	100	100	80.33	One outstanding case , the employee lodged a dispute, case at arbitration	Finalise the arbitration in the 1st quarter of the new financial year	100	100	80.33	O
TL150	TL_MTOD_01	Director: Corporate Shared Services	Council approve the Organisational structure	To inculcate entrepreneurial and intellectual capabilities	Municipal Transformation and Institutional Development	To ensure that the reviewed organizational structure is approved by council by 31 May	Organisational Development	Council Resolution	1	1	1	1	None	None	1	1	1	G

TL151	TL_MTOD_02	Director: Corporate Shared Services	# of vacant positions filled	To inculcate entrepreneurial and intellectual capabilities	Municipal Transformation and Institutional Development	Reducing the vacancy rate within the financial year	Organisational Development	Appointment letters	27	60	60	154	None	None	60	60	154	B	
TL152	TL_MTOD_03	Director: Corporate Shared Services	# Policies reviewed within the financial year	To inculcate entrepreneurial and intellectual capabilities	Municipal Transformation and Institutional Development	To monitor the reviewal of policies within a financial year	Human Capital Management	Council Resolution	6	18	18	19	None	None	18	18	19	B	
TL153	TL_MTOD_05	Director: Corporate Shared Services	# of Work Skills Plan submitted to SETA by June each year	To inculcate entrepreneurial and intellectual capabilities	Municipal Transformation and Institutional Development	Unspecified	Skills Development	Proof of submission	1	1	1	1	None	None	1	1	1	G	
TL192	TL_MTOD_13	Director: Corporate Shared Services	# of Signed Performance Plan by all level 3 & 4 within the financial year	To inculcate entrepreneurial and intellectual capabilities	Municipal Transformation and Institutional Development	To ensure PMS is cascaded to lower levels	Employee Performance Management	Signed Performance Plan for all level 3 & 4 Managers	12	12	12	12	None	None	12	12	12	G	
TL179	TL_MTOD_19	Office of the Speaker	Publish Oversight report in the website after 7 days of adoption	To inculcate entrepreneurial and intellectual capabilities	Good Governance & Public Participation	To ensure municipal reporting and compliance within the financial year	Integrated Performance Management	Website screenshots of the report/ Newspaper adverts	0	1	1	1	Oversight report not yet approved by council	The report will be published in October 2021 after approval of the Oversight report in August 2021	N/A	N/A	1	0	N/A
TL180	TL_MTOD_18	Office of the Speaker	Table Oversight report on the Annual Report in Council by 31 March each year	To inculcate entrepreneurial and intellectual capabilities	Good Governance and Public Participation	To ensure municipal reporting and compliance within the financial year	Integrated Performance Management	Council approved Oversight report on the Annual report, Council resolution	1	1	1	1	Oversight report not yet approved by council	Oversight report will be tabled in the new financial year due to changes of deadline by National Treasury	N/A	N/A	0	0	N/A

### Overall Summary of Results

N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	3
R	KPI Not Met	0% <= Actual/Target <= 66.999%	3

O	KPI Almost Met	67.000% <= Actual/Target <= 99.999%	2
G	KPI Met	Actual meets Target (Actual/Target = 100%)	17
G2	KPI Well Met	100.001% <= Actual/Target <= 132.999%	0
B	KPI Extremely Well Met	133.000% <= Actual/Target	3
<b>Total KPIs:</b>			<b>28</b>

*For 2020/21 Financial year, National Treasury issued a circular regarding the deadlines for submission of the Annual Performance report. Each year the municipality council is required to adopt the annual report in January each year, the new circular allowed the municipality to adopt their Annual Performance Report in October. which also saw the Auditor General South Africa auditing late and issuing their report in May 2021 in case of Mopani. Hence the 2019 /20 Annual report was tabled in June 2021, which gives the Oversight report two months to approve and publish the reports in August 2021 which is outside the 2019/20 financial year.*

Report generated on 18 August 2021 at 12:02.

## 2020/21 ANNUAL PERFORMANCE REPORT

### KPA 2 : BASIC SERVICE DELIVERY

Ref	Internal Ref / Indicator Code	Responsible Owner	KPI Name	Strategic Objective	National KPA	Measurable Objectives	Municipal Programme	Source of Evidence	Baseline	Original Annual Target	Performance Annual Target	YTD Actual	Challenges	Corrective Measures	Overall Performance for Quarter ending September 2020 to Quarter ending June 2021			
															Original Target	Revised Target	Actual	Result
TL148	TL_BSD_04	Senior Manager: Community Services	Development of Disaster Management Plan by end of June	To improve community safety, health and social well-being	Basic Service Delivery	To ensure Clean, safe and hygienic environment, water and sanitation services	Disaster Management	Approved Disaster Management Plan	0	1	1	0	The plan was finalised in the year under review ,it was submitted to Portfolio committee meetings which was postponed due to the members not forming the quorum	Submit the plan in the new financial year	1	1	0	R
TL165	TL_BSD_05	Senior manager : Technical services	# of monthly MIG reports submitted to CoGHSTA	Sustainable Infrastructure development and maintenance	Basic Service Delivery	To monitor the development and MIG implementation plan within a financial year	MIG	MIG report & proof of submission	12	12	12	12	None	None	12	12	12	G
TL166	TL_BSD_02	Senior manager : Technical services	Development of water services Infrastructure development plan by end of June	To have integrated infrastructure development	Basic Service Delivery	To have integrated infrastructure development	Water	Approved Infrastructure Plan	0	1	1	0	Tender not advertised. Slow procurement processes	The plan has been re budgeted for 2021/22 financial year	1	1	0	R
TL167	TL_BSD_01	Senior manager : Technical services	Development of MIG implementation Plan by July each year	To have integrated infrastructure development	Basic Service Delivery	To monitor the development and MIG implementation plan within a financial year	MIG	Approved MIG Implementation Plan	1	1	1	1	None	None	1	1	1	G
TL169	TL_BSD_07	Senior manager : Technical services	# of HH with access to water	Sustainable clean, safe and hygienic environment, water and sanitation services	Basic Service Delivery	To ensure provision of basic services	Water Supply	Water report	63 715	30 000	30 000	4 509	Projects not completed due to late appointment of service providers	Complete outstanding projects in 1st quarter of 2021/22	30 000	30 000	4 509	R

TL170	TL_BSD_08	Senior manager : Technical services	# of HH with access to sanitation	Sustainable clean, safe and hygienic environment, water and sanitation services	Basic Service Delivery	To ensure provision of basic services	Sanitation Infrastructure	Sanitation reports	5 172	8 430	8 430	7 517	The allocated units for 20/21 was not fully implemented and the number reported included the 2019/20 allocation	The municipality will have separate indicator for the units that were rolled over from the previous year	8 430	8 430	7 517	R
TL259	TL_MTD_29	Municipal Manager	# of by-laws gazetted by 30 June	To strengthen record keeping and knowledge management	Municipal Transformation and Institutional Development	To have integrated infrastructure development	Legal Services	Council resolution	0	7	7	2	The outstanding 5 finalised awaiting public participation	To convene the public participation for the remaining 5	7	7	2	R

### Overall Summary of Results

N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	0
R	KPI Not Met	0% <= Actual/Target <= 66.999%	5
O	KPI Almost Met	67.000% <= Actual/Target <= 99.999%	0
G	KPI Met	Actual meets Target (Actual/Target = 100%)	2
G2	KPI Well Met	100.001% <= Actual/Target <= 132.999%	0
B	KPI Extremely Well Met	133.000% <= Actual/Target	0
	<b>Total KPIs:</b>		7

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## 2020/21 ANNUAL PERFORMANCE REPORT

### KPA 3 : LOCAL ECONOMIC DEVELOPMENT

Ref	Internal Ref / Indicator Code	Responsible Owner	KPI Name	Strategic Objective	National KPA	Measurable Objectives	Municipal Programme	Source of Evidence	Baseline	Original Annual Target	Performance Annual Target	YTD Actual	Challenges	Corrective Measures	Overall Performance for Quarter ending September 2020 to Quarter ending June 2021			
															Original Target	Revised Target	Actual	Result
TL158	TL_LED_01	Municipal Manager	# of jobs created through EPWP	To promote economic sectors of the District	Local Economic Development	To ensure sustainable livelihoods within the district	LED	Proof of jobs created	4 235	2 786	2 786	5 134	None	None	2 786	2 786	5 134	B
TL159	TL_LED_04	Senior Manager: Development Planning	# of SEDA trainings conducted	To promote economic sectors of the District	Local Economic Development	To promote economic sector of the district	LED	Training reports	4	4	4	7	None	None	4	4	7	B
TL160	TL_LED_07	Senior Manager: Development Planning	# of EPWP reports compiled and submitted to Council	To promote economic sectors of the District	Local Economic Development	To ensure Promotion of local economy within the financial year	EPWP	EPWP reports	4	4	4	6	None	None	4	4	6	B
TL162	TL_LED_06	Senior Manager: Development Planning	# of SMME supported through LED	To promote economic sectors of the District	Local Economic Development	To ensure Promotion of local economy within the financial year	LED	Proof for SMME s supported	212	100	100	40	The municipality selected 73 SMME s to be supported still awaiting to be appointed	Development of SMMEs support Committee to assist in selection processes appointment	100	100	40	R
TL163	TL_LED_05	Senior Manager: Development Planning	Review of LED strategy & approved by council by end of June	To promote economic sectors of the District	Local Economic Development	To promote economic sector of the district	LED	Council Resolution	0	1	1	0	Outstanding issues that' was finalised late with the service provider	Submit the strategy for approval to council in the 1st quarter of 2021/22	1	1	0	R
TL164	TL_LED_08	Senior Manager: Development Planning	# of LED District Forums coordinated	To promote economic sectors of the District	Local Economic Development	To ensure Coordination of LED forums within the financial year	LED	Agenda, Minutes & Attendance register	3	3	3	3	None	None	3	3	3	G

#### Overall Summary of Results

N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	0
R	KPI Not Met	0% <= Actual/Target <= 66.999%	2
O	KPI Almost Met	67.000% <= Actual/Target <= 99.999%	0
G	KPI Met	Actual meets Target (Actual/Target = 100%)	1
G2	KPI Well Met	100.001% <= Actual/Target <= 132.999%	0

B	KPI Extremely Well Met	133.000% <= Actual/Target	3
	<b>Total KPIs:</b>		<b>6</b>

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## 2020/21 ANNUAL PERFORMANCE REPORT

### KPA 4 : MUNICIPAL FINANCIAL VIABILITY

Ref	Internal Ref / Indicator Code	Responsible Owner	KPI Name	Strategic Objective	National KPA	Measurable Objectives	Municipal Programme	Source of Evidence	Baseline	Original Annual Target	Performance Annual Target	YTD Actual	Challenges	Corrective Measures	Overall Performance for Quarter ending September 2020 to Quarter ending June 2021			
															Original Target	Revised Target	Actual	Result
TL101	TL_FV_01	Chief Financial Officer	% of revenue collected within the financial year	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To ensure improvement in revenue collection within the financial year	Revenue Management	Financial reports	82	95	95	41.45	Consumers not paying for services	Implementation of credit control policy	95	95	41.45	R
TL102	TL_FV_02	Chief Financial Officer	% in debts collected within the financial year	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To monitor debt collections within a financial year	Revenue Management	Financial reports	60	80	80	36.40	Local municipalities not transferring for water transactions	Enforcement of the SLA with the local municipalities	80	80	36.40	R
TL103	TL_FV_03	Chief Financial Officer	# of data cleansing performed (Meter services) within the financial year	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To monitor the implementation of municipal services within a financial year	Revenue Management	Financial reports	1	1	1	0	Municipalities not submitting their quarterly data cleansing reports	Follow up with the locals on the data cleansing reports will be done in the new financial year	1	1	0	R
TL104	TL_FV_04	Chief Financial Officer	# of quarterly financial statements submitted to Council	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To ensure that quarterly financial statements are prepared within 14 days after the end of each quarter	Budget and Reporting	Dated proof of submission Financial Statements	4	4	4	0	Municipality is unable to generate the quarterly financial statements in-house	Quarterly financial statements will be done in the new financial year with the assistance of the service provider	4	4	0	R
TL105	TL_FV_05	Chief Financial Officer	Council approved draft Budget within the financial year	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To ensure compliance with legislation within the financial year	Budget and Reporting	Council approved Draft Budget, Council Resolution	1	1	1	1	None	None	1	1	1	G

TL106	TL_FV_06	Chief Financial Officer	Council approved Final Budget within the financial year	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To ensure compliance with legislation within the financial year	Budget and Reporting	Council approved Final Budget, Council Resolution	1	1	1	1	None	None	1	1	1	G
TL107	TL_FV_08	Chief Financial Officer	Council approved 11 final Budget policies	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To ensure compliance with legislation within the financial year	Budget and Reporting	Council Approved Final Budget related policies, Council Resolution	21	11	11	11	None	None	11	11	11	G
TL108	TL_FV_09	Chief Financial Officer	Council approved Adjustment budget by 28 February each year	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To ensure compliance with legislation within the financial year	Budget and Reporting	Council approved adjustment budget, Council Resolution	1	1	1	1	None	None	1	1	1	G
TL109	TL_FV_10	Chief Financial Officer	Submit unaudited annual financial statements by 31 August each year	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To ensure compliance with legislation within the financial year	Budget and Reporting	Dated proof of submission of Unaudited AFS	1	1	1	1	None	None	1	1	1	G
TL110	TL_FV_11	Chief Financial Officer	# of Deviation Registers developed and updated	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To ensure compliance with legislation within the financial year	Budget and Reporting	Dated proof of Deviation register	12	12	12	12	None	None	12	12	12	G
TL111	TL_FV_12	Chief Financial Officer	# of Finance compliance report submitted to Treasuries & CoGHSTA	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To ensure compliance with legislation within the financial year	Budget and Reporting	Financial reports	12	12	12	12	None	None	12	12	12	G
TL112	TL_FV_13	Chief Financial Officer	Submit monthly Sec 71 reports to Provincial treasury within 10 working days	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To ensure compliance with legislation within the financial year	Budget and Reporting	Dated proof of submission	12	12	12	12	None	None	12	12	12	G

TL113	TL_FV_14	Chief Financial Officer	Appointment of Supply Chain Committees (Specification, Evaluation and Adjudication) by 30 June each year	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To improve financial viability within the financial year	Supply Chain Management	Appointment Letters	1	3	3	3	None	None	3	3	3	G
TL114	TL_FV_15	Chief Financial Officer	% of Construction Tenders placed on the CIDB website	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To improve financial viability within the financial year	Supply Chain Management	Website screen shots	100	100	100	0%	Construction Tenders were not placed on the website due to pool advertising	Enforce advertising in the website for compliance	100	100	0	R
TL115	TL_FV_16	Chief Financial Officer	Pay invoices within 30 days of receipt from the service providers	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To ensure payment of service providers within 30 days of the submission of invoices	Supply Chain Management	Dated proof of payment	100	100	100	69.50	Some of the payment certificate were not recorded in the book due to office closure caused by COVID19 cases	Strengthen the internal control by ensuring that all payment certificate are registered in the book for processing	100	100	69.50	O
TL183	TL_FV_20	Chief Financial Officer	% capital budget spent as approved by Council within the financial year	To increase revenue generation and implement financial control systems	Municipal Financial Viability	To effectively manage the financial affairs of the municipality within the financial year	Expenditure Management	Expenditure report	52	100	100	76	Delayed in appointment of service providers	Managing the procurement management plan by convening Bid Adjudication committee weekly	100	100	76	O
TL184	TL_FV_21	Chief Financial Officer	% Operational and maintenance budget spent as approved by Council within the financial year	To increase revenue generation and implement financial control systems	Municipal Financial Viability	To effectively manage the financial affairs of the municipality within the financial year	Expenditure Management	Expenditure report	42	100	100	98	Delayed in appointment of service providers	Managing the procurement management plan by convening Bid Adjudication committee weekly	100	100	98	O
TL185	TL_FV_24	Chief Financial Officer	% WSIG budget spent as approved by Council within the financial year	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To effectively manage the financial affairs of the municipality within the financial year	Expenditure Management	Financial reports	100	100	100	31	Late appointment of Contractors ( June 2021)	Managing the procurement management plan by convening Bid Adjudication committee weekly	100	100	31	R

TL186	TL_FV_25	Chief Financial Officer	% RRAMS budget spent as approved by Council within the financial year	[Unspecified]	Municipal Financial Viability and Management	To effectively manage the financial affairs of the municipality within the financial year	Expenditure Management	Financial reports	100	100	100	62	Delayed in appointment of the Contractors	Contractor appointed on 36 months basis	100	100	62	R
TL187	TL_FV_26	Chief Financial Officer	% FMG budget spent as approved by Council within the financial year	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To effectively manage the financial affairs of the municipality within the financial year	Expenditure Management	Financial reports	100	100	100	100	None	None	100	100	100	G
TL188	TL_FV_27	Chief Financial Officer	% EPWP budget spent as approved by Council within the financial year	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To effectively manage the financial affairs of the municipality within the financial year	Expenditure Management	Financial reports	100	100	100	100	None	None	100	100	100	G
TL189	TL_FV_18	Chief Financial Officer	# of GRAP Compliance Assets register Compiled	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To ensure compliance with legislation within the financial year	Asset Management	GRAP compliance Assets register compiled	1	1	1	1	None	None	1	1	1	G
TL190	TL_FV_19	Chief Financial Officer	# Assets verifications conducted in line with GRAP standards	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To ensure compliance with legislation within the financial year	Asset Management	Quarterly Assets verification reports	2	2	2	2	None	None	2	2	2	G
TL191	TL_FV_17	Chief Financial Officer	# of Revenue Enhancement Strategy revised & approved by council by 30 June each year	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To ensure improvement in revenue collection within the financial year	Revenue Management	Approved revenue enhancement strategy, Council Resolution	1	1	1	1	None	None	1	1	1	G
TL196	TL_FV_22	Chief Financial Officer	% MIG budget spent as approved by Council within the financial year	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To effectively manage the financial affairs of the municipality within the financial year	Expenditure Management	Financial Reports	100	100	100	100	None	None	100	100	100	G

	TL_FV_23	Chief Financial Officer	% RBIG budget spent as approved by Council within the financial year	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To effectively manage the financial affairs of the municipality within the financial year	Expenditure Management	Financial Reports	100	100	100	100	None	None	100	100	100	G
TL198	TL_FV_07	Chief Financial Officer	Council approved 11 draft Budget policies	To increase revenue generation and implement financial control systems	Municipal Financial Viability and Management	To ensure compliance with legislation within the financial year	Budget and Reporting	Council Approved Draft Budget related policies, Council Resolution	21	11	11	11	None	None	11	11	11	G

**Overall Summary of Results**

N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	0
R	KPI Not Met	0% <= Actual/Target <=	9
O	KPI Almost Met	67.000% <= Actual/Target <= 99.999%	3
G	KPI Met	Actual meets Target	17
G2	KPI Well Met	100.001% <= Actual/Target <= 132.999%	0
B	KPI Extremely Well Met	133.000% <= Actual/Target	
<b>Total KPIs:</b>			<b>29</b>

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## 2020/21 ANNUAL PERFORMANCE REPORT

### KPA 5 : SPATIAL PLANNING

Ref	Internal Ref / Indicator Code	Responsible Owner	KPI Name	Strategic Objective	National KPA	Measurable Objectives	Municipal Programme	Source of Evidence	Baseline	Original Annual Target	Performance Annual Target	YTD Actual	Challenges	Corrective Measures	Overall Performance for Quarter ending September 2020 to Quarter ending June 2021			
															Original Target	Revised Target	Actual	Result
TL154	TP_SR_01	Director: Development Planning	% of land use applications processed	To have efficient, effective, economic and integrated use of land space	Basic Service Delivery	To have sustainable, optimal, harmonious and integrated land development	Spatial Planning	Dated register recording land use applications & Land use applications	0	100	100	100	None	None	100	100	100	G
TL155	TP_SR_02	Director: Development Planning	To develop and approve GIS strategy by end of June	To have efficient, effective, economic and integrated use of land space	Basic Service Delivery	To have sustainable, optimal, harmonious and integrated land development	GIS	Council Resolution	0	1	1	1	None	None	1	1	1	G
TL156	TP_SR_03	Director: Development Planning	% in capturing Projects in the GIS system within the financial year	To have efficient, effective, economic and integrated use of land space	Basic Service Delivery	To have sustainable, optimal, harmonious and integrated land development	GIS	List of project coordinates in the GIS	100	100	100	38.89	IDP dashboard & Infrastructure module was purchased late in February which delayed capturing	Finalise capturing of the 2020/21 completed projects in the 1st quarter of 2021/22 FY	100	100	38.89	R
TL213	TP_SR_06	Director: Development Planning	# To establish Township at Xivulani Village by 30 June	To have efficient, effective, economic and integrated use of land space	Basic Service Delivery	To have sustainable, optimal, harmonious and integrated land development	Spatial Planning	Layout plan & General Plan	0	1	1	0	Delayed appointment of service provider	Project re budgeted for 2021/22 financial year	1	1	0	R
TL214	TP_SR_07	Director: Development Planning	# To establish township at Selwane Village by 30 June	To have efficient, effective, economic and integrated use of land space	Basic Service Delivery	To have sustainable, optimal, harmonious and integrated land development	Spatial Planning	Layout plan & General Plan	0	1	1	0	Delayed appointment of service provider	Project re budgeted for 2021/22 financial year	1	1	0	R

TL21 5	TP_SR_08	Director: Development Planning	# To establish township at Xihoko Village by 30 June	To have efficient, effective, economic and integrated use of land space	Basic Service Delivery	Unspecified	Spatial Planning	Layout plan & General Plan	0	1	1	0	Delayed appointment of service provider	Project re budgeted for 2021/22 financial year	1	1	0	R
TL21 6	TP_SR_09	Director: Development Planning	# To establish township at N'wamitwa Village by 30 June	To have efficient, effective, economic and integrated use of land space	Basic Service Delivery	To have sustainable, optimal, harmonious and integrated land development	Spatial Planning	Layout plan & General Plan	0	1	1	0	Delayed appointment of service provider	Project re budgeted for 2021/22 financial year	1	1	0	R
TL21 7	TP_SR_10	Director: Development Planning	# To establish township at Humulani / Matiko-xikaya Village by 30 June	To have efficient, effective, economic and integrated use of land space	Basic Service Delivery	To have sustainable, optimal, harmonious and integrated land development	Spatial Planning	Layout plan & General Plan	0	1	1	0	Delayed appointment of service provider	Project re budgeted for 2021/22 financial year	1	1	0	R
TL21 8	TP_SR_11	Director: Development Planning	# of Municipal Planning Tribunal meetings coordinated	To have efficient, effective, economic and integrated use of land space	Basic Service Delivery	To have sustainable, optimal, harmonious and integrated land development	Spatial Planning	Attendance Register, Minutes	0	4	4	4	None	None	4	4	4	G

### Overall Summary of Results

N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	0
R	KPI Not Met	0% <= Actual/Target <= 66.999%	6
O	KPI Almost Met	67.000% <= Actual/Target <= 99.999%	0
G	KPI Met	Actual meets Target (Actual/Target = 100%)	3
G2	KPI Well Met	100.001% <= Actual/Target <= 132.999%	0
B	KPI Extremely Well Met	133.000% <= Actual/Target	0
<b>Total KPIs:</b>			<b>9</b>

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## 2020/21 ANNUAL PERFORMANCE REPORT

### KPA 6: GOOD GOVERNANCE & PUBLIC PARTICIPATION

Ref	Internal Ref / Indicator Code	Responsible Owner	KPI Name	Strategic Objective	National KPA	Measurable Objectives	Municipal Programme	Source of Evidence	Baseline	Original Annual Target	Performance Annual Target	YTD Actual	Challenges	Corrective Measures	Overall Performance for Quarter ending September 2020 to Quarter ending June 2021			
															Original Target	Revised Target	Actual	Result
TL119	TL_GGPP_42	Municipal Manager	Audit Committee approve Internal Audit Plan by 30 June each year	To promote democracy and sound governance	Good Governance and Public Participation	Functionality of Audit within the financial year	Internal Audit	AC approved Internal Audit Plan	1	1	1	1	None	None	1	1	1	G
TL120	TL_GGPP_39	Municipal Manager	Audit Committee approve revised Internal Audit Charter by 30 June each year	To promote democracy and sound governance	Good Governance and Public Participation	Functionality of Audit within the financial year	Internal Audit	AC Approved Internal Audit charter	1	1	1	1	None	None	1	1	1	G
TL133	TL_GGPP_22	Municipal Manager	% of Fraud and Corruption cases investigated	To promote democracy and sound governance	Good Governance and Public Participation	To monitor response in terms of the fraud and corruption cases registered	Legal Services	Updated Fraud and Corruption case register	100	100	100	Not applicable	There were no cases of fraud & Corruption reported	N/A	100	100	0	N/A
TL136	TL_GGPP_20	Municipal Manager	# of Council approved Risk strategy	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of mitigation of risks committee within the financial year	Risk Management	Council resolution	1	1	1	1	None	None	1	1	1	G
TL137	TL_GGPP_21	Municipal Manager	Council approved Fraud and Anti Corruption strategy	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of Risk committee within the financial year	Risk Management	Council resolution	1	1	1	1	None	None	1	1	1	G
TL138	TL_GGPP_16	Municipal Manager	# of Audit Committee meetings held within the financial year	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of Audit committee within a financial year	Internal Audit	Agenda, Minutes & Attendance register	9	4	4	10	None	None	4	4	10	B
TL140	TL_GGPP_08	Municipal Manager	# of Management meetings held within the financial year	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of administration	Management Committee	Agenda, Minutes & attendance register	6	4	4	18	None	None	4	4	18	B
TL141	TL_GGPP_11	Municipal Manager	# of IDP/Budget/PMS REP Forum meetings held within the financial year	To promote democracy and sound governance	Good Governance and Public Participation	To ensure public involvement in the IDP review	IDP Rep Forum	Agenda & Attendance register	5	5	5	6	None	None	5	5	6	B

TL14 2	TL_GGPP_12	Municipal Manager	# of IDP/Budget/ PMS Steering Committee meetings within the financial year	To promote democracy and sound governance	Good Governance and Public Participation	To ensure public involvement in the IDP/Budget review within a financial year	Public Participatio n	Agenda & Attendanc e register	7	5	5	13	None	None	5	5	13	B
TL14 3	TL_GGPP_17	Municipal Manager	# of Performance Audit Committee meetings held within the financial year	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of Audit committee within a financial year	Committee s	Agenda, Minutes & Attendanc e register	4	4	4	4	None	None	4	4	4	G
TL14 4	TL_GGPP_18	Municipal Manager	% of Audit and Performance Audit Committee resolutions implemented within the financial year	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of Audit committee within a financial year	Committee s	Audit Committee resolutio s register	51	100	100	70	Slow implementatio n by Directorates	Address AC resolutions through departmen tal and MANCO Meetings	100	100	70	R
TL14 5	TL_GGPP_19	Municipal Manager	# of Council approved Risk Policy	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of mitigation of risks committee within the financial year	Risk Managemen t	Council Approved Risk policy	1	1	1	1	None	None	1	1	1	G
TL17 1	TL_GGPP_15	Office of the Executive Mayor	# of quarterly Newsletters developed	To promote democracy and sound governance	Good Governance and Public Participation	To ensure public involvement in Municipal activities	Stakeholde r & Communica tion	Printed News letters	4	4	4	4	None	None	4	4	4	G
TL17 2	TL_GGPP_13	Office of the Executive Mayor	% of complaints resolved	To promote democracy and sound governance	Good Governance and Public Participation	To promote accountability within the municipality	Public Participatio n	Updated Complaint s Managemen t Register	9	100	100	83	1 issue on water in Madeira village was resolved due to investigation not complete	Borehole will be provided after the investigati on report is complete	100	100	0	R
TL17 3	TL_GGPP_01	Office of the Executive Mayor	# of Council Meetings held within the financial year	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of Council committee within the financial year	Council	Agenda, Minutes & attendanc e register	10	4	4	16	None	None	4	4	16	B
TL17 4	TL_GGPP_02	Office of the Executive Mayor	# of MAYCO meetings held within the financial year	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of MAYCO within the financial year	Mayoral Committee	Agenda, Minutes & attendanc e register	12	4	4	15	None	None	4	4	15	B

TL175	TL_GGPP_03	Office of the Executive Mayor	# of Portfolio committee meetings held within the financial year	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of Portfolio committees within the financial year	Mayoral Committee	Agenda, Minutes & attendance register	28	9	9	15	None	None	9	9	15	B
TL176	TL_GGPP_14	Office of the Executive Mayor	# of quarterly Community feedback meetings held within a financial	To promote democracy and sound governance	Good Governance and Public Participation	To ensure public involvement in Mayoral Imbizo 's within a financial year	Public Participation	Agenda & Attendance register	1	4	4	4	None	None	4	4	4	G
TL177	TL_GGPP_06	Office of the Speaker	# of Ward District Committee Meetings held within the financial year	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of Council committee within the financial year	Ward Committees	Agenda, Minutes & attendance register	0	4	4	0	Electronic gadgets were not procured by locals to attend the meeting virtually	Liase with the locals for procurement of gadgets	4	4	0	R
TL178	TL_GGPP_05	Office of the Speaker	# of MPAC reports submitted to council held within the financial year	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of Council committee within the financial year	MPAC	Council resolution	4	4	4	4	None	None	4	4	4	G
TL182	TL_GGPP_04	Office of the Speaker	# of MPAC meetings held within the financial year	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of Council committee within the financial year	MPAC	Agenda, Minutes & attendance register	14	4	4	9	None	None	4	4	9	B
TL193	TL_GGPP_09	Director: Corporate Shared Services	# of LLF meetings held within the financial year	To promote democracy and sound governance	Good Governance & Public Participation	To ensure functionality of Council within the financial year	Labour Relations	Agenda, Minutes & attendance register	7	12	12	14	None	None	12	12	14	B
TL194	TL_GGPP_10	Director: Corporate Shared Services	% in implementation of LLF resolutions within the financial year	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of Municipality within the financial year	Labour Relations	Updated Resolutions register	100	100	100	63.75	Salary notch 3 is still outstanding, the item was referred back from the portfolio	Fastrack the benchmarking and sent the item back to the portfolio	100	100	63.75	R
TL200	TL_GGPP_34	Municipal Manager	% in implementation of MANCO Resolutions within the financial year	To promote democracy and sound governance	Good Governance & Public Participation	To ensure functionality of administration	Management Committee	Updated Resolutions register	0	100	100	100	None	None	100	100	100	G

TL201	TL_GGPP_23	Municipal Manager	# of Unqualified Audit Opinion obtained by 31 December each year	To promote democracy and sound governance	Good Governance and Public Participation	Functionality of Audit within the financial year	Governance	Auditor General Audit	0	1	1	0	the municipality received a qualified audit opinion	AG Sub committee established to deal with all AG issues	1	1	0	R
TL203	TL_GGPP_24	Municipal Manager	% in Implementation of Council Resolutions	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of Council committee within the financial year	Council	Updated Resolutions Register	0	100	100	36.20	the 15 outstanding resolutions are ongoing will be finalised in the 1st quarter of the new financial year	Monitoring of the resolutions	100	100	36.20	R
TL204	TL_GGPP_25	Municipal Manager	% in Implementation of MAYCO Resolutions	[Unspecified]	Good Governance and Public Participation	To ensure functionality of MAYCO within the financial year	Mayoral Committee	Updated Resolutions Register	0	100	100	24.03	the 15 outstanding resolutions are ongoing will be finalised in the 1st quarter	Monitoring of the resolutions through portfolio meetings	100	100	24.03	R
TL205	TL_GGPP_26	Office of the Executive Mayor	% in Implementation of Portfolio Resolutions	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of Portfolio committees within the financial year	Mayoral Committee	Updated Resolutions Register	0	100	100	0	Portfolios committees do not have the resolutions register	Enforce development of portfolio resolutions register	100	100	0	R
TL206	TL_GGPP_27	Municipal Manager	# of IGR meetings held within the financial year	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of IGR structures within the financial year.	Mayoral Committee	Attendance Register	0	4	4	1	IGR Technical committees were held and reports were not finalised to convene the main IGR	Convene the Technical IGR meetings earlier to allow the IGR to take place	4	4	1	R
TL207	TL_GGPP_28	Municipal Manager	% in Implementation of IGR Resolutions	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of IGR structures within the financial year.	Intergovernmental Relations	Updated Resolutions Register	0	100	100	7.50	IGR Technical committees were held and reports were not finalised to convene the main IGR	Convene the Technical IGR meetings earlier to allow the IGR to take place	100	100	7.50	R
TL208	TL_GGPP_29	Office of the Executive Mayor	# of Ethics Committee Meeting held within the financial year	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of Council committee within the financial year	Ethics Committee	Attendance Register	0	4	4	10	None	None	4	4	10	B

TL210	TL_GGPP_31	Office of the Executive Mayor	# of Public Participation Meetings held within the financial year	To promote democracy and sound governance	Good Governance and Public Participation	To ensure public involvement in Municipal activities	Public Participation	Attendance Register, Minutes	0	4	4	4	None	None	4	4	4	G
TL211	TL_GGPP_32	Municipal Manager	% in implementation of Public Participation Resolutions	To promote democracy and sound governance	Good Governance and Public Participation	To ensure public involvement in Municipal activities	Public Participation	Updated Resolutions Register	0	100	100	100	None	None	100	100	100	G
TL212	TL_GGPP_33	Municipal Manager	% in implementation of MPAC Resolutions within the financial year	To promote democracy and sound governance	Good Governance and Public Participation	To ensure functionality of Council committee within the financial year	MPAC	Updated Resolutions register	0	100	100	26.21	Slow implementation by Directorates	Monitoring of the resolutions through management	100	100	26.21	R

**Overall Summary of Results**

N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	1
R	KPI Not Met	0% <= Actual/Target <= 66.999%	11
O	KPI Almost Met	67.000% <= Actual/Target <= 99.999%	0
G	KPI Met	Actual meets Target (Actual/Target = 100%)	12
G2	KPI Well Met	100.001% <= Actual/Target <= 132.999%	0
B	KPI Extremely Well Met	133.000% <= Actual/Target	10
<b>Total KPIs:</b>			<b>34</b>

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## 2020/21 ANNUAL PERFORMANCE REPORT

### MTOD PROJECTS

Ref	Internal Ref / Indicator Code	Responsible Owner	KPI Name	Strategic Objective	National KPA	Municipal Programme	Source of Evidence	Baseline	Original Annual Target	Performance Annual Target	YTD Actual	Challenges	Corrective Measures	Overall Performance for Quarter ending September 2020 to Quarter ending June 2021			
														Original Target	Revised Target	Actual	Result
TL219	CWP_145	Director: Corporate Shared Services	Air Conditioning system	To inculcate entrepreneurial and intellectual capabilities	Municipal Transformation and Institutional Development	Administration	Delivery note	0	100	100	100	None	None	100	100	100	G

#### Overall Summary of Results

N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in	0
R	KPI Not Met	0% <= Actual/Target	0
O	KPI Almost Met	67.000% <= Actual/Target <=	0
G	KPI Met	Actual meets	1
G2	KPI Well Met	100.001% <= Actual/Target <=	0
B	KPI Extremely Well Met	133.000% <=	0
	<b>Total KPIs:</b>		<b>1</b>

Report generated on 18 August 2021 at 12:02.

2020/21 CAPITAL WORKS PLAN SUMMARY OF CAPITAL PROJECTS PER FOR THE YEAR

BASIC SERVICE DELIVERY PROJECTS

Region/Ward	Strategic Objective	Municipal Programme	Projects description	Project Name	Start Date	Completion date	Project Owner	Source of funding	Original Budget	Adjusted Budget	Annual Target	Progress	Challenges	Corrective Measures	Evidence required	
	To have integrated infrastructure development	Water	Construction of Hoedspruit Bulk Water Supply system	Hoedspruit Bulk Water Supply	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R17 904 901,00	R5 500 000,00	100	0%	Delay in the acquiring of land for the construction of the reservoir.	Engagement with the DPW to provide land. Appointment of the new consultants to review the project.	Completion certificate	R
	To have integrated infrastructure development	Water	Construction and refurbishment of reticulation network system	Tours Water reticulation	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R30 071 425,00	R13 000 000,00	100	100%	N/A	N/A	Project funding letter with MIG.	G
	To have integrated infrastructure development	Water	Construction of bulk water supply and reticulation network systems.	Sefotse to Dithoatsi Bulk water supply (Bellevue, Sefotse)	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R0,00	R28 850 000,00	100	44%	Consultants for planning and monitoring only appointed after the second quarter of the year. Construction schedules generally affected by COVID 19 National lockdowns and restrictions. Contractor stopped by community resulting into cash flow challenges to the contractor.	Assisting the contractor through sessions for suppliers. Construction schedules extended to accommodate the COVID 19 national lock down restrictions and regulations.	Completion certificate	R
	To have integrated infrastructure development	Water	Construction of the scheme bulk water supply system.	Tshane Regional Water scheme	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R30 600 481,00	R27 282 291,00	100	71%	Contractor deestablished from site due to the poor design from the previous engineer. Construction schedules generally affected by COVID 19 National lockdowns and restrictions.	Design review conducted and contractor work reviewed. Construction schedules extended to accommodate the COVID 19 national lock down restrictions and regulations.	Project progress report.	R
	To have integrated infrastructure development	Water	Construction of bulk water supply and reticulation network systems.	Tours Water Scheme Bulk lines refurbishment & reticulation	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R13 380 148,00	R13 380 148,00	100	45%	Consultants for planning and monitoring only appointed after the second quarter of the year. Construction schedules generally affected by COVID 19 National lockdowns and restrictions.	Planning processes fast tracked after the consultant was appointed and contractor was appointed in March 2021. Construction schedules extended to accommodate the COVID 19 national lock down restrictions and regulations.	Project progress report.	R
	To have integrated infrastructure development	Water	Construction of bulk water supply and reticulation network systems.	Kamperus Bulk Water Reticulation and Scorta Water reticulation	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R21 380 952,00	R27 055 524,00	100	95%	Project progress and schedule generally affected by COVID 19 National lockdowns and restrictions. Community stoppages due to community internal indifference.	Community issues resolved as and when during site meetings. Construction schedules extended to accommodate the COVID 19 national lock down restrictions and regulations.	Project progress report.	R
	To have integrated infrastructure development	Water	Refurbishment o Kgapane water Treatment Plant COVID 19	Refurbishment o Kgapane water Treatment Plant COVID 19	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R0,00	R4 279 500,00	100%	98%	Electricity not connected	Make follow up with Eskom on electricity connection	Completion certificate	R
	To have integrated infrastructure development	Water	Refurbishment of Kamperus booster pump station	Refurbishment of Kamperus booster pump station COVID 19	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R0,00	R8 800 000,00	100%	100%	None	None	Completion certificate	G
	To have integrated infrastructure development	Water	Construction of Sekgopo water supply	Sekgopo water supply COVID 19	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R0,00	R5 500 001,00	100%	98%	Electricity not connected	Make follow up with Eskom on electricity connection	Completion certificate	R
	To have integrated infrastructure development	Water	Construction and refurbishment of reticulation network system	Water Reticulation Infrastructure for Middle Lesaba Water Scheme Cluster 6	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R21 380 952,00	R1 000 000,00	100	100%	N/A	N/A	Project completion certificate	G
	To have integrated infrastructure development	Water	Construction of bulk water supply and reticulation network systems.	Ukukani Water Scheme Benfarm	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R11 000 000,00	R7 500 000,00	100	0%	Delay in the finalization of designs by the engineer	Project construction budgetted for 2021/22	Design report	R
	To have integrated infrastructure development	Water	Construction of bulk water supply and reticulation network systems.	Risavi 2 Water Scheme	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R21 380 952,00	R17 306 506,00	100	100%	N/A	N/A	Projects Progress reports. Design approval letter.	G
	To have integrated infrastructure development	Water	Construction of bulk water supply network systems.	Thabisa to Lenyeme Bulk water supply	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R54 452 381,00	R64 778 951,00	100	100%	None	N/A	Projects Progress reports. Design approval letter.	G
	To have integrated infrastructure development	Water	Construction of Selwane water phase 2	Selwane water phase 2	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R0,00	R9 866 938,00	100	100%	None	None	Completion certificate	G
	To have integrated infrastructure development	Water	Augmentation of Maruleng Ground water	Maruleng LM Ground water Augmentation	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R0,00	R5 700 000,00	100	99%	Project at practical completion	Finalise the snaglist	Completion certificate	R
	To have integrated infrastructure development	Water	Construction of bulk water supply and reticulation network systems.	Selwane water phase 2	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R0,00	R9 866 938,00	100	60%	Project progress and schedule generally affected by COVID 19 National lockdowns and restrictions. Delay on Eskom connection.	Application sent to Eskom and payment made accordingly. Construction schedules extended to accommodate the COVID 19 national lock down restrictions and regulations.	Completion certificate	R
	To have integrated infrastructure development	Water	Construction of bulk water supply and reticulation network systems.	Selgose Water Scheme	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R61 142 857,00	R68 973 642,00	100	75%	Project progress and schedule generally affected by COVID 19 National lockdowns and restrictions. Slow progress from contractors.	Construction schedules extended to accommodate the COVID 19 national lock down restrictions and regulations.	Project progress report.	R
	To have integrated infrastructure development	Water	Construction of bulk water supply and reticulation network systems.	Makhuwane Water Scheme	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R48 452 381,00	R54 164 953,00	100	65%	Project progress and schedule generally affected by COVID 19 National lockdowns and restrictions. In addition community stopped the project demanding temporary water supply.	Meeting and resolving on community issues. Project progress and schedule generally affected by COVID 19 National lockdowns and restrictions	Project progress report.	R
	To have integrated infrastructure development	Water	Construction of bulk water supply and reticulation network systems.	Lephephane Bulk Water	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R41 171 106,00	R54 326 321,00	100	87%	Consultants for planning and monitoring only appointed after the second quarter of the year. Construction schedules generally affected by COVID 19 National lockdowns and restrictions.	Project progress and schedule generally affected by COVID 19 National lockdowns and restrictions	Project progress report.	R
	To have integrated infrastructure development	Water	Construction of VIP toilets	Rural Household Sanitation (GAM)	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R17 104 762,00	R23 127 269,00	100	81%	Project progress and schedule generally affected by COVID 19 National lockdowns and restrictions. Slow progress from contractors.	Project progress and schedule generally affected by COVID 19 National lockdowns and restrictions	Completion certificate	R
	To have integrated infrastructure development	Water	Construction of VIP toilets	Rural Household Sanitation (GTM)	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R17 104 762,00	R22 191 765,00	100	98%	Project progress and schedule generally affected by COVID 19 National lockdowns and restrictions. Slow progress from contractors.	Project progress and schedule generally affected by COVID 19 National lockdowns and restrictions	Completion certificate	R
	To have integrated infrastructure development	Water	Construction of VIP toilets	Rural Household Sanitation (GLM)	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R17 104 762,00	R23 001 321,00	100	78%	Project progress and schedule generally affected by COVID 19 National lockdowns and restrictions. Slow progress from contractors.	Project progress and schedule generally affected by COVID 19 National lockdowns and restrictions	Completion certificate	R

To have integrated infrastructure development	Water	Construction of VIP toilets	Rural Household Sanitation (RPM)	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R17 104 762,00	R24 833 782,00	100	81%	Project progress and schedule generally affected by COVID 19 National lockdowns and restrictions. Slow progress from contractors.	Project progress and schedule generally affected by COVID 19 National lockdowns and restrictions	Completion certificate	R
To have integrated infrastructure development	Water	Construction of VIP toilets	Rural Household Sanitation (M LM)	2020/07/01	2021/06/30	Water & Engineering Director	MIG	R17 104 762,00	R28 081 508,00	100	79%	Project progress and schedule generally affected by COVID 19 National lockdowns and restrictions. Slow progress from contractors.	Project progress and schedule generally affected by COVID 19 National lockdowns and restrictions	Completion certificate	R
To have integrated infrastructure development	Water	Construction of bulk water supply and reticulation network systems.	Refurbishment, Rehabilitation and Upgrading Water Reticulation Network and Borehole in Mamont Phase 2	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R4 000 000,00	R4 000 000,00	100	0%	Consultants for planning only appointed after the second quarter of the municipal financial year. Only planning in terms of scoping and designs were completed.	Budget roll-over to be applied for construction to kick start in 2021/22.	Project scoping report	R
To have integrated infrastructure development	Water	Construction of bulk water supply and reticulation network systems.	Giyani Pipeline C & D (Makhuva)	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R4 000 000,00	R4 000 000,00	100	28%	Consultants for planning and monitoring only appointed after the second quarter of the year. Projects required all stages of planning to be undertaken and procurement.	Planning and procurement undertaken on a compressed schedule and construction only started in the fourth quarter of the financial year.	Project progress report	R
To have integrated infrastructure development	Water	Construction of bulk water supply and reticulation network systems.	Refurbishment/Rehabilitation and Upgrading of Internal Water Reticulation Network and Borehole in Makwasela	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R4 000 000,00	R4 000 000,00	100	53%	Consultants for planning and monitoring only appointed after the second quarter of the year. Projects required all stages of planning to be undertaken and procurement.	Planning and procurement undertaken on a compressed schedule and construction only started in the fourth quarter of the financial year.	Project progress report	R
To have integrated infrastructure development	Water	Construction of bulk water supply and reticulation network systems.	Refurbishment, rehabilitation and upgrading of Internal Water Reticulation Network and Development of Borehole in Kuranta Village	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R4 000 000,00	R4 000 000,00	100	24%	Consultants for planning and monitoring only appointed after the second quarter of the year. Projects required all stages of planning to be undertaken and procurement.	Planning and procurement undertaken on a compressed schedule and construction only started in the fourth quarter of the financial year.	Project progress report	R
To have integrated infrastructure development	Water	Upgrading of Mhlabisi water reticulation	Mhlabisi Upgrading of Water Reticulation	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R4 000 000,00	R4 000 000,00	100	75%	reticulation and refurbishment of existing boreholes still outstanding	Complete in the new financial year	Completion certificate	R
To have integrated infrastructure development	Water	Construction of bulk water supply and reticulation network systems.	Mhlabisi Upgrading of Water Reticulation	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R4 000 000,00	R4 000 000,00	100	34%	Consultants for planning and monitoring only appointed after the second quarter of the year. Projects required all stages of planning to be undertaken and procurement.	Planning and procurement undertaken on a compressed schedule and construction only started in the fourth quarter of the financial year.	Project progress report	R
To have integrated infrastructure development	Water	Refurbishment of the Namakgale Sewage systems	Refurbishment of Namakgale Waste Water Treatment	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R4 000 000,00	R4 000 000,00	100	0%	Consultants for planning only appointed after the second quarter of the municipal financial year. Only planning in terms of scoping were completed.	Budget roll-over to be applied for construction to kick start in 2021/22.	Project scoping report	R
To have integrated infrastructure development	Water	Construction of reticulation network systems.	Eco Park (Dikukwane) Water Reticulation	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R5 000 000,00	R5 000 000,00	100	67%	Consultants for planning and monitoring only appointed after the second quarter of the year. Projects required all stages of planning to be undertaken and procurement.	Planning and procurement undertaken on a compressed schedule and construction only started in the fourth quarter of the financial year.	Project progress report	R
To have integrated infrastructure development	Water	Construction of bulk water supply and reticulation network systems.	Ngoe Water Supply & Reticulation	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R4 000 000,00	R4 000 000,00	100	0%	Consultants for planning only appointed after the second quarter of the municipal financial year. Only planning in terms of scoping were completed.	Budget roll-over to be applied for construction to kick start in 2021/22.	Project scoping report	R
To have integrated infrastructure development	Water	Refurbishment of the Senamokgope Sewage systems	Senamokgope Village/Township Sewer Bulk Line – Reticulation Upgrade & Electrical power provision at Sewer Plant	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R4 000 000,00	R4 000 000,00	100	28%	Consultants for planning and monitoring only appointed after the second quarter of the year. Projects required all stages of planning to be undertaken and procurement.	Planning and procurement undertaken on a compressed schedule and construction only started in the fourth quarter of the financial year.	Project progress report	R
To have integrated infrastructure development	Water	Construction of bulk water supply and reticulation network systems.	Rotterdam (Mamunya) Groundwater Scheme	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R4 000 000,00	R4 000 000,00	100	0%	Consultants for planning only appointed after the second quarter of the municipal financial year. Only planning in terms of scoping were completed.	Budget roll-over to be applied for construction to kick start in 2021/22.	Project scoping report	R
To have integrated infrastructure development	Water	Construction of Giyani Water scheme pipeline C & D Makhuva	Giyani Water scheme pipeline C & D Makhuva	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R0,00	R359 000,00	100%	15	Delayed in appointment of service provider	appoint in the 1st quarter of 20/21 financial year	Completion certificate	R
To have integrated infrastructure development	Water	Refurbishment, rehabilitation and upgrading of internal water reticulation	Refurbishment, rehabilitation and upgrading of internal water reticulation Makhuwabiding	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R0,00	R3 732 272,00	100%	90%	Electricity not connected	Make follow up with Eskom on electricity connection	Completion certificate	R
To have integrated infrastructure development	Water	Upgrading of internal water reticulation network in Magesa village	Upgrading of internal water reticulation network in Magesa village	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R0,00	R1 609 192,00	100%	0%	Delayed in appointment of service provider	Finalise in the 1st quarter of 20/21 financial year	Completion certificate	R
To have integrated infrastructure development	Water	Construction of Kujwana water supply	Kujwana water supply	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R0,00	R3 874 609,00	100%	96%	Only pressure testing is outstanding	Finalise in the 1st quarter of 20/21 financial year	Completion certificate	R
To have integrated infrastructure development	Water	Construction of Dzingizini water supply	Dzingizini water supply	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R0,00	R7 732 000,00	100%	67%	Electricity not connected	Make follow up with Eskom on electricity connection	Completion certificate	R
To have integrated infrastructure development	Water	Construction of Mameja Sekororo RWS- Refurbishment of existing water reticulation (Daks, Finsle & Santem)	Mameja- Sekororo RWS- Refurbishment of existing water reticulation (Daks, Finsle & Santem)	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R0,00	R8 000 000,00	100%	31%	Delay in appointment of service provider	appoint in the 1st quarter of 20/21 financial year	Completion certificate	R
To have integrated infrastructure development	Water	Construction of Zava water supply and refurbishment of existing and additional standpipes	Zava water supply - Refurbishment of existing and additional standpipes	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R0,00	R4 500 000,00	100	0	Delay in appointment of service provider	appoint in the 1st quarter of 20/21 financial year	Completion certificate	R
To have integrated infrastructure development	Water	Construction of Bulk water supply (ground water augmentation to the plant)	Modjadji Regional Bulk water supply (Groundwater augmentation to the plant)	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R0,00	R8 000 000,00	100	0	Delay in appointment of service provider	appoint in the 1st quarter of 20/21 financial year	Completion certificate	R
To have integrated infrastructure development	Water	Construction of MODJADJI RWS	MODJADJI RWS - Drilling additional boreholes and linking to storage ( Femane & Ramaroka)	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R0,00	R6 200 000,00	100	0	Delay in appointment of service provider	appoint in the 1st quarter of 20/21 financial year	Completion certificate	R
To have integrated infrastructure development	Water	Construction of Masekapata water supply	Masekapata water supply	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R0,00	R6 000 000,00	100	0	Delay in appointment of service provider	appoint in the 1st quarter of 20/21 financial year	Completion certificate	R
To have integrated infrastructure development	Water	Construction of Bobobedu/ Moshate water supply (Mabosana)	Bobobedu/ Moshate water supply (Mabosana)	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R0,00	R4 500 000,00	100	0	Delay in appointment of service provider	appoint in the 1st quarter of 20/21 financial year	Completion certificate	R
To have integrated infrastructure development	Water	Construction of Sekogoo bulk water scheme phase 1	Sekogoo bulk water scheme phase 1	2020/07/01	2021/06/30	Water & Engineering Director	WSIG	R0,00	R8 000 000,00	100	0	Delay in appointment of service provider	appoint in the 1st quarter of 20/21 financial year	Completion certificate	R

	To improve community safety, health and social well-being	Fire	To purchase and deliver fire & rescue equipment	Fire & rescue Equipment	2020/07/01	2021/06/30	Senior Manager Community Services	MDM	R1 400 000,00		100	0	Delay in appointment of service provider	appoint in the 1st quarter of 20/21 financial year	Delivery note	R
	To improve community safety, health and social well-being	Fire	To purchase & deliver fire & rescue equipments	Specialised Vehicles	2020/07/01	2021/06/30	Senior Manager Community Services	MDM	R12 000 000,00	R13 000 000,00	100	0	Delay in appointment of service provider	appoint in the 1st quarter of 20/21 financial year	Delivery note	R
	To improve community safety, health and social well-being	Fire	To purchase & deliver Specialised fire vehicles	Refurbishment of specialised fire vehicles	2020/07/01	2021/06/30	Senior Manager Community Services	MDM	R1 800 000,00	R3 300 000,00	100	0	Delay in appointment of service provider	appoint in the 1st quarter of 20/21 financial year	Delivery note	R

## 2020/21 ANNUAL PERFORMANCE REPORT

### MFMV PROJECTS

Ref	Internal Ref / Indicator Code	Responsible Owner	KPI Name	Strategic Objective	National KPA	Municipal Programme	Source of Evidence	Original Budget	Revised Budget	Baseline	Original Annual Target	Performance Annual Target	YTD Actual	Challenges	Corrective Measures	Overall Performance for Quarter ending September 2020 to Quarter ending June 2021			
																Original Target	Revised Target	Actual	Result
TL220	CWP_146	Chief Financial Officer	Office Furniture	To inculcate entrepreneurial and intellectual capabilities	Municipal Transformation and Institutional Development	Governance	Delivery note	250 000	2 750 000	0	100	100	33.96	Insufficient budget	Project re budgeted in the 2021/22 Financial year	100	100	33.96	R
TL221	CWP_147	Chief Financial Officer	Purchase of Graders	To improve community safety, health and social well-being	Municipal Transformation and Institutional Development	Roads	Delivery note	#####	#####	0	100	100	68	Graders were partly procured	To Finalise procurement of the outstanding graders in the new financial year	100	100	68	R

#### Overall Summary of Results

N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	0
R	KPI Not Met	0% <= Actual/Target <= 66.999%	2
O	KPI Almost Met	67.000% <= Actual/Target <= 99.999%	0
G	KPI Met	Actual meets Target (Actual/Target = 100%)	0
G2	KPI Well Met	100.001% <= Actual/Target <= 132.999%	0
B	KPI Extremely Well Met	133.000% <= Actual/Target	0
<b>Total KPIs:</b>			<b>2</b>

Report generated on 18 August 2021 at 12:02.



MOPANI DISTRICT MUNICIPALITY

Service Provider Performance Assessments for 2020/21 Financial Year

Municipality  
Year end:  
Purpose:  
Reference:

Mopani District Municipality  
30-Jun-21  
List all projects for the financial year with their contracted values  
List of all contracts

1	Poor
2	Fair
3	Good
4	Satisfactory
5	Excellent

No	Directorate	Project name	Project/contract number	FUNDING	Contract Amount	Name of service provider	Award date	Term of contract	Status	Performance Rating	Challenges
1	Technical Services	Kampersus Bulk Water Scheme	Covid-001	COVID - MIG	R 8 800 000,00	Mabathavi Trading 43	05-Jun-20		Active	3	None
2	Technical Services	Lephephane Bulk Water	Covid-002	COVID - MIG	R 2 083 000,00	Mercy P Trading	05-Jun-20		Active	3	None
3	Technical Services	Lephephane Bulk Water	Covid-003	COVID - MIG	R 2 083 000,00	Matome Wamonareng	05-Jun-20		Active	3	None
4	Technical Services	Lephephane Bulk Water	Covid-004	COVID - MIG	R939,000.00	Matome Wamonareng	17-Jul-20		Active	3	None
5	Technical Services	Lulekani Water Scheme	Covid-005	COVID - MIG	R 2 900 000,00	Soza Mhlongo	05-Jun-20		Active	3	None
6	Technical Services	Maruleng LM Groundwater Augmentation to village	Covid-006	COVID - MIG	R 1 200 000,00	Nololelo Trading Enterprise (Pty) Ltd	05-Jun-20		Active	3	None
7	Technical Services	Maruleng LM Groundwater Augmentation to village	Covid-007	COVID - MIG	R 2 250 000,00	XJB	05-Jun-20		Active	3	None
8	Technical Services	Maruleng LM Groundwater Augmentation to village	Covid-008	COVID - MIG	R 2 250 000,00	Merething Labour Hire and Projects 2	05-Jun-20		Active	3	None
9	Technical Services	Modjadji Water Scheme ( Groundwater Augmentation)	Covid-009	COVID - MIG	R 1 600 000,00	TTR Infrastructure Developers	05-Jun-20		Active	3	None
10	Technical Services	Modjadji Water Scheme ( Groundwater Augmentation)	Covid-010	COVID - MIG	R 1 600 000,00	Mafambabasile Trading Enterprise	05-Jun-20		Active	3	None
11	Technical Services	Modjadji Water Scheme (Groundwater Augmentation-Connecting to existing service reservoirs	Covid-011	COVID - MIG	R6,000,000.00	Lokolang Trading Enterprise	17-Jul-20		Active	3	None
12	Technical Services	Nkamabko WTW ( Linking Boreholes to bulk to boost bulk water supply)		COVID - MIG	R 1 600 000,00	Nkumani Multi Projects (Pty) Ltd	05-Jun-20		Active	3	None
13	Technical Services	Nkamabko WTW ( Linking Boreholes to bulk to boost bulk water supply)		COVID - MIG	R 1 600 000,00	Swisasekile Trading Enterprise	05-Jun-20		Active	3	None
14	Technical Services	Nkamabko WTW ( Linking Boreholes to bulk to boost bulk water supply)- Sitting, drilling, testing and equipping of borehole and connecting for supply		COVID - MIG	R 1 600 000,00	High Performance Trading	10-Jun-20		Active	3	None
15	Technical Services	Refurbishing of existing borehole (equipping and electrification), rising main and water reticulation in Dzingidzingi	MDM 2020/21-039	COVID - MIG	R 6,157,789.94	Rigogo Projects (Pty) Ltd	07-Apr-21		Active	3	None
16	Technical Services	Refurbishment of Kgapan Water Treatment Plant		COVID - MIG	R 1 426 500,00	Frontnovators	05-Jun-20		Active	3	None
17	Technical Services	Refurbishment of Kgapan Water Treatment Plant		COVID - MIG	R 1 426 500,00	MOD J Projects (Pty) Ltd	05-Jun-20		Active	3	None
18	Technical Services	Refurbishment of Kgapan Water Treatment Plant		COVID - MIG	R 1 426 500,00	Mabule Rail and Infrastructure Solutions	05-Jun-20		Active	3	None
19	Technical Services	Refurbishment of Kgapan Water Treatment Plant		COVID - MIG	R 1 426 500,00	Frontnovators	05-Jun-20		Active	3	None
20	Technical Services	Refurbishment of Middle Letaba Water Scheme Cluster		COVID - MIG	R 7 759 179,62	Lokolang Trading Enterprise	21-Jan-20	36 Months	Active	2	None
21	Technical Services	Refurbishment of Middle Letaba WTW Scheme		MIG	17.50%	Mafumo Consulting	01-Oct-20		Active	2	None
22	Technical Services	Ritavi 2 Water Scheme		COVID - MIG	R 1 493 014,00	Chesterbury Trading & Projects	05-Jun-20		Active	3	None
23	Technical Services	Ritavi 2 Water Scheme		COVID - MIG	R 2 506 986,00	Ndumikamandla Trading Enterprise (Pty) Ltd	05-Jun-20		Active	3	None
24	Technical Services	Ritavi 2 water scheme (Sub-scheme 1) Phase 2	DM 2020/21-	COVID - MIG	R 47,477,277.00	Nandzu Trade and General Projects	07-Apr-21		Active	3	None
25	Technical Services	Sefototse to Ditshosine Bulk water supply ( Ramoroka)		COVID - MIG	R6,500,000.00	Mbanga Trading Enterprise	17-Jul-20		Active	3	None
26	Technical Services	Sefototse to Ditshosine Bulk Water Supply (Ramaroka)		COVID - MIG	R 1 600 000,00	Phokoyaka Trading and Projects	05-Jun-20	12 months	Active	3	None
27	Technical Services	Sekgopo Water Supply		COVID - MIG	R 1 600 000,00	Mogupane (Pty) Ltd	05-Jun-20		Active	3	None
28	Technical Services	Sekgopo Water Supply		COVID - MIG	R 1 600 000,00	Xilaveko Trading Enterprise	05-Jun-20		Active	3	None

29	Technical Services	Sekgopo Water Supply		COVID - MIG	R 2 300 000,00	Red Dot Trading Enterprise	05-Jun-20		Active	3	None
30	Technical Services	Selwane Water Scheme Phase 2 (Zava)		COVID - MIG	R 3 286 530,00	Ratanane Construction	05-Jun-20		Active	3	None
31	Technical Services	Thabina Regional Water Scheme		COVID - MIG	R 2 500 000,00	Melrose Civil and Building Construction	17-Jul-20		Active	3	None
32	Technical Services	Thabina Regional Water Scheme- Testing and equipping and connection to the system		COVID - MIG	R 950 000,00	Phato Global Services	10-Jun-20		Active	3	None
33	Technical Services	Thabina Regional Water Scheme- Testing and equipping and connection to the system		COVID - MIG	R 950 000,00	Rhulani & Xoliswa Enterprise	10-Jun-20		Active	3	None
34	Technical Services	Thabina Regional water Scheme- Testing and equipping of existing boreholes connection to the system		COVID - MIG	R 950 000,00	Tarcon Projects	10-Jun-20		Active	3	None
35	Technical Services	Tours Water Reticulation		COVID - MIG	R 2 024 315,00	Maekus (Pty) Ltd	05-Jun-20		Active	3	None
36	Technical Services	Tours Water Reticulation		COVID - MIG	R4,700,000.00	HLTC PTY LTD	20-Jul-20		Active	3	None
37	Technical Services	Tours Water Reticulation-Refurbishment of an existing booster pump station		COVID - MIG	R 2 024 315,00	Silver Solution 884	10-Jun-20		Active	3	None
38	Technical Services	Tours Water Reticulation-Refurbishment of an existing borehole and connecting to the existing system		COVID - MIG	R 540 000,00	Ngwako A Maloa Farming and Projects	10-Jun-20		Active	3	None
39	Technical Services	Tours Water Reticulation-Refurbishment of an existing borehole and connecting to the existing system		COVID - MIG	R 540 000,00	Makobatja Buildings CC	10-Jun-20		Active	3	None
40	Technical Services	Tours Water Reticulation-Refurbishment of n existing borehole and connecting to the existing system		COVID - MIG	R 540 000,00	PME Projects	10-Jun-20		Active	3	None
41	Technical Services	Zava water Supply - Refurbishment of existing reticulation and addition stand pipes		COVID - MIG	17.50%	I-Consulting Engineers	01-Oct-20		Active	3	None
42	Technical Services	Zava Water Supply-Refurbishment of Existing Reticulation and additional stand Pipes		COVID - MIG	R 4 500 000,00	I-Consulting Engineer	26-May-20		Active	3	None
43	Technical Services	Construction of Hoedspruit Bulk Water Supply		MIG	R 27 012 469,19	Zenobia Trading 24	19-Jan-18	36 Months	Active	3	None
45	Technical Services	Construction of Sefotse to Ditshosine Bulk Water Phase 2D		MIG	R 36 493 372,42	Eternity Star Investments	01-Jan-19		Active	3	None
46	Technical Services	Construction of Sefotse to Ditshosine Bulk Water Phase 2E		MIG	R 48 548 956,16	Seedi Developments	01-Mar-19		Active	3	None
47	Technical Services	Construction of VIP toilets Greater Giyani Municipality		MIG	R 3 696 300,00	Soza Mhlonga Electrical	09-Nov-20		Completed	3	None
48	Technical Services	Construction of VIP toilets Greater Giyani Municipality		MIG	R 3 696 300,00	Phem Consulting and Project Managers	09-Nov-20		Completed	3	None
49	Technical Services	Construction of VIP toilets Greater Giyani Municipality		MIG	R 499 500,00	Mwa – Mhlave Trading Enterprise	26-Oct-20		Completed	3	None
50	Technical Services	Construction of VIP toilets Greater Giyani Municipality		MIG	R 499 500,00	Samu 431 Trading (PTY)LTD	26-Oct-20		Completed	3	None
51	Technical Services	Construction of VIP toilets Greater Giyani Municipality		MIG	R 499 500,00	Shadu Trading Projects (PTY)LTD	26-Oct-20		Completed	3	None
52	Technical Services	Construction of VIP toilets Greater Giyani Municipality		MIG	R 499 500,00	Dobs 1818 Trading and Projects	26-Oct-20		Completed	3	None
53	Technical Services	Construction of VIP toilets Greater Giyani Municipality		MIG	R 499 500,00	Mncobela Trading Enterprise	26-Oct-20		Completed	3	None
54	Technical Services	Construction of VIP toilets Greater Giyani Municipality		MIG	R 499 500,00	Tsatsi & Kgau Trading	26-Oct-20		Completed	3	None
55	Technical Services	Construction of VIP toilets Greater Giyani Municipality		MIG	R 499 500,00	Tshidiso First Class Trading and Projects	26-Oct-20		Completed	3	None
56	Technical Services	Construction of VIP toilets Greater Giyani Municipality		MIG	R 499 500,00	Unamina and Sons Company	26-Oct-20		Completed	3	None
57	Technical Services	Construction of VIP toilets Greater Giyani Municipality		MIG	R 499 500,00	Vickzol Trading Services	26-Oct-20		Completed	3	None
58	Technical Services	Construction of VIP toilets Greater Giyani Municipality		MIG	R 3 696 300,00	Double Hot Spot (Pty) Ltd	24-Nov-20		Active	3	None
59	Technical Services	Construction of VIP toilets Greater Giyani Municipality		MIG	R 499 500,00	Dorision (Pty) Ltd	17-Nov-20		Completed	3	None
60	Technical Services	Construction of VIP toilets Greater Giyani Municipality		MIG	R 499 500,00	Ndzalo Construction and Engineering	17-Nov-20		Completed	3	None

61	Technical Services	Construction of VIP toilets Greater Giyani Municipality		MIG	R 499 500.00	Nsovo Trading Enterprise	17-Nov-20		Completed	3	None
62	Technical Services	Construction of VIP toilets Greater Giyani Municipality		MIG	R 499 500.00	Ngwako A Maloa Farming and Projects	17-Nov-20		Completed	3	None
63	Technical Services	Construction of VIP toilets Greater Letaba Municipality		MIG	R 3 696 300.00	Moswate Mapula Construction	09-Nov-20		Completed	3	None
64	Technical Services	Construction of VIP toilets Greater Letaba Municipality		MIG	R 3 696 300.00	Sigivo Trading Enterprise	09-Nov-20		Active	3	None
65	Technical Services	Construction of VIP toilets Greater Letaba Municipality		MIG	R 499 500.00	Black Pen Trading	26-Oct-20		Completed	3	None
66	Technical Services	Construction of VIP toilets Greater Letaba Municipality		MIG	R 499 500.00	Raphar Holdings	26-Oct-20		Completed	3	None
67	Technical Services	Construction of VIP toilets Greater Letaba Municipality		MIG	R 499 500.00	Elohim Holdings	26-Oct-20		Completed	3	None
68	Technical Services	Construction of VIP toilets Greater Letaba Municipality		MIG	R 499 500.00	Tsgrens MTE (PTY)	26-Oct-20		Completed	3	None
69	Technical Services	Construction of VIP toilets Greater Letaba Municipality		MIG	R 499 500.00	Kwanano Trading and Projects	26-Oct-20		Completed	3	None
70	Technical Services	Construction of VIP toilets Greater Letaba Municipality		MIG	R 499 500.00	Mercy P Trading	26-Oct-20		Completed	3	None
71	Technical Services	Construction of VIP toilets Greater Letaba Municipality		MIG	R 499 500.00	Reashoma Ditshosini Pounly (PTY)LTD	26-Oct-20		Completed	3	None
72	Technical Services	Construction of VIP toilets Greater Letaba Municipality		MIG	R 499 500.00	Sehlabene Multi Projects	26-Oct-20		Completed	3	None
73	Technical Services	Construction of VIP toilets Greater Letaba Municipality		MIG	R 499 500.00	Rubies and Pearls (PTY)LTD	26-Oct-20		Completed	3	None
74	Technical Services	Construction of VIP toilets Greater Letaba Municipality		MIG	R 3 696 300.00	Xilepfu Trading and Projects	24-Nov-20		Completed	3	None
75	Technical Services	Construction of VIP toilets Greater Letaba Municipality		MIG	R 499 500.00	Swisasekile Trading Enterprise	17-Nov-20		Completed	3	None
76	Technical Services	Construction of VIP toilets Greater Letaba Municipality		MIG	R 499 500.00	Mphamph General Trade and Projects	17-Nov-20		Completed	3	None
77	Technical Services	Construction of VIP toilets Greater Letaba Municipality		MIG	R 499 500.00	Mzerewa Group	17-Nov-20		Completed	3	None
78	Technical Services	Construction of VIP toilets Greater Letaba Municipality		MIG	R 499 500.00	Mudoti and Mohale (Pty) Ltd	17-Nov-20		Completed	3	None
79	Technical Services	Construction of VIP toilets Greater Letaba Municipality		MIG	R 499 500.00	Perrizon Homes	17-Nov-20		Completed	3	None
80	Technical Services	Construction of VIP toilets Greater Letaba Municipality		MIG	R 499 500.00	Peulane Engineering	17-Nov-20		Completed	3	None
81	Technical Services	Construction of VIP toilets Greater Tzaneen Municipality		MIG	R 3 696 300.00	JTZ Family Trading Enterprise	24-Nov-20		Completed	3	None
82	Technical Services	Construction of VIP toilets Greater Tzaneen Municipality		MIG	R 499 500.00	Mashale's Son Construction	17-Nov-20		Completed	3	None
83	Technical Services	Construction of VIP toilets Greater Tzaneen Municipality		MIG	R 499 500.00	Hakota Trading Enterprise	17-Nov-20		Completed	3	None
84	Technical Services	Construction of VIP toilets Greater Tzaneen Municipality		MIG	R 499 500.00	Frontnovators	17-Nov-20		Completed	3	None
85	Technical Services	Construction of VIP toilets Greater Tzaneen Municipality		MIG	R 499 500.00	Aspire Safety Consultants	17-Nov-20		Completed	3	None
86	Technical Services	Construction of VIP toilets Greater Tzaneen Municipality		MIG	R 499 500.00	Shingwenyani Trading and Projects	17-Nov-20		Completed	3	None
87	Technical Services	Construction of VIP toilets Greater Tzaneen Municipality		MIG	R 499 500.00	Rei Plant and Hire	17-Nov-20		Active	3	None
88	Technical Services	Construction of VIP toilets in Greater Tzaneen Municipality		MIG	R 3 696 300.00	Baybol General Trading	09-Nov-20		Completed	3	None
89	Technical Services	Construction of VIP toilets in Greater Tzaneen Municipality		MIG	R 3 696 300.00	Melrose Civil and Building Construction	09-Nov-20		Completed	3	None
90	Technical Services	Construction of VIP toilets in Greater Tzaneen Municipality		MIG	R 499 500.00	Bom and Sons General Trading	26-Oct-20		Completed	3	None
91	Technical Services	Construction of VIP toilets in Greater Tzaneen Municipality		MIG	R 499 500.00	Moraka Group (PTY)LTD	26-Oct-20		Completed	3	None
92	Technical Services	Construction of VIP toilets in Greater Tzaneen Municipality		MIG	R 499 500.00	Minatiou Trading	26-Oct-20		Completed	3	None
93	Technical Services	Construction of VIP toilets in Greater Tzaneen Municipality		MIG	R 499 500.00	Miyelani Phakula Trading (PTY)LTD	26-Oct-20		Completed	3	None
94	Technical Services	Construction of VIP toilets in Greater Tzaneen Municipality		MIG	R 499 500.00	Timbacha Trading	26-Oct-20		Completed	3	None
95	Technical Services	Construction of VIP toilets in Greater Tzaneen Municipality		MIG	R 499 500.00	Bejana Samuel Business Enterprise	26-Oct-20		Completed	3	None
96	Technical Services	Construction of VIP toilets in Greater Tzaneen Municipality		MIG	R 499 500.00	Nceda Connect (PTY) LTD	26-Oct-20		Completed	3	None

97	Technical Services	Construction of VIP toilets in Greater Tzaneen Municipality		MIG	R 499 500.00	Mothlapedi Trading Enterprise	26-Oct-20		Completed	3	None
98	Technical Services	Construction of VIP toilets in Ba-Phalaborwa Municipality		MIG	R 3 696 300.00	Rigogo Projects	09-Nov-20		Completed	3	None
99	Technical Services	Construction of VIP toilets in Ba-Phalaborwa Municipality		MIG	R 3 696 300.00	Capotex Trading Enterprise CC	09-Nov-20		Active	3	None
100	Technical Services	Construction of VIP toilets in Ba-Phalaborwa Municipality		MIG	R 499 500.00	Diamond and Golden Chariot (PTY) LTD	09-Nov-20		Completed	3	None
101	Technical Services	Construction of VIP toilets in Ba-Phalaborwa Municipality		MIG	R 499 500.00	MabosheJ (PTY) LTD	09-Nov-20		Completed	3	None
102	Technical Services	Construction of VIP toilets in Ba-Phalaborwa Municipality		MIG	R 499 500.00	RCM WOX (PTY) LTD	09-Nov-20		Completed	3	None
103	Technical Services	Construction of VIP toilets in Ba-Phalaborwa Municipality		MIG	R 499 500.00	JACKMASIYE PTY LTD	09-Nov-20		Completed	3	None
104	Technical Services	Construction of VIP toilets in Ba-Phalaborwa Municipality		MIG	R 499 500.00	XIGABALA	09-Nov-20		Completed	3	None
105	Technical Services	Construction of VIP toilets in Ba-Phalaborwa Municipality		MIG	R 3 696 300.00	Dinkong Supply and Projects	24-Nov-20		Completed	3	None
106	Technical Services	Construction of VIP toilets in Ba-Phalaborwa Municipality		MIG	R 499 500.00	Tshepiso Catering and Building	17-Nov-20		Completed	3	None
107	Technical Services	Construction of VIP toilets in Ba-Phalaborwa Municipality		MIG	R 499 500.00	Mmasalanabo Trading and Projects	17-Nov-20		Active	3	None
108	Technical Services	Construction of VIP toilets in Ba-Phalaborwa Municipality		MIG	R 499 500.00	Ndzunisani Trading and Projects	17-Nov-20		Completed	3	None
109	Technical Services	Construction of VIP toilets in Maruleng Municipality		MIG	R 3 696 300.00	Mabule Rail and Infrastructure Solutions	09-Nov-20		Completed	3	None
110	Technical Services	Construction of VIP toilets in Maruleng Municipality		MIG	R 499 500.00	Carpanathi Trading and Projects	09-Nov-20		Active	3	None
111	Technical Services	Construction of VIP toilets in Maruleng Municipality		MIG	R 499 500.00	EMM Trading and Projects	09-Nov-20		Completed	3	None
112	Technical Services	Construction of VIP toilets in Maruleng Municipality		MIG	R 499 500.00	Evely Building Enterprise and Projects	09-Nov-20		Completed	3	None
113	Technical Services	Construction of VIP toilets in Maruleng Municipality		MIG	R 499 500.00	Justmat Trading and Projects	09-Nov-20		Completed	3	None
114	Technical Services	Construction of VIP toilets in Maruleng Municipality		MIG	R 499 500.00	Moesedi Trading and Projects	09-Nov-20		Completed	3	None
115	Technical Services	Construction of VIP toilets in Maruleng Municipality		MIG	R 499 500.00	Moraba D and S Trading	09-Nov-20		Active	3	None
116	Technical Services	Construction of VIP toilets in Maruleng Municipality		MIG	R 499 500.00	Mphaphudi Driving School and Projects	09-Nov-20		Completed	3	None
117	Technical Services	Construction of VIP toilets in Maruleng Municipality		MIG	R 499 500.00	Norma Trading Enterprise	09-Nov-20		Completed	3	None
118	Technical Services	Construction of VIP toilets in Maruleng Municipality		MIG	R 499 500.00	Thuru Trading Business Enterprise	09-Nov-20		Completed	3	None
119	Technical Services	Construction of VIP toilets in Maruleng Municipality		MIG	R 499 500.00	Mofinah ETM Trading Enterprise	09-Nov-20		Completed	3	None
120	Technical Services	Construction of VIP toilets in Maruleng Municipality		MIG	R 499 500.00	Mokwerella General Trading	24-Nov-20		Completed	3	None
121	Technical Services	Construction of VIP toilets in Maruleng Municipality		MIG	R 499 500.00	Motshakhedi Construction	17-Nov-20		Completed	3	None
122	Technical Services	Kampersrus Bulk Water Scheme & Scotia Water Reticulation		MIG	R 12 123 400,23	Mvheve Civils	21-Jan-20	36 Months	completed	3	None
123	Technical Services	Kampersrus Bulk Water Scheme & Scotia Water Reticulation 2020A	MDM 2019/039	MIG	R 20 080 271,10	LebP Construction and Projects	19-Feb-20		Active	3	None
124	Technical Services	Kampersrus Engineers and project Managers		MIG	17.50%	HWA Engineers and projects Managers	01-Oct-20		Active	3	None
125	Technical Services	Lephephane Water Reticulation Phase 1 (Part 1 Long Valley)		MIG	R24,156,207.84	Good Example Trading	14-Oct-20		Active	3	None
126	Technical Services	Lephephane Water Reticulation Phase 1 (Part 2 Rasebalana)		MIG	R22,549,167.51	Lebp Construction and Projects	14-Oct-20		Active	3	None
127	Technical Services	Makhushane Water Scheme		MIG	R 11 384 577,05	Moswatswe Mapula Construction	21-Jan-20	36 Months	Active	3	None

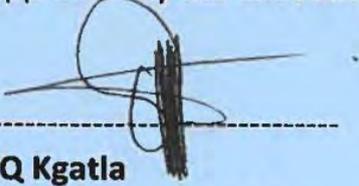
128	Technical Services	Makhushane Water Scheme		MIG	R 46 799 474,37	Moepeng Trading 40CC	07-Feb-20	36 Months	Active	3	None
129	Technical Services	Makhushane Water Scheme		MIG	17.50%	SML Projects	01-Oct-20		Active	3	None
130	Technical Services	Makhushane Water Scheme	DM 2020/21-0	MIG	R 8 212 822,69	Tarcon Projects	10-Mar-21		Active	3	None
131	Technical Services	Refurbishment & Upgrading Of Middle Letaba Wtw Scheme Cluster 7		MIG	R 3 839 556,88	Mafumo Consulting (Pty) Ltd	Oct-20		Active	3	None
132	Technical Services	Reticulation For Middle Letaba Cluster 6		MIG	R 6 349 700,94	Hltc(Pty) Ltd	20-Oct		Active	3	None
133	Technical Services	Ritavhi 2 water Scheme		MIG	17.50%	Diges	01-Oct-20		Active	3	None
134	Technical Services	Ritavi II Water Scheme (Sub-Scheme 1)		MIG	R 9 851 200,58	Gumela General Dealer and Projects	21-Jan-20	36 Months	Active	3	None
135	Technical Services	Rural Huousehold Sanitations (MDM)		MIG	17.50%	Diges	01-Oct-20		Active	3	None
136	Technical Services	Sekgosese Water Scheme 1A		MIG	R 17 415 239,20	Capotex Trading Enterprise	21-Jan-20	36 Months	Active	3	None
137	Technical Services	Sekgosese Water Scheme 1B		MIG	R 18 407 330,20	Bukuta BK CC	21-Jan-20	36 Months	Active	3	None
138	Technical Services	Sekgosese Water Scheme 1C		MIG	R 30 560 000,00	Nandzu Trade and General Projects	07-Feb-20	36 Months	Active	3	None
139	Technical Services	Sekgosese Water Scheme 1D	DM 2020/21-0	MIG	R 12 640 210,23	Bukuta BK CC	10-Mar-21		Active	3	None
140	Technical Services	Selwane Water Phase 2		MIG		LA MOSEDEKILE TRADING	20-Mar		Active	3	None
143	Technical Services	Thabina Regional Bulk Water Scheme Phase 3	DM 2020/21-0	MIG	R 48 490 516,03	Selby Construction	08-Mar-21		Active	3	None
144	Technical Services	Thabina Regional Water Scheme		MIG	R 19 452 201,00	Mamomama Trading	Feb-19		Active	3	None
145	Technical Services	Thabina Regional Water Scheme- (resizing & replacement of bulk water pipeline from Thabina to Lenyenyne		MIG	17.50%	Tangos Consultants	01-Oct-20		Active	3	None
146	Technical Services	Thabina Regional Water Scheme 2020A	MDM 2019/040	MIG	R 48 490 516,32	Selby Construction	19-Feb-20	36 Months	Active	3	None
147	Technical Services	Thapane Regional Water Scheme (Upgrading of Water Reticulation)		MIG	17.50%	Sizeya Consulting Engineers	01-Oct-20		Active	3	None
148	Technical Services	Thapane Water Supply Scheme Phase 2A		MIG	R 44 975 252,36	Zenobia Trading 242Cc			Active	3	None
149	Technical Services	Thapane Water Supply Scheme: Upgrading and extension Phase 2B	MDM 2017-052/014	MIG	R 29 122 386,58	Civil Elements (Pty) Ltd	21 Sep 2018	36 Months	Active	3	None
150	Technical Services	Tours Bulk Water Supply Phase 2	MDM 2017-052/011	MIG	R 26 866 180,93	Zenobia Trading 242	21 Sep 2018	36 Months	Active	3	None
151	Technical Services	Tours Water Reticulation- Bulk lines refurbishment and reticulation		MIG	17.50%	Tangos Consultants	01-Oct-20		Active	3	None
152	Technical Services	Tours Water Scheme bulk water refurbishment and reticulation	DM 2020/21-0	MIG	R 46 428 297,95	Ditlou Suppliers and services	10-Mar-21		Active	3	None
153	Technical Services	Upgrading Of Phalaborwa Sewage Works		MIG		Endecon Ubuntu (Pty)Ltd			Active	3	None
154	Technical Services	Upgrading Of Phalaborwa Sewage Works		MIG	R 24 623 638,79	Mascon Trading			Active	2	project delayed
155	Technical Services	Mamefja Sekororo RWS		RBIG	17.50%	HWA Engineers and projects Managers	01-Oct-20		Active	3	None
156	Technical Services	Mamefja Sekororo RWS 1B		RBIG	R 24 987 577,89	Edlin Civils & Logistics	14-Oct-20		Active	3	None
157	Technical Services	Mamefja Sekororo RWS 1B		RBIG	R 27 664 382,77	Eternity Star investment	14-Oct-20		Active	3	None
158	Technical Services	Mamefja Sekororo RWS- Refurbishment of water reticulation (Oaks, Finale and Santeng)		RBIG	17.50%	HWA Engineers and projects Managers	01-Oct-20		Active	3	None
159	Technical Services	Bolobedu Mashate Water Reticulation		WSIG	17.50%	Morwa Consulting Reticulation	01-Oct-20		Active	3	None
161	Technical Services	Bolobedu Moshate Water Supply-Construction of water pipeline, standpipes	DM 2020/21-0	WSIG	R 3 873 279,64	JTZ Family Enterprise CC	07-Apr-21		Active	3	None
162	Technical Services	Constructio of bulk water line in Kutjwana Village	DM 2020/21-0	WSIG	R 2 884 513,91	A AND Mele Civil Construction	07-Apr-21		Active	3	None
163	Technical Services	Eco Park (Xikikwane) water reticulation	DM 2020/21-0	WSIG	R 3 514 154,61	Mafile Rail and Infrastructure Solutions	07-Apr-21		Active	3	None

164	Technical Services	Giyani pipeline C & D Makhuva		WSIG	R	4 000 000,00	AES Consulting	26-May-20		Active	3	None
165	Technical Services	Giyani Pipeline C&D (Makhuva)	DM 2020/21-0	WSIG	R	3 110 167,47	Lizzy Jane Holding	07-Apr-21		Active	3	None
166	Technical Services	Giyani Pipelines C & D(Makhuva)		WSIG		17.50%	AES Consulting	01-Oct-20		Active	3	None
167	Technical Services	Giyani Water Scheme Pipeline A and B ( Dzingidzingi)		WSIG	R	7 800 000,00	Mtema Mashao Consulting Engineers	26-May-20		Active	3	None
168	Technical Services	Giyani Water scheme Pipeline A and B (Dzingidzingi)		WSIG		17.50%	Mtema Mashao Consulting Engineers	01-Oct-20		Active	3	None
169	Technical Services	Giyani Water Treatment Plant-Refurbishment of the Water treatment plant		WSIG		17.50%	Tangos Consultants	01-Oct-20		Active	3	None
170	Technical Services	Mamefja Sekororo RWS-refurbishment of existing water reticulation (Oaks, Finale and Santeng)	DM 2020/21-0	WSIG	R	3 674 441,71	Chango Business Enterprise	07-Apr-21		Active	3	None
171	Technical Services	Maselapata water supply-refurbishment , placement, and upgrading of Internal water reticulation Network-		WSIG	R	6 000 000,00	Tshatshu Consulting & Projects Managers	26-May-20		Active	3	None
172	Technical Services	Maselapata Water Supply-Refurbishment, Replacement of Internal water reticulation network		WSIG		17.50%	Tshatshu Consulting & Projects Managers	01-Oct-20		Active	3	None
173	Technical Services	Ngove Water Reticulation		WSIG	R	4 000 000,00	Sezigen Consulting Engineers and Project Managers	26-May-20		Active	3	None
174	Technical Services	Ngove Water Reticulation		WSIG		17.50%	Tshatshu Consulting & Projects Managers	01-Oct-20		Active	3	None
175	Technical Services	Nhlaniki Upgrading of Water Reticulation		WSIG	R	4 000 000,00	Mafumo Consulting (Pty) Ltd	26-May-20		Active	3	None
176	Technical Services	Nhlaniki Upgrading Of Water reticulation		WSIG		17.50%	Mafumo Consulting	01-Oct-20		Active	3	None
177	Technical Services	Nhlaniki Upgrading Of Water reticulation	DM 2020/21-0	WSIG	R	3 062 248,75	Capotex Trading Enterprise	10-Mar-21		Active	3	None
178	Technical Services	Refurbishment of Namakgale WWTW		WSIG		17.50%	ROMH Consulting	01-Oct-20		Active	3	None
179	Technical Services	Refurbishment of Nkambako Water Treatment Works		WSIG	R	4 000 000,00	Mont Consulting	26-May-20		Active	3	None
180	Technical Services	Refurbishment of Nkambako Water Treatment works		WSIG		17.50%	Mont Consulting	01-Oct-20		Active	3	None
181	Technical Services	Refurbishment, rehabilitation and upgrading of Internal Water reticulation network and Development of Borehole in Kuranta		WSIG		17.50%	Botshabelo Consulting Engineering	01-Oct-20		Active	3	None
182	Technical Services	Refurbishment, rehabilitation and upgrading of Internal Water reticulation network and Development of Borehole in Makwibidung		WSIG		17.50%	Sky high Consulting Engineers	01-Oct-20		Active	3	None
183	Technical Services	Refurbishment, rehabilitation and upgrading of Internal Water reticulation network and Development of Borehole in Mokwasela		WSIG		17.50%	Kgosihad Consulting	01-Oct-20		Active	3	None
184	Technical Services	Refurbishment, Rehabilitation and Upgrading of Internal Water Reticulation Network and Borehole at Mokwasela		WSIG	R	4 000 000,00	Kgosihad Consulting	26-May-20		Active	3	None
185	Technical Services	Refurbishment, rehabilitation and upgrading of internal water reticulation network and borehole in Mokwasela	DM 2020/21-0	WSIG	R	3 758 283,62	Perrizon Homes	07-Apr-21		Active	3	None
186	Technical Services	Refurbishment, Rehabilitation and Upgrading of Internal Water Reticulation Network and development of Borehole in Kuranta		WSIG	R	4 000 000,00	Botshabelo Consulting Engineers	26-May-20		Active	3	None
187	Technical Services	Refurbishment, Rehabilitation and Upgrading of Internal Water Reticulation Network and development of Borehole in Mariveni (phase 2)		WSIG	R	4 000 000,00	Sky high Consulting Engineers	26-May-20		Active	3	None
188	Technical Services	Rehabilitation and Upgrading of Internal Water Reticulation and development of borehole in Kuranta	DM 2020/21-0	WSIG	R	3 260 722,13	Maleboti Construction	10-Mar-21		Active	3	None

189	Technical Services	Rehabilitation and Upgrading of Internal Water Reticulation Network and Borehole in Khujwana		WSIG	R	3 584 600,00	Nevhatalu Consulting Engineers	26-May-20		Active	3	None
190	Technical Services	Reticulation upgrade and electrical power provision at sewer plant-Senwamokgope Village/Township	MDM 2020/21-041	WSIG	R	3 080 417,21	Bet Deep Trading	07-Apr-21		Active	3	None
191	Technical Services	Rotterdam (Manyunyu) Grounwater Scheme		WSIG		17.50%	Makasela Consulting Projects	01-Oct-20		Active	3	None
192	Technical Services	Rotterdam Groundwater Scheme		WSIG		17.50%	Makasela Consulting and Projects	26-May-20		Active	3	None
193	Technical Services	Senwamokgope Village/Township sewer bulk line Reticulation upgrade & electrical power provision at Sewer plant		WSIG		17.50%	SML Projects	01-Oct-20		Active	3	None
194	Technical Services	Senwamokgope Village/Township Sewer Bulk line reticulation upgrade & Electrical power Provision at Sewer Plant		WSIG	R	4 000 000,00	SML Projects	26-May-20		Active	3	None
195	Technical Services	Supply and Erection of Concrete Plaisade Fencing at Maruleng Landfill	MDM 2020/21-041		R	3 292 524,75	Madintshi Construction	10-Mar-21		Active	4	None
196	Budget & Treasury	Salary system support		MDM	Ad hoc		Payday	Expired		Expired	3	None
197	Budget & Treasury	Asset management		MDM	Ad hoc		ARMS	May-21		Expired	3	None
198	Budget & Treasury	Accounting consultants		MDM	Rates		Matseba	19-Apr-18		Active	3	None
199	Budget & Treasury	VAT services		MDM	Ad hoc		Munisoft	N/A		Active	4	None
200	Budget & Treasury	Financial Systems		MDM	Ad hoc		Munisoft	N/A		Active	4	None

## 2020/21 ANNUAL PERFORMANCE REPORT

The report is hereby submitted in terms of Sec 46 of the Local Government: Municipal Systems Act 32 of 2000. I hereby certify that the report is a true reflection of the Mopani District Municipality's performance against the 2020/21 Original and Revised Service Delivery Budget Implementation Plan as approved by the Executive Mayor and Council.



**Mr Q Kgatla**  
MUNICIPAL MANAGER  
MOPANI DISTRICT MUNICIPALITY

31/8/2021  
DATE



# CHAPTER - 4:

## ORGANISATIONAL DEVELOPMENT PERFORMANCE

### PERFORMANCE REPORT PART II

2020 - 2021

## 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. T4.0.1

### 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	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2018/19	41	13	31%
2019/20	76	21	27%
2020/21	91	12	13%
* 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 2020/21 financial year. It incurred 36% vacancy rate. High vacancy rates also existed for highly skilled supervision levels 9-12 (excluding finance posts) at 83% and Fire Fighters at 63.5%. Other challenges were:

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

## 4.2. POLICIES

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

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

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

T4.2.1

### 4.3. INJURIES , SICKNESS AND SUSPENSIONS

NUMBER OF DAYS AND COST OF SICK LEAVE (EXCLUDING INJURIES ON DUTY) 2020/21						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 13-14)	181	0%	49	84	0,28	12888
Skilled (Levels 9-12)	600	3%	40	101	0,06	5250
Highly skilled production (levels 5-8)	362	6%	30	213	0,82	18000
Highly skilled supervision (levels 3-4)	131	5%	108	46	0,83	19000
Senior management (Levels 0-2)	0	0%	0	4	0,00	0

MM and S57	7	0%	0	0	0,00	0
<b>Total</b>	<b>1 281</b>		<b>227</b>			
* - Number of employees in post at the beginning of the year						T 4.3.2
*Average is calculated by taking sick leave in column 2 divided by total employees in column 5						

## WORKFORCE POLICY DEVELOPMENT:

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

**T4.2.1.1**

**4.3.3**

## COMMENT ON INJURY AND SICK LEAVE:

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

**T4.3.4**

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

**T4.3.5**

## **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.

**T4.3.3.7**

## **4.4. PERFORMANCE REWARDS**

No performance rewards/ bonuses paid for 2020/21 for all employees. The municipality have budgeted three million for payment of performance bonuses in the 2020/21. However, the budget was not utilized due to the fact that officials below senior manager did not sign performance plans. In August 2021 the department of Cooperative governance approved the staff establishment circular. The circular provide for the officials below senior managers to assessed. The municipality will in 2021/22 financial year develop Performance policy in accordance with the circular from COGTA. The project will kickstart in the 2022/23 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 3 passed on. Municipal Organizational structure was reviewed for 2020/21 Financial year.

#### 4.5. SKILLS DEVELOPMENT AND TRAINING

Skills Matrix 2020/21														
Management level	Gender	Employees in post as at 30 June 2020	Number of skilled employees required and actual as at 30 June 2021											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0
MM and s57	Female	2	-	-	-									
	Male	4	-	-	-									
Councillors, senior officials and managers	Female	2	-	-	-									
	Male	3	-	-	-									
Technicians and associate professionals*	Female	2	-	-	-	2	2	2				2	2	2
	Male	11	-	-	-	6	6	6				6	6	6
Professionals	Female	6	5	5	5				1	1	1	6	6	6
	Male	11	6	6	6				2	2	2	8	8	8
Sub total	Female	12		5	5		2	2						
	Male	29		6	6		6	6						
Total														

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

T 4.5.1

## COMPETENCY LEVELS FOR THE OTHER EMPLOYEES

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

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

T4.5.4

### COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

#### 4.6. MUNICIPAL WORKFORCE EXPENDITURE

Disclosure regarding the 2020/21 remuneration packages for the Executive Mayor, Councillors and Section 56 Managers were as follows:

**Table 4.3: Remuneration packages- 2020/21**

DESIGNATION	TOTAL SALARIES & WAGES
Executive Mayor	R934 650
Full-Time Councillor-Speaker	R755 878

Full-Time Councillor-Chief whip	R711 187
Executive Councillors	R711 187
Councillors	R403 817
Municipal Manager	R 1 355 476
Chief Financial Officer	R 890 034
Senior Manager Water services	R 1 352 053
Senior Manager Technical services	R 533 646
Senior Manager Corporate Services	R 1 662 483
Senior Manager Community Services	R 366 206
Senior Manager Planning & Development	R 1 318 922

#### OTHER EMPLOYEES

EXPENDITURE	ACTUALS
Employee related costs	R460 416 799
Remuneration of Councillors	R 13 077 371



# CHAPTER - 5:

# FINANCIAL PERFORMANCE

2020 - 2021

## 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.

**T5.0.1**

## **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.

**T5.1.0**

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

**T5.1.2**

R' 000						
Description	2019/20	Current: 2020/21		2020/21		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Financial Performance</b>						
Property rates					–	0
Service charges	234 161	198 499	198 499	309 328	155,83	155,83
Investment revenue	19 298	13 702	13 702	6 479	47,29	47,29
Mopani District Municipality					89	

Transfers recognised - operational	928 151	1 135 221	1 134 792	1 134 912	99,97	100,01
Other own revenue	67 439	46 337	177 428	231 771	500,18	130,63
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 249 049</b>	<b>1 393 760</b>	<b>1 524 421</b>	<b>1 682 491</b>	<b>20,72</b>	<b>110,37</b>
Employee costs	426 811	397 854	413 718	460 417	115,73	111,29
Remuneration of Councillors	33 624	14 233	14 313	13 077	91,88	91,36
Depreciation & asset impairment	374 364	251 230	251 230	250 830	99,84	99,84
Finance charges	66 798	491	491	38 839	7	7
Materials and bulk purchases	241 239	358 724	471 973	489 679	918,30	918,30
Transfers and grants	-	-	-	-	-	-
Other expenditure	367 129	258 436	293 126	316 373	122,42	107,93
<b>Total Expenditure</b>	<b>1 509 964</b>	<b>1 280 968</b>	<b>1 444 850</b>	<b>1 569 215</b>	<b>122,50</b>	<b>108,61</b>
<b>Surplus/(Deficit)</b>	<b>(260 915)</b>	<b>112 792</b>	<b>79 571</b>	<b>113 276</b>	<b>100,43</b>	<b>142,36</b>
Transfers recognised - capital	348 212	528 638	780 362	616 639	116,65	79,02
Contributions recognised - capital & contributed assets					-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>87 297</b>	<b>641 430</b>	<b>859 932</b>	<b>729 915</b>	<b>113,80</b>	<b>84,88</b>
Share of surplus/ (deficit) of associate					-	-
<b>Surplus/(Deficit) for the year</b>	<b>87 297</b>	<b>641 430</b>	<b>859 932</b>	<b>729 915</b>	<b>113,80</b>	<b>84,88</b>
					<b>#DIV/0!</b>	<b>#DIV/0!</b>
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	-	-	-	-	-	-
Transfers recognised - capital	316 207	532 342	694 934	612 637	115,08	88,16
Public contributions & donations	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-
Internally generated funds	8 924	35 070	152 660	-	-	-
<b>Total sources of capital funds</b>	<b>325 131</b>	<b>567 412</b>	<b>847 595</b>	<b>612 637</b>	<b>107,97</b>	<b>72,28</b>
<b>Financial position</b>						
Total current assets	29 197	1 708 343	551 520	-	-	-
Total non-current assets	(1 180)	5 840 140	8 670 772	-	-	-

Total current liabilities	50 772	2 759 073	1 666 637	-	-	-
Total non-current liabilities	(86 844)	103 552	286 171	-	-	-
Community wealth/Equity	64 088	4 685 857	7 269 484	-	-	-
<b>Cash flows</b>						
Net cash from (used) operating	1 335 648	612 909	934 737	-	-	-
Net cash from (used) investing	(301 489)	(567 412)	(847 595)	-	-	-
Net cash from (used) financing	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	1 707 019	14 444	56 090	-	-	-
<b>Cash backing/surplus reconciliation</b>						
Cash and investments available	217 669	(1 472 525)	(1 669 849)	-	-	-
Application of cash and investments	1 406 688	(1 685 509)	(1 273 906)	-	-	-
<b>Balance - surplus (shortfall)</b>	(1 189 019)	212 984	(395 944)	-	-	-
<b>Asset management</b>						
Asset register summary (WDV)	4 388 987	6 340 131	6 620 313	-	-	-
Depreciation & asset impairment	183 231	186 056	186 056	-	-	-
Renewal of Existing Assets	51 600	35 380	75 422	-	-	-
Repairs and Maintenance	115 328	37 823	121 234	-	-	-
<b>Free services</b>						
Cost of Free Basic Services provided	-	-	-	-	-	-
Revenue cost of free services provided	136	55	55	-	-	-
<b>Households below minimum service level</b>						
Water:	43 935	43 935	43 935	-	-	-
Sanitation/sewerage:	98 019	98 019	98 019	-	-	-
Energy:	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1</i>						
						<b>T 5.1.1</b>

Financial Performance of Operational Services						
						R '000
Description	2019/20	2020/21		2020/21 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water	1 211 878	815 719	916 288	781 759	95,84%	85,32%
Waste Water (Sanitation)	949 507	923 210	923 210	411 860	44,61%	44,61%
Electricity	3 551	2 661	2 661	836	31,43%	31,43%
Waste Management		–	–	–		
Housing		–	–	–		
Component A: sub-total	2 164 936	1 741 590	1 842 159	1 194 455		
Waste Water (Stormwater Drainage)						
Roads	6 361	7 742	6 042	2 482	32,06%	41,08%
Transport						
Component B: sub-total						
Health	27 193	35 675	32 925	18 943	53,10%	57,53%
Security and Safety	83 494	65 645	75 730	39 276	59,83%	51,86%
Sport and Recreation	1 748	4 753	1 880	607	12,76%	32,26%
Corporate Policy Offices and Other	1 671 158	161 540	172 468	137 167	84,91%	79,53%
Component D: sub-total	1 783 594	267 613	283 003	195 992		
<b>Total Expenditure</b>	<b>3 989 545</b>	<b>2 029 694</b>	<b>2 138 044</b>	<b>1 398 078</b>		

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

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

## 5.2. GRANTS

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

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

- (a) MIG – 100%
- (b) WSIG – 31%
- (c) RRAMS -100%
- (d) EPWP - 100%
- (e) FMG - 100%

### T5.2.2

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

## 5.3. ASSET MANAGEMENT

### INTRODUCTION TO ASSET MANAGEMENT

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

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

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

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

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

- The assets of the municipality, including the safeguarding and the maintenance of those assets.

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

The Municipal Manager shall ensure that:

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

#### T5.3.1

TREATMENT OF THE THREE LARGEST ASSETS FOR 2020/21				
Assets 1				
<b>Name</b>	Jopie Mawa Ramotshinyadi Water Supply			
<b>Description</b>	Construction of bulk water supply pipeline			
<b>Asset Type</b>	Infrastructure Asset – Bulk supply pipeline			
<b>Key staff involved</b>	Project Management Unit			
<b>Staff responsibilities</b>	Overall management and implementation of the project			
<b>Asset Value</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	167 950 884.79	309 565 863.09	316 476 481	171 103 815.42
<b>Capital implications</b>	Budget allocation for refurbishment and maintenance of the asset			
<b>Future purpose of asset</b>	Access to clean bulk water supply to the community			
<b>Describe key issues</b>	Access to basic services			
<b>Policies in place to manage asset</b>	Asset Management Policy			

Assets 2	
<b>Name</b>	Sefototse to Ditshosini Bulk Water Supply (Bellevue, Sefototse)

<b>Description</b>	Construction of bulk water supply pipeline			
<b>Asset Type</b>	Infrastructure Asset – Bulk supply pipeline			
<b>Key staff involved</b>	Project Management Unit			
<b>Staff responsibilities</b>	Overall management and implementation of the project			
<b>Asset Value</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	6 000 000	46 438 419.98	97 865 256.72	204 744 568.51
<b>Capital implications</b>	Budget allocation for refurbishment and maintenance of the asset			
<b>Future purpose of asset</b>	Access to clean bulk Water Supply to the community			
<b>Describe key issues</b>	Access to basic service and Job creation			
<b>Policies in place to manage asset</b>	Asset Management Policy			

<b>Asset 3</b>				
<b>Name</b>	Thapane Water Supply Scheme – Upgrading and Extension			
<b>Description</b>	Upgrading and extension of water treatment plant			
<b>Asset Type</b>	Infrastructure Asset - Water Treatment			
<b>Key staff involved</b>	Project Management Unit			
<b>Staff responsibilities</b>	Management and Monitoring of projects			
<b>Asset Value</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	8 549 992.05	29 222 382.97	106 019 192.34	131 361 486.37
<b>Capital implications</b>	Budget allocation for refurbishment and maintenance of the asset			
<b>Future purpose of asset</b>	Access to clean bulk Water Supply to the community			
<b>Describe key issues</b>	Access to basic service and Job creation			
<b>Policies in place to manage asset</b>	Asset Management Policy			
				<b>T5.3.2</b>

### COMMENT ON ASSET MANAGEMENT:

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

T5.3.3

REPAIR AND MAINTENANCE EXPENDITURE 2020/21				
				R`000
	Original budget	Adjustment budget	Actual	Budget variance
Repairs and maintenance expenditure	161 083	266 123	305 510	39 387
T5.3.4				

#### COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

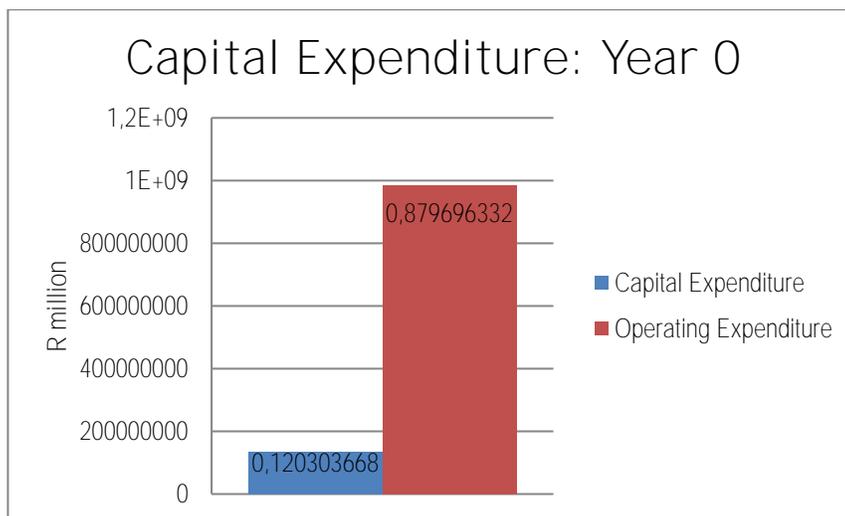
The maintenance plan in respect of every new infrastructure assets was not adequately prepared. The repairs and maintenance vote is not adequately monitored. Every director is responsible for ensuring that all assets (other than infrastructure assets) are properly maintained and in a manner, which will ensure that such item attain their useful operating lives. **T5.3.4.1**

## 5.4. FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

### COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

## 5.5. CAPITAL EXPENDITURE

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



## 5.6.

R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure					
Operating Expenditure	373 <sup>1</sup>	1 572	2 944	46,6%	53,4%
<b>Total expenditure</b>					
Water and sanitation					
Electricity					
Housing					
Roads, Pavements, Bridges and storm water					
Other					
External Loans					
Internal contributions					
Grants and subsidies	135 <sup>1</sup>	1 135	2 270	50,0%	50,0%
Other					
Property rates	–				
Service charges	198	198	397	50,0%	50,0%
Other own revenue	59	286	345	17,1%	82,9%
				0,0%	0,0%
Employee related costs	412	424	836	49,3%	50,7%
Provision for working capital					
Repairs and maintenance	161	266	427	37,7%	62,3%
Bulk purchases	240	255	494	48,5%	51,5%
Other expenditure	560	627	1 187	47,2%	52,8%
			–		

## 5.7. CAPITAL SPENDING ON 5 LARGEST PROJECTS

CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS*					
2020/21					
R' 000					
Name of Project	Current: 2020/21				Variance: 2020/21
	Actual Expenditure	Original Variance (%)	Actual Expenditure	Original Variance (%)	Actual Expenditure
Objective of Project	Water supply to Kamoersrus and Scotia communities				
Delays	Covid-19 pandemic and national lockdown				
Future Challenges	Infrastructure vandalism				
Anticipated citizen benefits	Improved water service supply and socio-economic development				
<b>Name of Project - B</b>	<b>Ritavhi 2 Water Scheme (Sub-Scheme 1)</b>				
Objective of Project	Water supply to Kamoersrus and Scotia communities				
Delays	Covid-19 pandemic and national lockdown				
Future Challenges	Infrastructure vandalism				
Anticipated citizen benefits	Improved water service supply and socio-economic development				
<b>Name of Project - C</b>	<b>Sekgosese Water Scheme</b>				
Objective of Project	Water supply to Kamoersrus and Scotia communities				
Delays	Covid-19 pandemic and national lockdown				
Future Challenges	Infrastructure vandalism				
Anticipated citizen benefits	Access to water services and socio-economic development				
<b>Name of Project - D</b>	<b>Thabina Regional Water Scheme (The Resizing &amp; Replacement of Bulk Water Pipeline from Thabina to Lenyeny)</b>				
Objective of Project	Water supply to Kamoersrus and Scotia communities				
Delays	Covid-19 pandemic and national lockdown				
Future Challenges	Infrastructure vandalism				
Anticipated citizen benefits	Improved access to water supply and local economic development				
<b>Name of Project - E</b>	<b>Makhushane Water Scheme</b>				
Objective of Project	Water supply to Kamoersrus and Scotia communities				
Delays	Covid-19 pandemic and national lockdown				
Future Challenges	Infrastructure vandalism				
Anticipated citizen benefits	Improved access to water supply and local economic development				
T 5.7.1					

## 5.8. BASIC SERVICE AND INFRASTRUCTURE BACKLOGS- OVERVIEW

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

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

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

**T5.8.**

SERVICE BACKLOGS AS AT 30 JUNE 2021				
	*Service level above minimum standard		**service level below minimum standard	
	No. HHs	%HHs	No. HHs	%HHs
<b>Water</b>	249 925	84.3%	46 395	15.7%
<b>Sanitation</b>	251 976	85%	44 344	15.7%
<b>Electricity</b>	257 798	87%	38 522	13%
<b>Waste management</b>	53 300	18.7%	241 020	81.3%
<b>Housing</b>	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%.

**T5.8.4**

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

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

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

### 5.9. CASH FLOW

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

CASH FLOW OUTCOMES				
				R'000
Description	Year - 2019/20	Current: 2020/21		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	109 211	201 951	229 104	7 376
Government - operating	928 151	1 139 552	1 139	1 134 912
Government - capital	427 233	526 413	563	524 168
Interest	19 508	13 702	55	111 576
Dividends				
<b>Payments</b>				
Suppliers and employees	(1 008 531)	(1 268 709)	(1 193)	(1 333 462)

Finance charges	(53929)	–	(491)	(28 151)
Transfers and Grants	–	–	–	–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	268 617	612 909	229 178	627 845
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE				(62 637)
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
<b>Payments</b>				
Capital assets	(339 448)	(567 412)	(898)	(700 378)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(55 136)</b>	<b>(567 412)</b>	<b>(898)</b>	<b>(185 722)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
<b>Payments</b>				
Repayment of borrowing				
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>55 136</b>	<b>45 497</b>	<b>228 281</b>	<b>(185 722)</b>
Cash/cash equivalents at the year begin:	<b>161 636</b>	<b>(31 052)</b>	<b>216 772</b>	<b>216 772</b>
Cash/cash equivalents at the year-end:	<b>216 772</b>	<b>14 444</b>	<b>445 053</b>	<b>31 050</b>
<i>Source: MBRR A7</i>				<b>T 5.9.1</b>

## 5.10. 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.

## 5.11. PUBLIC PRIVATE PARTENERSHIP

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

### COMPONENT D: OTHER FINANCIAL MATTERS

## 5.12. SUPPLY CHAIN MANAGEMENT

### SUPPLY CHAIN MANAGEMENT

MDM had review the SCM policy in financial 2020/21 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 Councillor member appointed or interfering in handling bidding process. Eleven officials employed in SCM have MFMA competency level as per Regulation guideline however the MDM continuously developed SCM official through training & workshop to future capacities SCM official to enhance compliance.

**T5.12.1**

## 5.13. 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.

**T5.13.1**



## CHAPTER - 6:

# AUDITOR-GENERAL AUDIT FINDINGS

2020 - 2021

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

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

The municipality received a Disclaimer audit opinion from the Auditor-General for the 2020/21 financial year, refer to the audit opinion below:

**COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS  
2019-20**

**6.1. AUDITOR GENERAL REPORTS 2019/20**

**AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE 2020/21**

<b>Status of audit report:</b>	DISCLAIMER AUDIT OPINION
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Commitments register omplete	The municipality has begun with the process of populating and updating of information on the commitment register. This process involves the verification of the status of the projects to determine whether projects are still in progress and qualify to be included in the contract register and those that are completed to be taken out of the register.
Difference between AFS and commitments register – Comparative figure	The municipality has begun with the process of populating and updating of information on the commitment register. This process involves the verification of the status of the projects to determine whether projects are still in progress and qualify to be included in the contract register and those that are completed to be taken out of the register.

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

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

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

items as recorded on the inter-municipal schedules and the general ledger of the local municipalities, BPM, GLM, GTM and MLM	
Intangible Assets - Prior Period Error.	Resolved during AFS adjustment. This was the issue of mapping relating to PABX telephone expenditure which was erroneously recorded as asset instead of operational expense.
Property, plant and equipment incorrectly classified as inventory.	Review inventory issued for items that meet the definition of an asset for capitalisation.
Fuel card usage on Vehicle not in the Asset register.	Review the list of vehicles and reconcile with the asset register to ensure that all vehicles are updated in the asset register.
Intangible Assets - Prior Period Error.	Review depreciation calculations.
Payment voucher including all the supporting documents.	All payments paid are reconciled with the bank statement and scanned before filing, to ensure completeness ,
Fruitless and wasteful expenditure register was not reconciled to the underlying records.	Regular reviews to be performed regularly to ensure that the register is complete and accurate.
Vat receivable not properly reconciled.	Expenditure Management Unit to ensure that monthly VAT reconciliations are performed. CFO to review the VAT reconciliations on a monthly basis.
VAT Receivable - Returns not traceable to the general ledger and Journals not supported.	Ensure monthly VAT reconciliations are performed. CFO to review the VAT reconciliations on a monthly basis. A file that supports all the recon and statement of account from SARS to be kept and the reports that we received from local municipality to be consolidated and properly filed.
Payments not made within 30 days	Deputy manager expenditure to maintain and review proper invoice register to ensure that invoices are paid within 30 days.
<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 0.</i>	
	T 6.2.1

**AUDITOR-GENERAL REPORT ON SERVICE DELIVERY PERFORMANCE: 2020/21**

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

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

## Report on the audit of the financial statements

### Disclaimer of opinion

1. I was engaged to audit the financial statements of the Mopani District Municipality set out on pages 7 to 80, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for disclaimer of opinion

#### Property, plant and equipment

3. I was unable to obtain sufficient appropriate evidence for infrastructure assets, work in progress, other property, plant and equipment, undefined difference and furniture fixtures and IT equipment, amounting to R4 096 068 203, R1 889 423 360, R46 527 589, R4 064 762, R1 424 286 and (R1 232 845) respectively included in property plant and equipment due to the status of record keeping of the municipality. I was unable to confirm infrastructure assets, work in progress and other property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustment were necessary to infrastructure assets, work in progress and other property, plant and equipment disclosed in note 3 to the financial statement. Since the property plant and equipment balance is used in the determination of depreciation reported in the statement of financial performance, I was unable to determine whether any adjustment were necessary to depreciation from infrastructure assets, other property, plant and equipment, undefined difference, furniture and fixtures stated at R179 591 725, R4 283 651, (R4 064 762), R636 023 respectively disclosed in note 3 to the financial statement.

## Expenditure

4. The municipality did not have adequate internal controls systems for classifying expenditure by nature as required by GRAP 1, *Presentation of financial statements*. I have identified general expenses of R96 196 119 that were incorrectly classified as repairs and maintenance. Furthermore there were repairs and maintenance costs of R7 239 787 that were incorrectly classified as general expenses. Consequently, repairs and maintenance and general expenses are overstated by R96 196 119 and R7 239 787 respectively.
5. GRAP 1, *Presentation of financial statements* requires each material class of similar items to be presented separately in the financial statements and that items of a dissimilar nature or function be presented separately unless they are immaterial. With reference to note 29 to the financial statements, general expenses, an amount of R31 983 576 was disclosed as other expenses. Included in this amount is expenditure amounting to R22 325 350 for VAT recovery services which was not presented separately in the note 29 to the financial statements. The municipality did not classify expenditure as required by GRAP 1, *Presentation of Financial Statements*.
6. The municipality did not recognise expenditure in terms of GRAP 1, *Presentation of Financial Statements*. I have identified items of property, plant and equipment amounting to R16 404 257 that were expensed instead of being capitalised as property, plant and equipment in terms of GRAP 17, *Property, plant and equipment*. Consequently, repairs and maintenance stated at R305 510 232 is overstated by R16 404 257. There is a resultant impact on property, plant and equipment and surplus for the period.
7. The municipality did not have adequate internal controls for accounting for expenditure on the usage of inventories. I have identified expenditure on inventories of R63 717 922 that was expensed on purchase instead of being expensed through use in terms of GRAP 12, *Inventories*. The expenditure as per the accounting system was not reconciled to the inventory records. Consequently repairs and maintenance stated at R305 510 232 was overstated. I was unable to determine the full extent of the overstatement, as it was impracticable to do so due to the nature of the underlying records. There is a resultant impact on inventories and surplus for the period.
8. The municipality did not properly account for bulk purchases in the accounting records. I have identified a difference of R10 054 382 between bulk purchases as per the statement of financial performance of R184 169 129 and bulk purchases of R174 114 747 as per the underlying records. Consequently bulk purchases stated at R184 169 129 in the statement of financial performance is overstated by R10 054 382. There is a consequential impact on surplus for the period and payables from exchange transactions.

## Receivables from exchange transactions

9. GRAP 104, *Financial instruments* requires, an entity to assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. The municipality did not assess whether there was any objective evidence that the Ba-Phalaborwa local municipality receivable amounting to R472 903 827 (2019/20: R302 010 237) was impaired. Ba-Phalaborwa local municipality has not repaid any portion of the outstanding debt in the current and prior periods. I was unable to determine whether any

further adjustment was necessary to the Ba-Phalaborwa local municipality receivable stated at R472 903 827 (2020: R302 010 237) as per note 7 to the financial statements.

10. The municipality did not establish adequate internal controls to reconcile its receivables. I have identified unexplained differences between the district's records and Ba-Phalaborwa local municipality's records amounting to R224 689 925. I have further noted that the receivable was not correctly accounted for in accordance with the service level agreement between the district and the local municipality, resulting in a difference of R128 450 873. I was unable to audit the differences by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the Ba-Phalaborwa local municipality receivable stated at R472 903 827 (2020: R302 010 237) in note 7 to the financial statements.
11. I was unable to obtain sufficient appropriate audit evidence for consumer debtors due to the difference between the financial statements and the underlying records. In addition the municipality did not disclose the consumer debtors in accordance with GRAP 104, *Financial instruments*. I could not confirm the consumer debtors by alternative means. I was unable to determine whether any further adjustments were necessary to consumer debtors stated at R227 447 093 in note 7 to the financial statements.
12. The municipality did not implement adequate internal control systems for recording and accounting for Value Added Taxation (VAT). I identified an unexplained differences between the financial statements and the underlying records amounting to R55 696 114. In addition, the municipality did not provide supporting records for the restatement of the corresponding figure for VAT receivables from R55 065 203 as previously reported to R166 847 080 and journals amounting to R81 933 326 that were processed in the prior year without supporting documentation. The restatement also affect the current period's closing balance. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary for VAT receivable stated at R222,484,993 (2020: R166 847 080) in note 7 to the financial statements.

#### **Payables from exchange transactions**

13. Included in payables from exchange transactions of R1 649 933 472 as per note 13 to the financial statements, are debtors with credit balances amounting to R17 915 527. The municipality did not implement adequate internal controls systems for allocating payments received from customers, resulting in some customers having positive and negative balances on various services while the overall balance is a positive balance. The disclosed credit balances are not true credit balances but missallocations. Consequently debtors with credit balances stated at R17 915 527 are overstated by R17 915 526. There is a consequential impact on consumer debtors.
14. I was unable to obtain sufficient appropriate audit evidence for other payables, trade creditors, Department of Water and Sanitation, Lepelle Northern Water, SITA and Eskom trade payables included in payables from exchange transactions due to significant differences identified between the financial statements and the underlying records. The municipality did not reconcile these balances to the underlying records. I was unable to confirm these payables by alternative means. Consequently, I was unable to determine whether any further adjustments

to payables from exchange transactions stated at R1 649 933 472 in note 13 to the financial statements were necessary.

15. The municipality did not establish adequate internal control systems for reconciling amounts it owes to the Water Service Providers (WSPs), Greater Tzaneen Municipality, Greater Giyani Local Municipality, Maruleng Local Municipality and Greater Letaba Local Municipality and the related agency fee due to these municipalities. I have identified differences between amounts as per the district municipality's records and amounts as per the local municipalities' records.. I have further identified errors in the computation of these payables amounting R19 218 260. This has an impact on the opening balances as well. I further identified a difference of R4 420 106 on agency fees payable. Consequently, payables from exchange transactions stated at R1 649 933 472 (2020: R1 712 594 998) in note 13 to the to the financial statements are understated by R23 638 366.

#### Revenue from exchange transactions

16. Included in revenue from exchange transactions as per note 15 to the financial statements is discount received of R160 942 118. Lepelle Northern Water wrote off a portion of the municipality's outstanding amount on the account for purchase of bulk water. The discount received constitute debt forgiveness in terms of GRAP 23, *Revenue from non-exchange transactions*. The municipality incorrectly accounted for the debt forgiveness as revenue from exchange transactions. Consequently, revenue from exchange transactions stated at R547 578 380 in note 15 to the financial statements is overstated by R160 942 118. Revenue from non-exchange transactions is understated by the same amount.
17. I identified a difference of R12 478 906 between the financial statements and the underlying records for service charges and interest on outstanding debtors. The municipality did not properly reconcile the general ledger to the underlying records. Consequently revenue from exchange transactions stated at R 547 578 380 in note to the financial statements is overstated by R12 478 906 There is a resultant impact on receivables from exchange transactions and surplus for the period.

#### Revenue from non-exchange transactions

18. The municipality did not recognise and disclose services in kind in terms of GRAP 23, *Revenue from non-exchange transactions*. The municipality's is occupying an office building situated within the Giyani Government Complex belonging to the Limpopo Provincial Government under the custodianship of the Department of Public Works, Roads and Infrastructure. The building is used as the municipality's head office for no consideration. Consequently revenue from non-exchange transactions stated at R1 751 551 494 in note 15 to the financial statements is understated. I was unable to determine the full extent of the understatement as it was impracticable to do so. There is a resultant impact on expenditure and surplus for the period.
19. Included in capital grants of R616 639 103 in note 21 to the financial statements, is revenue from government grant (capital) 12 amounting to R36 090 004. The nature of this revenue was not disclosed, however my audit identified that this amount is from the Regional Bulk Water Infrastructure Grant (RBIG). The municipality recognised the revenue contrary to the requirements of GRAP 23, *Revenue from non-exchange transactions*, which requires that as

an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it shall reduce the carrying amount of the liability recognised and recognise an amount of revenue equal to that reduction. The municipality recognised the revenue on the grant without using it for its intended purpose. Consequently, capital grants stated at R616 639 103 in note 21 to the financial statements is overstated by R36 090 004 and unspent conditional grants is understated by the same amount.

20. GRAP 1, *Presentation of financial statements*, requires that each material class of similar items be presented separately in the financial statements. Items of a dissimilar nature or function should be presented separately unless they are immaterial. With reference to note 21 to the financial statements, Water Service Infrastructure Grant includes an amount of R3 700 000 described as other. MIG and drought relief grant includes other of R42 300 000 and R27 100 000 respectively for the prior period. The nature of the other was not specified. These amounts refers to the portion of the unspent conditional grants that were deducted from the equitable share allocation for the current and prior year for roll over requests of unspent funds that were not approved by National Treasury.

#### **Cash and cash equivalents**

21. The municipality did not correctly disclose the cash book balances in the notes to the financial statements as required by section 125(a)(ii) of the MFMA. The cash book balances as disclosed in note 9 to the financial statements was overstated by R39 119 716.

#### **Employee benefit obligations**

22. I have identified inconsistencies on the disclosure of employee benefit obligation as per note 35 to the financial statements. The present value of the Post Employment Benefit Plan (PEMA) benefit of R50 362 210 is not consistent with the amount presented under the PEMA membership data of R29 457 000. There is an unexplained difference of R20 905 210. The amount used on the sensitivity analysis of R34 636 000 is also not consistent with the amount as per the main note. The amount used on the sensitivity analysis for long service awards of R23 052 000 is not consistent with the liability amount of R26 686 376 as per the main note. The five year history of the post employment benefit obligation was incorrectly referred to as a sensitivity analysis based on the medical care inflation. In addition the PEMA amount of R67 246 881 as per this disclosure is not consistent with the amount as per the main note. The disclosure was not presented in a clear and logical manner contrary to the requirements of GRAP 1, *Presentation of financial statements* which requires the presentation of information, including accounting policies, in a manner which provides relevant, reliable, comparable and understandable information. In some instances the narrative information refers to prior year information as current year information. I have not included a detailed description of all the presentation errors in this audit report as it was impracticable to do so.
23. In addition the municipality did not disclose the post employment obligation in accordance with GRAP 25, *Employee benefits*. Key assumptions and liability amounts attributable to local municipalities were omitted in the narrative disclosures.
24. I have identified differences between the assumptions used in the valuation of employee benefit obligation and the underlying records. The municipality did not reconcile the

differences between the actuarial reports and the underlying records. I was unable to confirm the differences by alternative means. Consequently, I was unable to determine whether any adjustments were necessary for employee benefit obligation of R76 748 957 as per note 35 to the financial statements.

### Multi-employer plans

25. The municipality did not disclose multi-employer plans in note 44 to the financial statements in accordance with GRAP 25, *Employee benefits*. The following disclosures were omitted:
- A description of the funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements.
  - A description of the extent to which the entity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan.
  - A description of any agreed allocation of a deficit or surplus on: wind-up of the plan or the entity's withdrawal from the plan.
  - The expected contributions to the plan for the next reporting period.
  - Information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity.
  - An indication of the level of participation of the entity in the plan compared with other participating entities.

The multi-employer plans were not disclosed in sufficient detail to enable a detailed understanding of the municipality's financial exposure in the multi-employer plans.

### Inventories

26. The municipality did not implement adequate internal controls systems for accounting for inventory. I have identified items of property, plant and equipment that were recognised as inventories contrary to the requirements of GRAP 12, *Inventories*. In addition, I have identified differences between the value of inventories as per the inventories schedule that supports the financial statements and the amount as per the underlying records. Consequently, inventories stated at R30 467 636 in note 6 to the financial statements is overstated by R11 566 981. There is a resultant impact on property, plant and equipment. I was unable to determine the impact of these misstatements on other account balances and classes of transactions as it was impracticable to do so.

### Statement of comparison of budget and actual amounts

27. GRAP 24, *Budget information* requires the municipality to present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements. The municipality did not present a comparison of budget and actual amount for the statement of cash flows in the statement of comparison of budget and actual amount as required by GRAP 24, *Budget information*.

28. The municipality did not have adequate controls in place for reconciling the statement of comparison of budgets and actual amounts to the underlying records. I have identified an undefined difference of R171 785 263 on the statement and R30 467 636 as a result of a casting error on the total assets. In addition no actual amounts were presented for inventories and cash and cash equivalents. The actual amount of receivables from exchange transactions of R721 954 081 as per the statement differ to the amount of R949 401 174 as per note 7. The actual amount for contracted services was presented under general expenses, thus understanding actual expenditure for contracted services. The statement of comparison of budget and actual was not properly prepared to account for how the approved budget was spent.
29. The municipality did not by way of a note disclosure provide an explanation of material differences between the budget for which the municipality is held publicly accountable and actual amounts as required by GRAP 24, *Budget information*.
30. The accounting policy on budget information states that the approved budget is prepared on a cash basis and presented by functional classification linked to performance outcome objectives. The statement of comparison of budget and actual amounts also states that the budget is on a cash basis. This is contrary to the approved budget, as the budget was prepared on an accrual basis.

#### Statement of cash flows

31. The municipality did not correctly prepare and disclose the statement of cash flows as required by Standards of GRAP 2, *Cash flow statements*. I have identified an undefined difference of R104 209 507 on net cash flows from operating activities (2019/20: R5 741 923). In addition, I identified a difference of R141 942 618 (2019/20: R5 741 917) between the year end cash and cash equivalents balance as per the statement of cash flows and the amount as per the statement of financial position. I was not able to determine the full extent of the errors in the statement of cash flows as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities, investing activities and financing activities stated at R311 732 151, R612 637 301 and R26 759 930 respectively in the statement of cash flows was necessary.

#### Going concern

32. The municipality did not correctly prepare and disclose the going concern note 30 as required by Standards of GRAP 1, *Presentation of financial statements*. The municipality disclosed that total liabilities exceeded total assets by R5 356 202 130 whereas in the financial statements it is the total assets that exceed total liabilities by R5 356 202 130. The municipality did not disclose some of the material uncertainties related to events or conditions that may cast significant doubt upon the municipality's ability to continue as a going concern. This includes failure to adopt a fully funded budget, failure to collect revenue on water and sanitation, the impact of litigations on the going concern assessment and that current liabilities exceed current assets by R749 927 241. I have not included all the omitted information in this auditor's report as it was impracticable to do so.

## Risk Management

33. The municipality is exposed to a number of risks associated with holding material financial instruments. Contrary to the requirements of Standards of GRAP 104, *Financial instruments*, the municipality did not fully disclose the nature and extent of risks arising from financial instruments in note 37 of the financial statements. The municipality should disclose the fair value hierarchy of financial instruments, profiling and assessment of credit risk of a group or subgroup of debtors and the market risk analysis. Furthermore, the accounting policy was not properly completed as major classes of financial assets and liabilities were not disclosed.
34. The Municipality did not calculate the liability maturity analysis for the liquidity risk disclosures in accordance with of Standards of GRAP 104, *Financial instruments*. Consequently the liquidity risk maturity analysis disclosed in note 37 of the financial statements had cash and cash equivalents understated by R1 607 916, payables from exchange overstated by R 43 431 075 (2020: R19 230 451), finance lease liabilities understated by R5 651 015 and receivables from exchange transactions understated by R726 916 181 (2020: R65 123 710).

## Presentation of financial statements

35. The municipality did not disclose correctly items in the financial statements notes, including accounting policies, in a manner which provides relevant, reliable, comparable and understandable information as per Standards of GRAP 1, *Presentation of financial statements*. The municipality did not disclose accounting policies on significant judgements and sources of estimation uncertainty for provisions, long service awards and impairment of assets. Incorrect accounting policies were made on the impairment of payables as well as stating that property plant and equipment was carried on a revaluation basis when it was carried on a historical basis. Details on major classes of intangible assets, amortisation method and useful lives were omitted from the intangible asset policy. The cost formula for the valuation of inventory was not included in the accounting policy for inventories.
36. The municipality further omitted accounting policies for VAT receivables, discount received, multi- employer plans, MFMA disclosures, correction of prior period errors and reclassification of comparative figures. I have not included the omitted information in the auditor's report as it is impracticable to do so.
37. The municipality did not assess and disclose in the notes to the financial statements new standards of GRAP that were issued but not yet effective as per standards of GRAP 3, *Accounting policies, changes in accounting estimates and errors*. I have not included the omitted information in the auditor's report as it is impracticable to do so.

## Contingents liabilities

38. Included in contingent liabilities of R400 025 981 as per note 33 to the financial statements are cases amounting to R201 496 771 that do not meet the definition of a contingent liability as per GRAP 19, *Provisions, contingent liabilities and contingent assets*. Consequently contingent liabilities stated at R400 025 981 as per note 33 to the financial statements are overstated by R201 496 771.

## Contingent assets

39. I was unable to obtain sufficient appropriate evidence for contingent assets amounting to R115 193 676. The municipality didn't have systems in place for determining whether the contingent assets meet the recognition criteria as per GRAP 19, *Provisions, contingent assets and liabilities*. The municipality included all claims it had against third parties as contingent assets without performing an assessment on each case on whether inflows of economic benefits or service potential had become probable. I was unable to confirm the contingent assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to contingent assets stated at R115 193 676 in note 33 to the financial statements.

## Unauthorised expenditure

40. The municipality incorrectly calculated current year unauthorised expenditure of R80 584 359 as per note 39 to the financial statements. I have identified an additional unauthorised expenditure amounting to R186 988 596. that was not disclosed in the financial statements. Consequently, unauthorised stated at R884 767 317 as per note 39 to the financial statements is understated by R186 988 596. In addition, the municipality did not include the required information on unauthorised expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. The municipality spent funds in excess of the limits of certain votes of the budget and the budget overall.

## Fruitless and wasteful expenditure

41. In terms of the revised settlement and payment agreement entered into between Mopani District Municipality and Lepelle Northern Water Board, Lepelle Northern Water reduced the municipality's liability by R160 942 118, made up of historical debt of R61 516 348 and accrued interest of R99 425 769. The municipality did not reduce the fruitless and wasteful expenditure balance disclosed in note 40 to the financial statements with the interest charges previously recognised. In addition, I have identified that the municipality had not fully accounted for the interest as only R69 595 819 of the total accrued interest of R99 425 769 was included in the municipality's opening balance for fruitless and wasteful expenditure of R359 244 383. Consequently, fruitless and wasteful expenditure opening balance is understated by R29 829 950 and the closing balance is overstated by R69 595 819. There is a consequential impact on accumulated surplus.
42. Included in current year fruitless and wasteful expenditure of R43 709 506, is interest and penalties amounting to R15 525 000 for Lepelle Northern Water. I was unable to obtain sufficient appropriate evidence for this interest as management did not provide any underlying records to support the amount. I was unable to confirm this amount by alternative means. Consequently, I was unable to determine whether any further adjustments to fruitless and wasteful expenditure stated at R402 953 889 in note 40 to the financial statements were necessary. There is a consequential impact on general expenses, surplus for the period and payables from exchange transactions.
43. The municipality did not include the required information on fruitless and wasteful expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. The

municipality incurred fruitless and wasteful expenditure on the account for bulk water purchases due to the account not being settled within 30 days from the date of receipt of the invoices.

#### **Irregular expenditure**

44. The municipality did not include the particulars of all irregular expenditure in the notes to the financial statements as required by section 125(2)(d)(i) of the Municipal Finance Management Act of South Africa (Act No. 56 of 2003) (MFMA). Furthermore, the municipality did not implement adequate internal control systems to identify and record all instances of irregular expenditure in both the current and prior year. This resulted in the irregular expenditure disclosure being understated. The full extent of the misstatement of irregular expenditure could not be quantified as it was impracticable to do so. Consequently, I was unable to determine the extent of adjustments necessary to the opening and closing balance of irregular expenditure disclosure stated at R1 461 554 028 (2020: R 1 161 276 023) in note 41 to the financial statements.

#### **Accounting by principals and agents**

45. The municipality did not disclose principal agent relationships in accordance with GRAP 108, *Accounting by principals and agents*. Key terms and conditions of the agreements entered into with local municipalities within the district for the provision of water and sanitation services on behalf of Mopani District Municipality were not included in note 46 to the financial statements. The municipality did not disclose significant judgements made in making the decision of whether they are the principal or agent as required by GRAP 109, *Accounting by principals and agents*. Included in the note is an amount of R16 765 693 described as revenue that the principal is entitled to and R15 691 956 described as write-offs, settlements or waivers. The disclosure is incorrect as the principal agent relationship between Mopani District Municipality and the Department of Water and Sanitation does not result in revenue that accrues to the department. In addition there were not write-offs, settlements or waivers of R15 691 956. The R15 691 956 represents amounts reimbursed by the department for expenditure incurred on its behalf.

#### **Commitments**

46. The municipality restated the comparative figure for commitments from R474 513 127 as previously reported to R478 907 963 in order to correct errors identified on commitments in the prior year. I have identified a difference of R34 400 000 between the restated comparative figure and the amount as per the underlying records. In addition, I have identified commitments amounting to R11 591 604 that were removed from the commitments register without any justification. Consequently the comparative figure for commitments disclosed in note 32 to the financial statements is understated by R45 991 604.
47. The municipality did not maintain adequate internal control systems for recording and accounting for commitments. I have identified differences amounting to R70 139 389 between commitments as per the commitments register and the underlying records. In addition, I identified commitments of R29 122 387 that were not recorded in the accounting records. Consequently commitments stated at R365 256 879 in note 32 to the financial statements are overstated by R41 017 002.

## Deviation from supply chain management regulations

48. The municipality did not disclose deviations from normal supply chain management processes in accordance with Municipal Supply Chain Management Regulations 36(2) which requires the accounting officer to record reasons for any deviations in terms of subregulation (1)(a) and include them as a note to the annual financial statements. In addition, I was unable to obtain sufficient appropriate evidence for deviations stated at R33 009 103 in note 43 to the financial statements as supporting documents were not provided for audit. Consequently, I was unable to determine if any adjustments were required to deviation stated at R33 009 103 in note 43 to the financial statements.

## Distribution losses

49. The municipality did not disclose water distribution losses contrary to the requirements of MFMA s125(2)(d). I have identified water distribution losses amounting to R92 084 967 (2019/20: R62 026 428) as per the underlying records. Consequently water distribution losses are understated by R92 084 967 (2020: R62 026 428).

## Related parties

50. Contrary to the requirements of GRAP 20, *Related party disclosures*, management did not disclose the municipality's related party relationship with municipal councillors. In addition remuneration of councillors amounting to R13 077 092 was incorrectly presented as part of employee related costs on note 22 to the financial statements.
51. The municipality did not disclose the remuneration of management personnel in accordance with GRAP 20, *Related-party disclosures*. The remuneration of management should be disclosed per person and in aggregate, for each class of management, in the following categories: fees for services as a member of management; basic salary; bonuses and performance related payments; other short-term employee benefits; post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care; termination benefits; other long-term benefits; any commission, gain or surplus sharing arrangements; and any other benefits received. As per note 22 of the financial statements, the remuneration of management was disclosed into the following categories: annual remuneration, car allowance and other per person. The total remuneration of management as per note 22 is not consistent with the remuneration of management of R10 260 841 as per note 34, *Related parties*. The remuneration was not disclosed in aggregate into the categories as per GRAP 20, *Related parties*.
52. In addition, a member of management for legal services and a councillor as per the underlying records for related parties were omitted in the disclosure per person on note 22. Some members of the governing body, council, were included as part of management contrary to the requirements of GRAP 20, *Related parties*, which requires that where an entity has a governing body that is separate from its senior management group, disclosures about remuneration of the two groups be made separately. The municipality did not implement adequate internal controls systems to ensure that all related parties relationships and remuneration is disclosed as per the requirements of GRAP 20, *Related parties*.

53. The municipality incorrectly included relationships with local municipalities as part of the related parties disclosure. Local municipalities do not meet the definition of a related party as per GRAP 20, *Related parties*. The local municipalities falls within the scope of GRAP 109, *Accounting by principals and agents*.

### **Emphasis of matter**

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

### **Restatement of corresponding figures**

55. As disclosed in note 36 to the financial statements, some corresponding figures for 30 June 2020 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2021.

### **Other matters**

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

### **Unaudited supplementary schedules**

57. 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**

58. 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**

59. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Financial Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 4 of 2020 (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.
60. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

61. My responsibility is to conduct an audit of the financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.
62. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code), as well as the other ethical requirements that relevant to my audit of the financial statements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

### Report on the audit of the annual performance report

#### Introduction and scope

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

Development priorities	Pages in the annual performance report
Development priority (2) – Basic Service Delivery	14 – 80

66. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and

related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

67. The material findings on the reliability of the performance information of the selected development priorities are as follows:

#### **Development priority 2 – Basic Service Delivery**

##### **Number of households with access to water**

68. I was unable to obtain sufficient appropriate audit evidence for the achievement of 4 509 households with access to water reported against a target of 30 000 households in the annual performance report, due to the lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

#### **Other matters**

69. I draw attention to the matters below.

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

70. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraph 67 of this report.

##### **Adjustment of material misstatements**

71. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of basic service delivery. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information. Those that were not corrected are reported above.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

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

## **Annual financial statements and annual reports**

74. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a disclaimer audit opinion.
75. The annual financial statements were not submitted to the Auditor-General, for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

## **Procurement and contract management**

76. Sufficient appropriate audit evidence could not be obtained that some of the contracts were awarded in accordance with the legislative requirements as supporting evidence could not be for audit purposes resulting in limitation of scope.
77. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). This non-compliance was identified in the procurement processes for the water reticulation projects. Furthermore sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 were procured by inviting competitive bids This non-compliance was identified in the procurement processes for the water reticulation projects
78. Sufficient appropriate audit evidence could not be obtained that bid specifications were unbiased and allowed all potential suppliers to offer their goods or services, as required by SCM Regulation 27(2)(a). This non-compliance was identified in the procurement processes for water reticulation projects.
79. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM Regulation 22(1) and 22(2). This non-compliance was identified in the procurement processes for the water reticulation projects. Furthermore sufficient appropriate audit evidence could not be obtained that some invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM Regulation 22(1) and 22(2). This non-compliance was identified in the procurement processes for the water reticulation projects
80. Some of the contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding and quotations, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations. This non-compliance was identified in the procurement processes for the water reticulation projects. Furthermore sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria 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. This non-compliance was identified in the procurement processes for the water reticulation projects
81. Some of the contracts were awarded through a competitive bidding processes that were not adjudicated by the bid adjudication committee as required by SCM Regulation 29(1)(a) and (b). This non-compliance was identified in the procurement processes for the water reticulation

projects. Furthermore 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.

82. Some of the contracts were made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by SCM Regulation 29(5)(b). Furthermore sufficient appropriate audit evidence could not be obtained that some of the contracts awarded were ratified by the accounting officer as required by SCM Regulation 29(5)(b). This non-compliance was identified in the procurement processes for the water reticulation projects
83. Sufficient appropriate audit evidence could not be obtained in some instances to show that councilors of the municipality did not participate in committees evaluating or approving tenders and quotations in as required by section 117 of the MFMA.
84. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).
85. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration showing whether they were employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c). This non-compliance was identified in the procurement processes for the water reticulation projects
86. Sufficient appropriate audit evidence could not be obtained that shows that measures to combat the abuse of the SCM system were implemented as per the requirements of SCM Regulation 38(1), by carrying out assessment of contractors previous performance.
87. Sufficient appropriate audit evidence could not be obtained that shows that some goods or services procured under contracts secured by other organs of state were in accordance with Regulation 32
88. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act.
89. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of section 2(1)(a) Preferential Procurement Policy Framework Act and its regulations.
90. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders that scored the highest points in the evaluation process as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and 2017 Preferential Procurement Regulations 11.
91. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders based on points given for criteria that were stipulated in the original

invitation for bidding and quotations, as required by the 2017 Preferential Procurement Regulation 5(1) & 5(3).

92. Sufficient appropriate audit evidence could not be obtained that tenders which failed to achieve the minimum qualifying score for functionality were disqualified as unacceptable tender in accordance with 2017 Preferential Procurement Regulation 5(6)
93. Sufficient appropriate audit evidence could not be obtained that tenders which failed to achieve the minimum qualifying score for functionality were not evaluated further in accordance with 2017 Preferential Procurement Regulation 5(7).
94. Sufficient appropriate audit evidence could not be obtained that invitations to tender for procurement of commodities designated for local content and production, stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2).
95. Sufficient appropriate audit evidence could not be obtained that commodities designated for local content and production, were procured from suppliers who submitted a declaration on local production and content as required by the 2017 Preferential Procurement Regulation 8(5).
96. Sufficient appropriate audit evidence could not be obtained that commodities designated for local content and production, were procured from suppliers who met the prescribed minimum threshold for local production and content, as required by the 2017 Preferential Procurement Regulation 8(5).
97. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM Regulation 5.
98. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the water reticulation projects.
99. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA. Similar limitation was also reported in the prior year. This limitation was identified in the procurement processes for the rural household sanitations
100. Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions in contravention of MFMA 112(1)(j) and SCM Regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM Regulation 38(1).
101. Some of the persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM Regulation 46(2)(e).

### **Utilisation of conditional grants**

102. The Regional Bulk Infrastructure Grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 17(1) of the Division of Revenue Act (Act 4 of 2020).
103. Performance in respect of programmes funded by the Regional Bulk Infrastructure Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 4 of 2020).

### **Expenditure management**

104. 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.
105. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by not adhering to the competitive bidding processes in accordance with SCM regulations.
106. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the fruitless and wasteful expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed fruitless and wasteful expenditure was caused by penalties due to non-payment of bulk water purchases from the department of water and sanitation.
107. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the unauthorised expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed unauthorised expenditure was caused by was caused by spending in excess of the approved limits in several votes.

### **Revenue management**

108. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

### **Assets management**

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

### **Consequence management**

110. 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.

111. 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**

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

### **Other information**

113. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.

114. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

115. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

116. 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**

117. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

118. The accounting officer and management did not exercise adequate oversight responsibility regarding financial and performance reporting and compliance with laws and regulations.

Leadership did not exercise effective monitoring over the implementation of the audit action plan resulting in recurring prior year issues.

119. Consequence management was not adequately implemented to deter non-performance and promote clean administration.
120. The basic accounting principles of daily and monthly accounting and reconciling of transactions was not adequately implemented and monitored.
121. The financial statements and the annual performance report are not reviewed for accuracy and completeness by the accounting officer.
122. The accounting officer does not effectively manage and monitor the water and sanitation functions delegated to the local municipalities.
123. Finance officials lack necessary skills and competencies to fulfil their duties, resulting in the excessive use of consultants.
124. Internal controls for monitoring compliance with laws and regulations are ineffective as they do not detect and prevent instances of non-compliance with applicable laws and regulations.
125. The internal control monitoring mechanisms of the municipality are not functioning optimally, as many control weaknesses are only discovered during the audit of the financial statements and performance information.

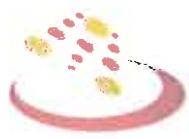
#### Other reports

126. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
127. The Special Investigating Unit is investigating the procurement of goods and services that was in contravention of supply chain management laws and regulations and other matters as per the proclamations issued. The investigation was still in progress at year end.

128. The municipality appointed an external service provider to conduct an investigation on the contract for deep fumigation in the district following claims submitted by the service provider in excess of R25 000 000. The investigation was finalised towards year end and the matter is currently with the accounting officer for further action.

Auditor-General  
Polokwane

14 February 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



# APPENDICES

2020 - 2021

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

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE						
#	Council Members	Full Time/Part Time	Committee Allocated	*Ward and/ or Party Represented	Number of meetings	Percentage of meetings attendance
No		FT/PT			#	%
1	Cllr PJ Shayi	FT	MAYCO	ANC	10/10	100
2	Cllr WD Sedibeng	FT	Council	ANC	10/10	100
3	Cllr MN Maswanganyi	FT	Council	ANC	10/10	100
4	Cllr Modjadji GD	FT	MAYCO	ANC	09/10	90
5	Cllr Baloyi NN	FT	MAYCO	ANC	08/10	80
6	Cllr Maake MD (Deceased)	FT	MAYCO	ANC	10/10	100
7	Cllr Mohale MC	FT	MAYCO	ANC	10/10	100
8	Cllr Sefufi MH	FT	MAYCO	ANC	09/10	90
9	Cllr Malatji GH	FT	MAYCO	ANC	10/10	100
10	Cllr EJ Mathonsi	FT	MAYCO	ANC	07/10	70
11	Cllr MA Mathaba	PT	MAYCO	ANC	09/10	90
12	Cllr MI Shimange-Fazi	FT	MAYCO	ANC	07/10	70
13	Cllr ML Maloko	PT	Committee of Chairs Chair	ANC	08/10	80
14	Cllr MC Nkhwashu	PT	Chairperson MPAC	ANC	09/10	90
15	Cllr KJ Malepe	PT	Chair: Sports, Arts & Culture	ANC	08/10	80
16	Cllr SJ Nkuna	PT	Chair: Roads & Transport	ANC	08/10	80
17	Cllr ML Mokgobi	PT	Chair : Agriculture	ANC	10/10	100
18	Cllr PT Malatji	PT	Chair: Water Services	ANC	06/10	60

19	Cllr FM Moroatshehla	PT	Chair: Community Development	ANC	06/10	60
20	Cllr GA Maluleke	PT	Chair: Governance & Shared Services Ethics	ANC	10/10	100
21	Cllr MR Makasela	PT	Chair : LED & Water Services	ANC	09/10	90
22	Cllr TC Zitha	PT	MPAC	ANC	09/10	90
23	Cllr KI Rapatsa	PT	MPAC Ethics	ANC	10/10	100
24	Cllr NA Sono (Deceased)	FT	MAYCO	ANC	4/4	100
25	Cllr MA Helm	PT	Governance & shared services	DA	06/10	60
26	Cllr Hlungwana I	PT	MPAC	EFF	02/10	20
27	Cllr MO Maswanganyi	PT	Sports, Arts & Culture Infrastructure	ANC	07/10	70
28	Cllr CM Ramathoka	PT	Finance & Agriculture Ethics	EFF	06/10	60
29	Cllr GJ Mashele	PT	Chair: Finance	ANC	02/10	20
30	Cllr Maluleke MPT	PT	MPAC	DA	07/10	70
31	Cllr MR Chauke	PT	Community Development	EFF	07/10	70
32	Cllr SC Makwala	PT	Sports, Arts & Culture Infrastructure	ANC	02/10	20
33	Cllr MM Makwela	PT	Road & Transport	ANC	02/10	20
34	Cllr D Malemela	PT	Roads & Transport	EFF	01/10	10
35	Cllr MM Makwala	PT	Infrastructure	ANC	05/10	50
36	Cllr Maake MJ	PT	Finance	DA	02/10	20
37	Cllr CT Shisinga	PT	LED	EFF	01/10	10
38	Cllr Zandamela NH	PT	MPAC	ANC	10/10	100
39	Cllr MMA Mathebula	PT	Finance	ANC	10/10	100
40	Cllr MB Ramothwala	PT	LED	DA	10/10	100
41	Cllr MD Popela	PT	LED	ANC	08/10	80

42	Cllr MF Madike	PT	Governance & Shared Services and Water Services	EFF	3/10	30
43	Cllr TN Mthombeni (Deceased)	PT	Sports, Arts & Culture	ANC	3/4	75
44	Cllr Sekgobela RM	PT	MPAC	EFF	02/10	20
45	Cllr T Makhubela	PT	Chair : Ethics	ANC	05/10	50
46	Cllr XJ Valoyi	PT	Community Development	ANC	08/10	80
47	Cllr TJ Senyolo	PT	Finance	COPE	07/10	70
48	Cllr MR Maake	PT	Governance & Shared Services	ANC	07/10	70
49	Cllr MV Mangoro	PT	Agriculture	ANC	07/10	70
50	Cllr MB Mathedimosa	PT	Community Development	ANC	02/10	20
51	Cllr Moshole SP	PT	MPAC	ANC	03/10	30
52	Cllr Machehe	PT	Governance & Shared Services and Water Services	ANC	07/10	70
53	Cllr Ramalobela	PT	MPAC	EFF	05/10	50
54	Cllr MP Mailula	PT	Water	ANC	3/3	100
55	Cllr TP Chaka	PT	Community Services	ANC	2/2	100
Note:* Councillors' appointed on a proportional basis do not have wards allocated to them						

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

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

## APPENDIX C–THIRD TIER ADMINISTRATIVE STRUCTURE

THIRD TIER STRUCTURE	
Director	Director/Manager (State title and name)
Office of the Municipal Manager	Q Kgatla - Municipal Manager
	Seshoene ME – Manager Officer of the Municipal Manager
	Muedi LT - Chief Risk Officer
	Mphahlele MF- Manager Internal Audit
	Motau TL- Deputy Manager Specialised Audit
	Maifala M.J - Manager IDP
	Malungane RS – Deputy Manager Performance Management
	Shai MM – Deputy Manager Risk Based Auditor
Corporate Services	Lebepe N.G- Senior Manager Corporate Services – (Deceased)
	Rasekgala MJ – Deputy Manager IT
	Lebadika P – Deputy Manager Human Resources
	Mkhari – Deputy Manager Administration

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

## APPENDIX D–FUNCTIONS OF MUNICIPALITY / ENTITY

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

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

## APPENDIX E – WARD REPORTING

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

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

## APPENDIX F: WARD INFORMATION

CAPITAL PROJECTS: SEVEN LARGEST IN 2020/21 (FULL LIST AT APPENDIX N)					
Ward No	Project Name & Detail	Start Date	End Date	R' 000	
GLM	Sekgosese Water Scheme	01 July 2020	30 June 2021	R 68 973 642	
GTM	Thabina to Lenyenye water scheme	01 July 2020	30 June 2021	R 64 778 951	
GLM	Sefototse to Ditshosine bulk water supply / Ramahlatsi bulk &reticulation	01 July 2020	30 June 2021	R 28 850 000	
MLM	Mametja Sekororo bulk water scheme	01 July 2020	30 June 2021	R 70 000 000	
BPM	Makhushane water scheme	01 July 2020	30 June 2021	R 54 164 953	
GTM	Lephepane bulk water	01 July 2020	30 June 2021	R 54 326 321	
MLM	Kampersrus Bulk water reticulation & Scortia water reticulation	01 July 2020	30 June 2021	R 27 055 524	

## APPENDIX G –RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2020/21

### AUDIT COMMITTEE ANNUAL REPORT 2020/21

We are pleased to present our report for the financial year ended 30 June 2021.

#### Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The Audit Committee also reports that it has reviewed and adopted appropriate formal terms of reference as its Audit Committee Charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

#### Audit Committee members and attendance

The Audit Committee, consisting of independent outside members listed below is supposed to meet at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises. For the financial year 2020/21 the Audit Committee managed to fulfil its obligations with the exception of section 166 (2)(b) which was not satisfactorily conducted, due to late submission of the draft annual financial statements (AFS) and draft annual performance report (APR) by management for review.

NAME OF MEMBER	NUMBER OF QUARTERLY MEETINGS ATTENDED
Mr TC Modipane (Chairperson)	4
Mr TG Nevhutalu*	4
Ms JM Mabuza	4
Mr SAB Ngobeni	4
Mr TA Lekoloane**	
<i>* Term came to an end on the 30<sup>th</sup> of July 2021 and as a result did not review the draft AFS and draft APR.</i>	
<i>** Appointed on the 2<sup>nd</sup> of August 2021 and participated in the review of the draft AFS and draft APR</i>	

## **The Effectiveness of Internal Control**

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the municipality revealed certain weaknesses, which were then raised with management and also reported to Council.

There was little improvement in the system of internal control of the municipality to reduce qualification issues of previous year. There were several deficiencies in the system of internal control and deviations that were reported by the internal auditors and the Auditor-General. In certain instances, the matters reported previously have not been fully and satisfactorily addressed. During the year under review there was little progress on the implementation of action plans to address issues raised by Internal Audit, Auditor-General South Africa (AGSA) and the Audit Committee.

## **In-Year Management and Monthly/Quarterly Report**

The Audit Committee is partially satisfied with quality of monthly and quarterly reporting system to Council as required by the Municipal Finance Management Act (MFMA) however there is a need for improvement.

## **Performance Management**

The Audit Committee is partially satisfied with the functionality of the performance management system as it appears not to be fully functional.

## **Risk Management**

The Audit Committee is partially satisfied with the municipality risk management strategy and related policies. The Audit Committee is of the opinion that the implementation of mitigating intervention by management is not effective.

## **Information Technology**

The Audit Committee is partially satisfied with the effectiveness of municipality information systems as the system is not fully utilised.

## **Compliance with laws and regulations**

Material non-compliance findings with the enabling laws and regulations were revealed by Internal Audit, AGSA and Audit Committee. There is a space for improvement in so far as establishing an effective system for monitoring compliance with laws and regulations is concerned.

## **Engagement with the Auditor General**

Audit Committee:

- Had an engagement to discuss the Audit Strategy with the AGSA.
- Had an opportunity to discuss the draft Management Report with AGSA.
- Has discussed the draft Audit Report with AGSA.

## **Evaluation of Financial Statements**

- Due to late submission of draft annual financial statements by management the Audit Committee did not satisfactorily review and discuss the draft annual financial statements before submission to the Auditor-General South Africa for audit.
- Due to late submission of draft annual financial statements by management the Audit Committee did not have an ample opportunity to review the municipality's compliance with applicable accounting framework (GRAP), legal and regulatory provisions.
- The Audit Committee concurs and accepts the conclusion of AGSA on the Annual Financial Statement and is of an opinion that the Annual Financial Statements be accepted and read together with the report of the AGSA.

## **Evaluation of Performance Report**

- Due to late submission of draft annual performance report by management the Audit Committee did not satisfactorily review and discuss the annual performance report prepared by the municipality before submission to the Auditor-General South Africa for audit.
- As a result of late submission of the APR by management the Audit Committee did not satisfactorily review the reasons provided by management for material deviations from the planned targets.
- Due to late submission of draft annual performance report by management Audit Committee did not satisfactorily review the proposed remedial actions provided by management to address the issues of non-achievement of targets.

- The Audit Committee concurs and accepts the conclusion of the AGSA on the Annual Performance Report and is of an opinion that the Annual Performance Report be accepted and read together with the Report of AGSA.

### **Conclusion**

The Audit Committee acknowledge the cooperation and commitment of the Council, management and staff of the municipality. We would also like to thank the Executive Mayor for his support, Councillors, senior management for their efforts and internal audit for their valued contribution.

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**Mr. TC Modipane CA(SA)**  
**Chairperson of the Audit Committee**  
**Mopani District Municipality**

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

LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO 2020/21)					
Name of service provider (entity of municipal department)	Description of services rendered by the service provider	Start date of contract	Expiry date of contract	Project Manager	Contract Value
XLP Solution	Supply of managed printing services	01 Mar 2018	28 Feb 2021	Corporate Services	Rates
Kgatla Attorneys	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Verveen Attorneys	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Modjadji Raphesu Attorneys	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Mohale INC	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Raphela Attorneys	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Morero INC	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Maboku Mangena Att	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
MC Rathelele Att	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Popela Maake Attorneys	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Ramothwala M Attorneys	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Magabe Attorneys	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Lebea & Associates	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Mahowa Attorneys	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
Mogaswa Attorneys	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates

LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO 2020/21)					
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
Phungo INC	Appointment of Panel of Attorneys	1-May-18	30-Apr-21	Municipal Manager	Rates
NN Mahumani INC	Legal Service (Attorneys)	1-May-18	30-Apr-21	Municipal Manager	Rates
Tshiamiso Trading 135	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Econocom 671	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Sihle Civil and Projects Development	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
LebP Construction	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
VME Projects and Construction	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Aventino Group JV Bathobohle	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Avansare Development Projects	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Eternity Star Investment 231	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Mbanga Trading Enterprise	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Nandzu Trade and General Projects	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Tainama Civils	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Selby Construction	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Titanic Business Enterprise	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Moepeng Trading 39	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates

LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO 2020/21)					
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
Ndoni Properties	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Makgetsi construction	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Sohlangana Trading 241	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Zenobia Trading 242	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
PGN Civils	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Lettam Building and Civil (Pty) Ltd	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Mexcon Civil	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Motla Projects	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
HLTC (Pty) Ltd	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Tsentse Manufacture cc	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Nkomaba Trading	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Seedi Development Projects	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Casnan Civils	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Koephu Business Enterprise	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Cerimece Costruction	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Rekhuditse Construction	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates

LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO 2020/21)					
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
Vharanani Properties	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Matshelane Trading	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Soaring Summits Developers	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Kamojou Trading & project	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Diges Group	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Mologadi A Nape Business Enterprise	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Shonisani Rambau Construction	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Civil Element (Pty) Ltd	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
Maseakhole Construction+G42:G63	civil; Mechanical & Electrical work	08 Dec 2017	07 Dec 2020	Engineering	Rates
					TH.1

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

No service provider performance assessment conducted for 2020/21

## APPENDIX J–DISCLOSURES OF FINANCIAL INTERESTS

DISCLOSURES OF FINANCIAL INTERESTS		
Period 1 July 2020 to 30 June 2021		
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 Sedibeng W	NIL
Chief Whip	Cllr Maswanganye NM	Juta River Lodge (paying work outside MDM & Directorship) Juta Family Trust Pfunanani Eating house Juta River Lodge Property
Mayoral Committee	Cllr Mathonsi EJ	GEPF – spouse benefit –R4 800,00 Old Mutual Retirement Annuity -R3 200,00 Boxandlela Dev initiate Homu Multi-purpose
	Cllr Modjadji GH	MTN VEXLOTRIX (PTY) Ltd Mamokobe Lodge & Entertainment (PTY) Ltd
	Cllr Maake MD	House ext 08 Phalaborwa R1.798 000 House Gravelote R760000.00 Site Tzaneen R450 000
	Cllr Baloyi NN	African Pride Holding Financial Services Land ownership Giyani
	Cllr Sefufi MH	Poultry Farms (selling chickens) Liquor Rest

Cllr Shimange-Fazi MI	NIL
Cllr Mohale MC	M20C trading (Directorship) Mokhanyammele Logistics
Cllr Sono NA	NIL
Cllr Maloko ML	Marylouie Trading (Trust) Marylouie Brick yard (other Financial interest)
Cllr Zandamela NH	Phuthuma Nathi ABSA Investment
Cllr Maswanganyi MO	Giyani College of Tech & Management Soyrex Investment Holdings Loan Shark
Cllr PT Malatji	NIL
Cllr Maluleke GA	GA Mamluleke Driving School GA Maluleke Attorneys GA Maluleke Trust
Cllr Mokgobi ML	House Ext 100 GTM –R150 000,00
Cllr Moroasehla FN	NIL
Cllr Nkwashu MC	House 1.5 Million Granddaughter support- R1500
Cllr Nkuna SJ	NIL
Cllr Ramathoka CM	NIL
Cllr Rapatsa KI	NIL
Cllr Ramothwala B	NIL
Cllr Senyolo TJS	SASSA Manager Empty stand extent 900 (R550 000)
Cllr Zitha TC	NIL
Cllr Mathaba	NIL
Cllr Shisinga CT	NIL
Cllr Mthombeni TM	Transport business Chicken farm
Cllr Mathebula MMA	NIL
Cllr Mathedimosa MB	Residential house (3680x5420)–R2million
Cllr Valoyi XJ	NIL
Cllr Malemela D	YES
Cllr Ramalobela ML	Mokwape Trading Nakampi AGRIC

		Batshwale AGRIC Marumatse Cattle farm Chicken Farm Projects
	Cllr Moshole PS	NIL
	Cllr Popela MP	NIL
<b>Councillors</b>	Cllr Moroatshehla FM	NIL
	Cllr Malepe KJ	NIL
	Cllr Helm M	Anglo American -5 shares- R2539.00 Private practice –hypotherapist- R2000.00 pa
	Cllr Hlungwana	YES
	Cllr Chauke MR	NIL
	Cllr Maake MR	House (Kgapane extent 1135) R860 000
	Cllr Machethe PP	Thuto ke lesedi - Directorship
	Cllr Madike MF	NIL
	Cllr Makasela R	NIL
	Cllr Makhubela T	NIL
	Cllr Makwala MM	NIL
	Cllr Makwala SC	NIL
	Cllr Makwela MM	Nertwork Marketing Alliance in motion global
	Cllr Mangoro MV	NIL
	Cllr Mashele JG	NIL
	Cllr Maluleke MPT	Ndyelo Equities close corporation – R5000.00 Practising Advocate R96 000.00
<b>Municipal Manager</b>	Mr Q Kgatla	Liquor Tarven R 1 300 000
<b>Chief Financial Officer</b>	Mr TJ Mogano	RSA Bonds shares R 100 000 Unit Trust R 200 000 TJ Mogano Investments 72% profit Homenet Rental R 5000 per month Residential town house R 700 000
<b>Director: Community Services</b>	Ms C Ntimbane	NIL
<b>Director Corporate Services</b>	Mr Lebepe NG	NIL

Water & Engineering Services	Mr Shilowa P	WISA NGO-WATER R0 3QS QUALITY MANAG R 0 Dwelling plot R 800 000 Erven 4418 R 900 000 Stand No 37 PTO
Technical Services	Mr M Mahayi	Vankuna motocity R 0 new entity G.A home owner NPO Residential House R 2 100 000 Residential House R 2 400 000 Residential House R 8 000 000 Residential House R 3 200 000
Director Planning & Development	Ms Maboya F	Own rental property R 20 000 Justine & Avon (commission based) Rental of unit's R 12 000 Property (Tzaneen) R 1 200 000 Property (fourways) R 1 400 000
*Financial interests to be disclosed even if they incurred for only part of the year. see MBRR SA34A	TJ	

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

R' 000						
Description	2019/20	Current: 2020/21		2020/21		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Financial Performance</b>						
Property rates					–	0
Service charges	234 161	198 499	198 499	309 328	155,83	155,83
Investment revenue	19 298	13 702	13 702	6 479	47,29	47,29
Transfers recognised - operational	928 151	1 135 221	1 134 792	1 134 912	99,97	100,01
Other own revenue	67 439	46 337	177 428	231 771	500,18	130,63
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 249 049</b>	<b>1 393 760</b>	<b>1 524 421</b>	<b>1 682 491</b>	<b>20,72</b>	<b>110,37</b>
Employee costs	426 811	397 854	413 718	460 417	115,73	111,29
Remuneration of Councillors	33 624	14 233	14 313	13 077	91,88	91,36
Depreciation & asset impairment	374 364	251 230	251 230	250 830	99,84	99,84
Finance charges	66 798	491	491	38 839	7 918,30	7 918,30
Materials and bulk purchases	241 239	358 724	471 973	489 679	136,51	103,75
Transfers and grants	–	–	–	–	-	-
Other expenditure	367 129	258 436	293 126	316 373	122,42	107,93
<b>Total Expenditure</b>	<b>1 509 964</b>	<b>1 280 968</b>	<b>1 444 850</b>	<b>1 569 215</b>	<b>122,50</b>	<b>108,61</b>
<b>Surplus/(Deficit)</b>	<b>(260 915)</b>	<b>112 792</b>	<b>79 571</b>	<b>113 276</b>	<b>100,43</b>	<b>142,36</b>
Transfers recognised - capital	348 212	528 638	780 362	616 639	116,65	79,02
Contributions recognised - capital & contributed assets					-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>87 297</b>	<b>641 430</b>	<b>859 932</b>	<b>729 915</b>	<b>113,80</b>	<b>84,88</b>
Share of surplus/ (deficit) of associate					-	-
<b>Surplus/(Deficit) for the year</b>	<b>87 297</b>	<b>641 430</b>	<b>859 932</b>	<b>729 915</b>	<b>113,80</b>	<b>84,88</b>

<b><u>Capital expenditure &amp; funds sources</u></b>						-
<b>Capital expenditure</b>	-	-	-	-	-	-
Transfers recognised - capital	316 207	532 342	694 934	612 637	115,08	88,16
Public contributions & donations	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-
Internally generated funds	8 924	35 070	152 660	-	-	-
<b>Total sources of capital funds</b>	<b>325 131</b>	<b>567 412</b>	<b>847 595</b>	<b>612 637</b>	107,97	72,28
<b><u>Financial position</u></b>					-	-
Total current assets	29 197	1 708 343	551 520	-	-	-
Total non current assets	(1 180)	5 840 140	8 670 772	-	-	-
Total current liabilities	50 772	2 759 073	1 666 637	-	-	-
Total non current liabilities	(86 844)	103 552	286 171	-	-	-
Community wealth/Equity	64 088	4 685 857	7 269 484	-	-	-
<b><u>Cash flows</u></b>						
Net cash from (used) operating	1 335 648	612 909	934 737	-	-	-
Net cash from (used) investing	(301 489)	(567 412)	(847 595)	-	-	-
Net cash from (used) financing	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>1 707 019</b>	<b>14 444</b>	<b>56 090</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash backing/surplus reconciliation</u></b>						
Cash and investments available	217 669	(1 472 525)	(1 669 849)	-	-	-
Application of cash and investments	1 406 688	(1 685 509)	(1 273 906)	-	-	-
<b>Balance - surplus (shortfall)</b>	<b>(1 189 019)</b>	<b>212 984</b>	<b>(395 944)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Asset management</u></b>						
Asset register summary (WDV)	4 388 987	6 340 131	6 620 313	-	-	-
Depreciation & asset impairment	183 231	186 056	186 056	-	-	-

Renewal of Existing Assets	51 600	35 380	75 422	-	-	-
Repairs and Maintenance	115 328	37 823	121 234	-	-	-
<b>Free services</b>						
Cost of Free Basic Services provided	-	-	-	-	-	-
Revenue cost of free services provided	136	55	55	-	-	-
<b>Households below minimum service level</b>						
Water:	43 935	43 935	43 935	-	-	-
Sanitation/sewerage:	98 019	98 019	98 019	-	-	-
Energy:	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-
<i>Variiances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1</i>						T 5.1.1

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

R' 000						
Description	2019/20	Current: 2020/21			2020/21	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Financial Performance</b>						
Property rates					–	0
Service charges	234 161	198499	198 499	309 328	155,83	155,83
Investment revenue	19 298	13702	13 702	6 479	47,29	47,29
Transfers recognised - operational	928 151	1 13221	1 134 792	1 134 912	99,97	100,01
Transfer recognised Capital	342 470	528638	780 362	616 639	116,65	79,02
Other own revenue	67 439	46337	177 428	231 771	500,18	130,63
<b>Total Revenue (including capital transfers and contributions)</b>	<b>1 591 520</b>	<b>1 39760</b>	<b>1 524 421</b>	<b>2 299 130</b>	<b>120,72</b>	<b>110,37</b>

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

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

## APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2020/21

CAPITAL PROGRAMME BY PROJECT BY WARD: 2020/21		
		R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)
<b>Water</b>		
Tours water reticulation	GTM	Yes
Refurbishment of Kampersrus booster pump station (COVID-19)	MLM	Yes
Water reticulation infrastructure for Middle Letaba water scheme cluster 6	GGM	Yes
Ritavi 2 water scheme	GTM	Yes
Thabina to lenyenye water scheme	GTM	Yes
Selwane water scheme	BPM	Yes
Thapane Regional water scheme	GTM	No
<b>Sanitation/Sewerage</b>		
Rural Household Sanitation (VIP Toilets) GGM	GGM	No
Rural Household Sanitation (VIP Toilets) GTM	GTM	Yes
Rural Household Sanitation (VIP Toilets) GLM	GLM	Yes
Rural Household Sanitation (VIP Toilets) BPM	BPM	No
Rural Household Sanitation (VIP Toilets) MLM	MLM	Yes
<b>Fire Services</b>		
Purchase & delivery of fire and rescue equipment's	<i>All wards in the district</i>	No
Purchase & deliver specialised fire and rescue vehicles	<i>All wards in the district</i>	No
		T O

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

Service Backlogs as at 30 June 2021				
	*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



# AANNUAL FINANCIAL STATEMENTS

(VOLUME II)

2020 - 2021

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021



Mopani District Municipality  
Annual financial statements  
for the year ended 30 June 2021

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\* See Note

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## General Information

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<b>Legal form of entity</b>	Local Government
<b>Nature of business and principal activities</b>	<ul style="list-style-type: none"><li>• Provision of a democratic and accountable Local Government for communities in the mopani district area;</li><li>• Ensuring the provision of services to these communities in a sustainable manner;</li><li>• Promotion of social and economic development;</li><li>• Promotion of a safe and healthy environment; and</li><li>• Encourage the involvement of communities and community organisations in the matters of Local Government in the mopani district</li></ul>
<b>Grading of local authority</b>	4
<b>Accounting Officers</b>	Mr Kgatla Q
<b>Chief Finance Officer</b>	Mr T.J Mogano
<b>Registered office</b>	Government Building Main Road Giyani 0826
<b>Business address</b>	Government Building Main Road Giyani 0826
<b>Postal address</b>	Private Bag X9687 Giyani 0826
<b>Bankers</b>	First National Bank
<b>Auditors</b>	Auditor General - South Africa

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## General Information

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### Audit Committee

Mr Modipane T.C CA(SA) Chairperson  
Mrs Mabuza J.M  
Mr Ngobeni S.A.B  
Mr Nevhutalu T.G CA(SA)

### Lawyers

Kgatla Attorneys  
Maloka Thulare Attorneys  
Mahowa Attorneys  
Maboku Mangena Attorneys  
Mahumani Attorneys  
Mabu Letaba Attorneys  
Magabe Attorneys  
Mogaswa Incorporated  
Modjadji Raphesu Attorneys  
Mohale Attorneys  
Sefalafala Attorneys  
N.J Morero Attorneys  
Popela Maake Attorneys  
Pungu Attorneys  
Raphela Attorneys  
Rathelele Attorneys  
Ramotwala Attorneys  
SML Matsaung Attorneys  
Tlane and Associates  
T.J Machete Attorneys  
Verveen Attorneys

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Index

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

	<b>Page</b>
Accounting Officers' Responsibilities and Approval	5
Accounting Officers' Report	6 - 7
Statement of Financial Position	8
Statement of Financial Performance	9
Statement of Changes in Net Assets	10
Statement of Cash Flow	11
Statement of Comparison of Budget and Actual Amounts	12 - 14
Accounting Policies	15 - 32
Notes to the Annual Financial Statements	33 - 80

COID	Compensation for Occupational Injuries and Diseases
COIDA	Compensation of Occupational Injuries and Diseases Act
DBSA	Development Bank of South Africa
COVID-19	Coronavirus Disease
GRAP	Generally Recognised Accounting Practice
CPI	Consumer Price Index
DWS	Department of water and sanitation
DORA	Division of Revenue Act
FMG	Financial management grant
LG SETA	Local Government Sector Education and Training
MTREF	Medium Term Expenditure and Revenue Framework
MIG	Municipal Infrastructure Grant
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
PEMA	Post Employment Medical Aid
SALGBC	South African Local Government Bargaining Council
SALGA	South African Local Government Association

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Officers' Responsibilities and Approval

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The accounting officers are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are 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 officers 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 officers acknowledge that they are 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 officers to meet these responsibilities, the accounting officers 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 officers are 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 officers have reviewed the municipality's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officers are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's internal auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the accounting officers on 31 August 2021 and were signed by:

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**Accounting Officer**  
**Kgatla Q (Municipal Manager)**

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# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Officers' Report

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The accounting officers submit their report for the year ended 30 June 2021.

### 1. Review of activities

#### Main business and operations

The municipality is engaged in • provision of a democratic and accountable local government for communities in the mopani district area;

- ensuring the provision of services to these communities in a sustainable manner;
- promotion of social and economic development;
- promotion of a safe and healthy environment; and
- encourage the involvement of communities and community organisations in the matters of local government in the mopa district and operates principally in South Africa and [state other countries].

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements.

Net surplus of the municipality was 729,914,819 (2020: surplus 30,457,767)..

### 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 officers continue to procure funding for the ongoing operations for the municipality. These 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 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 continues to secure funding through national treasury for the ongoing operations of the municipality. Other factors affecting going concern are as follows:

- a) The municipality is experiencing challenges of collecting own revenue from water and sanitation. This is due to weakness and controls involving management of revenue at the local municipalities since the latter are service providers and the district is the service authority. There is generally a culture of non payment for services by consumers. The district did not budget or commit this type of revenue in its budgetary assumptions. This is a positive to going concern assessment.
  - b) The municipality is servicing significant historic obligations that do not necessarily have source of funding other than the funding from National Treasury. These obligations include Lepelle Northern Water at R549 251 632, Department of Water Affairs at R430 924 911, as well as litigations and claims amounting to R384 760 695 .
- 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 2021 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.

As at 30 June, the municipality's current liabilities exceed the current assets by Rxxxxx resulting in the municipality being technically insolvent. The fact on its own does 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.

- a) The municipality is experiencing challenges of collecting own revenue from water and sanitation. This is due to weakness and controls involving management of revenue at the local municipalities since the latter are service providers and the district is the service authority. There is generally a culture of non payment for services by consumers. The district did not budget or commit this type of revenue in its budgetary assumptions. This is a positive to going concern assessment

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Officers' Report

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b) The municipality is servicing significant historic obligations that do not necessarily have source of funding other than the funding from National Treasury. These obligations include Lepelle Northern Water at Rxxxx, Department of Water Affairs at Rxxxx, as well as litigations and claims amounting to Rxxx

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 2021 under going concern assumptions. The Municipality will continue with its endeavours to increase revenue and reserve, as well as, reducing the financial commitments to ensure good financial health

### 3. Subsequent events

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

### 4. Accounting policies

Details to be input here...

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. Banker

The District Municipality has changed the bank at the beginning of financial period 2020/2021 from ABSA Bank to FNB bank

### 6. Auditors

Auditor General South Africa (AGSA) will continue as the auditors in the current financial period.

The annual financial statements set out on page 1 to page 92, which have been prepared on the going concern basis, were approved by the accounting officers on 31 August 2021 and were signed on its behalf by:

---

**Accounting Officer**  
**Kgatla Q (Municipal Manager)**

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	2021	2020 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	6	30,467,636	18,560,030
Receivables from exchange transactions	7	949,401,174	644,724,385
Cash and cash equivalents	9	31,049,597	216,772,059
		<b>1,010,918,407</b>	<b>880,056,474</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	6,180,192,857	5,760,400,698
Intangible assets	4	8,026,148	9,285,261
Heritage assets	5	432,000	432,000
		<b>6,188,651,005</b>	<b>5,770,117,959</b>
<b>Total Assets</b>		<b>7,199,569,412</b>	<b>6,650,174,433</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	10	25,587,901	29,373,381
Payables from exchange transactions	13	1,649,933,472	1,712,594,998
Consumer deposits	14	3,608,097	4,567,011
Unspent conditional grants and receipts	11	81,716,178	174,187,241
		<b>1,760,845,648</b>	<b>1,920,722,631</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	10	-	19,936,330
Employee benefit obligation	35	76,748,957	70,717,956
Landfill site Provision	12	5,772,677	12,510,196
		<b>82,521,634</b>	<b>103,164,482</b>
<b>Total Liabilities</b>		<b>1,843,367,282</b>	<b>2,023,887,113</b>
<b>Net Assets</b>		<b>5,356,202,130</b>	<b>4,626,287,320</b>
Accumulated surplus		5,356,202,130	4,626,287,310
<b>Total Net Assets</b>		<b>5,356,202,130</b>	<b>4,626,287,310</b>

\* See Note 36

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	16	309,327,655	234,161,067
Rendering of services		166,531	-
Agency services	17	678,611	1,642,968
Discount received		160,942,118	-
Interest on overdue accounts		69,484,544	52,554,855
Interest received - Investment		6,479,246	19,298,173
Other income	19	499,675	1,021,352
Actuarial gains		-	12,220,441
<b>Total revenue from exchange transactions</b>		<b>547,578,380</b>	<b>320,898,856</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants & subsidies	21	1,751,551,494	1,270,621,865
<b>Total revenue</b>	15	<b>2,299,129,874</b>	<b>1,591,520,721</b>
<b>Expenditure</b>			
Employee related costs	22	(460,416,799)	(443,598,855)
Remuneration of councillors		(13,077,371)	(13,097,905)
Depreciation and amortisation	23	(205,892,405)	(191,929,714)
Impairment and write off - assets	24	1,118,006	(14,165,704)
Finance costs	25	(38,839,275)	(66,797,509)
Debt Impairment	26	(46,055,306)	(150,510,781)
Bulk purchases	27	(184,169,129)	(188,755,344)
Contracted services	28	(59,896,362)	(49,223,800)
Transfers and Subsidies	20	-	(2,415,339)
Repairs and maintenance		(305,510,232)	(200,671,177)
Actuarial losses		(769,496)	-
Inventories losses/write-downs		-	(745,497)
General Expenses	29	(255,706,686)	(226,509,768)
<b>Total expenditure</b>		<b>(1,569,215,055)</b>	<b>(1,548,421,393)</b>
<b>Surplus for the year</b>		<b>729,914,819</b>	<b>43,099,328</b>

\* See Note 36

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	4,478,670,495	4,478,670,495
Adjustments		
Correction of errors	104,517,487	104,517,487
<b>Balance at 01 July 2019 as restated*</b>	<b>4,583,187,982</b>	<b>4,583,187,982</b>
Profit for the year	43,099,328	43,099,328
Total changes	43,099,328	43,099,328
<b>Restated* Balance at 01 July 2020</b>	<b>4,626,287,311</b>	<b>4,626,287,311</b>
Surplus for the year	729,914,819	729,914,819
Total changes	729,914,819	729,914,819
<b>Balance at 30 June 2021</b>	<b>5,356,202,130</b>	<b>5,356,202,130</b>
Note(s)		

\* See Note 36

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Statement of Cash Flow

Figures in Rand	Note(s)	2021	2020 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Service charges		319,206	367,087
Grants		1,659,080,430	1,355,384,064
Interest income		7,376,326	19,508,932
Other receipts		714,086	1,126,673
VAT refund		110,063,721	107,716,966
		<u>1,777,553,769</u>	<u>1,484,103,722</u>
<b>Payments</b>			
Employee costs		(483,976,297)	(455,981,978)
Suppliers		(849,485,269)	(552,549,276)
Finance costs		(28,150,545)	(53,928,933)
		<u>(1,361,612,111)</u>	<u>(1,062,460,187)</u>
<b>Undefined difference compared to the cash generated from operations note</b>		<b>(104,209,507)</b>	<b>(5,741,923)</b>
<b>Net cash flows from operating activities</b>	45	<b><u>311,732,151</u></b>	<b><u>415,901,612</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	<u>(612,637,301)</u>	<u>(339,447,591)</u>
<b>Cash flows from financing activities</b>			
Finance lease payments		<u>(26,759,930)</u>	<u>(27,060,088)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(327,665,080)</b>	<b>49,393,933</b>
Cash and cash equivalents at the beginning of the year		216,772,059	161,636,209
<b>Cash and cash equivalents at the end of the year</b>	9	<b><u>(110,893,021)</u></b>	<b><u>211,030,142</u></b>

\* See Note 36

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges - Water revenue	165,893,916	-	<b>165,893,916</b>	309,327,655	<b>143,433,739</b>	
Service charges - Sanitation revenue	32,605,200	-	<b>32,605,200</b>	166,531	<b>(32,438,669)</b>	
Agency services	-	-	-	678,611	<b>678,611</b>	
Discount received	-	-	-	160,942,118	<b>160,942,118</b>	
Interest on outstanding debtors	41,215,428	-	<b>41,215,428</b>	69,484,544	<b>28,269,116</b>	
Other revenue	13,701,996	-	<b>13,701,996</b>	6,479,246	<b>(7,222,750)</b>	
Other income	4,212,480	227,000,000	<b>231,212,480</b>	499,675	<b>(230,712,805)</b>	
<b>Total revenue from exchange transactions</b>	<b>257,629,020</b>	<b>227,000,000</b>	<b>484,629,020</b>	<b>547,578,380</b>	<b>62,949,360</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	1,135,221,124	(459,117)	<b>1,134,762,007</b>	1,751,551,494	<b>616,789,487</b>	
<b>Total revenue</b>	<b>1,392,850,144</b>	<b>226,540,883</b>	<b>1,619,391,027</b>	<b>2,299,129,874</b>	<b>679,738,847</b>	
<b>Expenditure</b>						
Employee related costs	(397,854,024)	(11,416,509)	<b>(409,270,533)</b>	(460,416,799)	<b>(51,146,266)</b>	
Remuneration of councillors	(14,233,356)	(1)	<b>(14,233,357)</b>	(13,077,371)	<b>1,155,986</b>	
Depreciation and amortisation	(186,056,124)	-	<b>(186,056,124)</b>	(205,892,405)	<b>(19,836,281)</b>	
Impairment loss and write off	-	-	-	1,118,006	<b>1,118,006</b>	
Finance costs	(490,500)	-	<b>(490,500)</b>	(38,839,275)	<b>(38,348,775)</b>	
Debt Impairment	(65,173,668)	-	<b>(65,173,668)</b>	(46,055,306)	<b>19,118,362</b>	
Bulk purchases	(239,641,836)	(15,000,000)	<b>(254,641,836)</b>	(184,169,129)	<b>70,472,707</b>	
Repairs and maintenance	(161,082,552)	(105,040,332)	<b>(266,122,884)</b>	(305,510,232)	<b>(39,387,348)</b>	
General Expenses	(205,565,432)	(63,339,820)	<b>(268,905,252)</b>	(315,603,048)	<b>(46,697,796)</b>	
Contracted services	(102,709,788)	(3,926,074)	<b>(106,635,862)</b>	-	<b>106,635,862</b>	
<b>Total expenditure</b>	<b>(1,372,807,280)</b>	<b>(198,722,736)</b>	<b>(1,571,530,016)</b>	<b>(1,568,445,559)</b>	<b>3,084,457</b>	
<b>Operating surplus</b>	<b>20,042,864</b>	<b>27,818,147</b>	<b>47,861,011</b>	<b>730,684,315</b>	<b>682,823,304</b>	
Actuarial gains/losses	-	-	-	(769,496)	<b>(769,496)</b>	
Transfer Recognised - Capital	-	-	-	-	-	
	-	-	-	<b>(769,496)</b>	<b>(769,496)</b>	
<b>Surplus before taxation</b>	<b>20,042,864</b>	<b>27,818,147</b>	<b>47,861,011</b>	<b>729,914,819</b>	<b>682,053,808</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>20,042,864</b>	<b>27,818,147</b>	<b>47,861,011</b>	<b>729,914,819</b>	<b>682,053,808</b>	
<b>Reconciliation</b>						

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

### Statement of Financial Position

#### Assets

##### Current Assets

Receivables from exchange transactions	1,858,061,645	-	1,858,061,645	721,954,081	(1,136,107,564)	
Inventory	(24,759,433)	-	(24,759,433)	-	24,759,433	
Consumer debtors	107,527,768	(107,527,768)	-	-	-	
Cash and cash equivalents	161,592,914	55,179,145	216,772,059	-	(216,772,059)	
	<b>2,102,422,894</b>	<b>(52,348,623)</b>	<b>2,050,074,271</b>	<b>752,421,717</b>	<b>(1,297,652,554)</b>	

##### Non-Current Assets

Property, plant and equipment	8,700,248,956	-	8,700,248,956	6,180,192,857	(2,520,056,099)	
Intangible assets	11,081,737	-	11,081,737	8,026,148	(3,055,589)	
Heritage assets	639,360	-	639,360	432,000	(207,360)	
	<b>8,711,970,053</b>	<b>-</b>	<b>8,711,970,053</b>	<b>6,188,651,005</b>	<b>(2,523,319,048)</b>	

#### Total Assets

**0,814,392,947 (52,348,623) 0,762,044,324 6,941,072,722 (3,820,971,602)**

#### Liabilities

##### Current Liabilities

Finance lease obligation	90,529,714	-	90,529,714	25,587,901	(64,941,813)	
Payables from exchange transactions	1,666,588,877	20,775,122	1,687,363,999	1,649,933,472	(37,430,527)	
Consumer deposits	5,834,919	-	5,834,919	3,608,097	(2,226,822)	
Unspent conditional grants and receipts	-	-	-	81,716,178	81,716,178	
Provisions	1,587,622,925	1,558,249,544	3,145,872,469	-	(3,145,872,469)	
	<b>3,350,576,435</b>	<b>1,579,024,666</b>	<b>4,929,601,101</b>	<b>1,760,845,648</b>	<b>(3,168,755,453)</b>	

##### Non-Current Liabilities

Other financial liabilities	149,032,525	-	149,032,525	-	(149,032,525)	
Employee benefit obligation	137,138,886	(143,474)	136,995,412	76,748,957	(60,246,455)	
Provisions	-	1,403,434	1,403,434	-	(1,403,434)	
Landfill site Provision	-	19,262,825	19,262,825	5,772,677	(13,490,148)	
	<b>286,171,411</b>	<b>20,522,785</b>	<b>306,694,196</b>	<b>82,521,634</b>	<b>(224,172,562)</b>	

#### Total Liabilities

**3,636,747,846 1,599,547,451 5,236,295,297 1,843,367,282 (3,392,928,015)**

#### Net Assets

**7,177,645,101 (1,651,896,074) 5,525,749,027 5,097,705,440 (428,043,587)**

#### Net Assets

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

##### Reserves

Accumulated surplus	7,177,645,101	(1,651,896,074)	5,525,749,027	5,269,490,703	(256,258,324)	
<b>Undefined Difference</b>	-	-	-	<b>(171,785,263)</b>	<b>(171,785,263)</b>	
<b>Total Net Assets</b>	<b>7,177,645,101</b>	<b>(1,651,896,074)</b>	<b>5,525,749,027</b>	<b>5,269,490,703</b>	<b>(256,258,324)</b>	

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

### Cash Flow Statement

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

Figures in Rand	Note(s)	2021	2020
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### 1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

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

#### 1.2 Going concern assumption

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

#### 1.3 Materiality

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

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

#### 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.

#### 1.4 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgements include:

#### Trade receivables or loans and receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus 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 trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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

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

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items.

#### Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

#### Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and 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. Additional disclosure of these estimates of provisions are included in note 36 - Provisions.

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

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

#### Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the 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 35.

#### Effective interest rate

The municipality used the prime interest rate of 7.25% to discount future cash flows, where the effect of time value of money is material, unless otherwise stated.

#### Allowance for doubtful debts

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

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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

#### Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied are as follow [State significant judgements made].

Additional information is disclosed in Note 46.

#### Point that water, minerals, oils and gas and other non-regenerative resources 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:

[State description]

#### 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.

#### Events after balance sheet date

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet 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 should be done disclosing the nature of the event and the estimation of its financial effect of a statement that such an estimation cannot be made.

### 1.5 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.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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

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

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

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

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

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the 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.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

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Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	10 - 30 years
Plant and machinery	Straight-line	4 - 10 years
Furniture and fixtures	Straight-line	5 - 7 years
Motor vehicles	Straight-line	7 - 15 years
Information Technology Equipment	Straight-line	4 years
Specialised vehicles	Straight-line	15 years
Water reservoir reticulation	Straight-line	5 - 60 years
Sewerage purification	Straight-line	5 - 60 years

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

Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease. The depreciation charge for each period is recognised in the surplus or deficit unless it is included in the carrying amount of another asset.

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.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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

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

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

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

#### Derecognition

The carrying amount of an item of property, plant and equipment is 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 an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying values of assets

### 1.6 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

### 1.7 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.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.7 Intangible assets (continued)

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

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

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

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

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

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

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

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<b>Item</b>	<b>Depreciation method</b>	<b>Average useful life</b>
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The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note ).

### 1.8 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.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.8 Heritage assets (continued)

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 ).

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

### 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.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

### Derecognition

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

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

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.9 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.

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

A financial asset is cash, a residual interest of another municipality, or a contractual right to receive cash or another financial asset from another municipality or exchange financial assets or financial liabilities with another municipality under conditions that are potentially favourable to the municipality.

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

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 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.

#### Classification

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

<b>Class</b>	<b>Category</b>
Other receivables1	Financial asset measured at amortised cost
Other receivables2	Financial asset measured at amortised cost

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

<b>Class</b>	<b>Category</b>
Loan1	Financial liability measured at amortised cost
Other receivables1	Financial liability measured at amortised cost
Other receivables2	Financial liability measured at amortised cost

### 1.10 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.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.10 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.

### 1.11 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 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.

### 1.12 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).

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.12 Impairment of non-cash-generating assets (continued)

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, are as follows:

#### 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.

#### 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:

#### 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.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.12 Impairment of non-cash-generating assets (continued)

#### 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.

### 1.13 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

### 1.14 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).

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

---

### 1.14 Provisions and contingencies (continued)

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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 33.

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.

### 1.15 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.

### 1.16 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.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.16 Revenue from exchange transactions (continued)

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

#### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interests is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised in surplus or deficit using the effective interest rate method for financial instruments, a. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.17 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.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.17 Revenue from non-exchange transactions (continued)

#### 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.

#### 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.

#### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

#### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.17 Revenue from non-exchange transactions (continued)

#### Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

### 1.18 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.

### 1.19 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.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.19 Accounting by principals and agents (continued)

#### Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

#### Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

### 1.20 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.21 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).

### 1.22 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).

### 1.23 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).

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.24 Budget information

The approved budget is prepared on a cash basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2020/07/01 to 2021/06/30.

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

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

### 1.25 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.

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.

### 1.26 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date);
- and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The Mopani District Municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

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Figures in Rand

2021

2020

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### 2. New standards and interpretations

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	11,980,776	-	11,980,776	11,980,776	-	11,980,776
Buildings	182,531,673	(91,777,738)	90,753,935	179,609,145	(84,930,195)	94,678,950
Furniture and fixtures	2,060,309	(636,023)	1,424,286	-	-	-
Work In Progress	1,889,423,360	-	1,889,423,360	1,374,364,683	-	1,374,364,683
IT equipment	(252,017)	(980,828)	(1,232,845)	-	-	-
Infrastructure	8,077,913,428	(3,981,845,225)	4,096,068,203	7,897,579,167	(3,706,493,693)	4,191,085,474
Other property, plant and equipment	79,174,881	(32,647,292)	46,527,589	66,086,481	(33,236,232)	32,850,249
Other leased Assets	68,505,530	(23,257,977)	45,247,553	77,566,909	(22,126,343)	55,440,566
<b>Total</b>	<b>0,311,337,940</b>	<b>(4,131,145,083)</b>	<b>6,180,192,857</b>	<b>9,607,187,161</b>	<b>(3,846,786,463)</b>	<b>5,760,400,698</b>

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Transfers	Depreciation	Total
Land	11,980,776	-	-	-	11,980,776
Buildings	94,678,950	3,198,216	-	(7,123,231)	90,753,935
Furniture and fixtures	-	2,060,309	-	(636,023)	1,424,286
Work in progress	1,374,364,683	121,053,019	394,005,658	-	1,889,423,360
IT equipment	-	(1,232,845)	-	-	(1,232,845)
Infrastructure	4,191,085,474	84,574,454	-	(179,591,725)	4,096,068,203
other property, plant and equipment	32,850,249	17,960,991	-	(4,283,651)	46,527,589
leased Assets	55,440,566	-	-	(10,193,013)	45,247,553
<b>Undefined Difference</b>	-	-	-	<b>4,064,762</b>	-
	<b>5,760,400,698</b>	<b>227,614,144</b>	<b>394,005,658</b>	<b>(201,827,643)</b>	<b>6,180,192,857</b>

#### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Transfers	Prior Year Adjustment	Other changes, movements	Depreciation	Impairment loss	Total
Land	11,980,776	-	-	-	-	-	-	11,980,776
Buildings	74,170,792	898,402	-	25,795,185	-	(6,185,429)	-	94,678,950
Work In Progress	1,387,999,417	327,918,266	(69,372,973)	(272,180,027)	-	-	-	1,374,364,683
Infrastructure	4,044,402,322	73,853,282	-	259,419,978	(10,107,383)	(171,483,469)	(4,999,256)	4,191,085,474
Other property, plant and equipment	34,528,540	4,312,723	-	(2,567,877)	(175,678)	(3,247,459)	-	32,850,249
leased Assets	56,516,638	9,061,379	-	-	-	(10,137,451)	-	55,440,566
<b>Undefined Difference</b>	-	-	-	-	-	<b>875,906</b>	-	-
	<b>5,609,598,485</b>	<b>416,044,052</b>	<b>(69,372,973)</b>	<b>10,467,259</b>	<b>(10,283,061)</b>	<b>(191,053,808)</b>	<b>(4,999,256)</b>	<b>5,760,400,698</b>

#### Pledged as security

Carrying value of assets pledged as security:

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>3. Property, plant and equipment (continued)</b>		
<b>Assets subject to finance lease (Net carrying amount)</b>		
Other leased Assets # 1	45,247,553	55,440,566
<b>Property, plant and equipment in the process of being constructed or developed</b>		
<b>Cumulative expenditure recognised in the carrying value of property, plant and equipment</b>		
Land		31,465,684
Buildings		1,389,344,439
Leasehold property		224,454,348
Other property, plant and equipment		1,280,242
		<b>1,646,544,713</b>
<b>Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected</b>		
Upgrading of Senwamokgope sewage plant		21,551,662
Refurbishment of Nkowankowa sewer plant		16,350,998
Refurbishment of Phalaborwa sewer plant		6,083,100
Refurbishment of sewer pump		5,352,985
Sekgosese Ground water development scheme		6,781,442
Construction of water reticulation Ga - Wally		4,650,971
Upgrading of water reticulation GTM		15,740,464
Kampersrus water supply		32,780,364
Refurbishment Nkambako regional water scheme		17,140,112
Refurbishment DWAF		10,269,856
Nwamitwa MPCC		26,417,900
Extension of scope for Sekgosese and Worcester schemes		1,843,586
Extension of scope for Sekgosese and Worcester schemes		1,972,479
Upgrading of the internal water reticulation and extension		824,904
Thapane water treatment plant and replacement		2,156,577
Upgrading of Maapane water reticulation network		1,140,514
Borehole development		44,983,159
[State the reasons for delay]		
		<b>216,041,073</b>
<b>Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)</b>		
Project 1 or Class 1 or Asset 1		1
[State the reasons for halting the construction or development]		
[Indicate whether any impairment losses have been recognised in relation to these assets.]		
Project 2 or Class 2 or Asset 2		1
[State the reasons for halting the construction or development]		
[Indicate whether any impairment losses have been recognised in relation to these assets.]		
Project 3 or Class 3 or Asset 3		1
[State the reasons for halting the construction or development]		
[Indicate whether any impairment losses have been recognised in relation to these assets.]		
		<b>3</b>

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand

2021

2020

### 3. Property, plant and equipment (continued)

#### Reconciliation of Work-in-Progress 2021

#### Reconciliation of Work-in-Progress 2020

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	1,356,533,729	31,465,684	-	1,387,999,413
Additions/capital expenditure	326,638,029	-	1,280,424	327,918,453
Transferred to completed items	(69,372,972)	-	-	(69,372,972)
	<b>1,613,798,786</b>	<b>31,465,684</b>	<b>1,280,424</b>	<b>1,646,544,894</b>

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.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand

### 4. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1,378,892	-	1,378,892	1,287,067	-	1,287,067
Blyde Utility	18,069,134	(11,421,878)	6,647,256	18,051,602	(10,053,408)	7,998,194
<b>Total</b>	<b>19,448,026</b>	<b>(11,421,878)</b>	<b>8,026,148</b>	<b>19,338,669</b>	<b>(10,053,408)</b>	<b>9,285,261</b>

#### Reconciliation of intangible assets - 2021

	Opening balance	Difference	Additions	Amortisation	Total
Computer software, other	1,287,067	(1,121,128)	1,212,953	-	1,378,892
Blyde Utility	7,998,194	-	-	(1,350,938)	6,647,256
	<b>9,285,261</b>	<b>(1,121,128)</b>	<b>1,212,953</b>	<b>(1,350,938)</b>	<b>8,026,148</b>

#### Reconciliation of intangible assets - 2020

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Computer software, other	-	1,287,067	-	-	1,287,067
Blyde Utility	6,339,017	2,500,020	35,064	(875,907)	7,998,194
	<b>6,339,017</b>	<b>3,787,087</b>	<b>35,064</b>	<b>(875,907)</b>	<b>9,285,261</b>

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand

### 5. Heritage assets

	2021			2020		
	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 2021

Mayoral Chain	Opening balance 432,000	Total 432,000
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#### Reconciliation of heritage assets 2020

Mayoral chain	Opening balance 432,000	Total 432,000
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### 6. Inventories

Consumable stores	30,346,770	18,440,495
Greater Tzaneen Municipality	54,120	72,683
Greater Letaba Municipality	66,746	46,852
	<b>30,467,636</b>	<b>18,560,030</b>
Inventories recognised as an expense during the year	44,216,176	22,759,604

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>7. Receivables from exchange transactions</b>		
Staff Debtors	3,186,682	4,454,064
Service Providers	11,547,513	13,430,869
Interest receivable	-	897,080
RBIG Project - Mamefja Sekororo	2,381,417	2,204,761
Greater Tzaneen Municipality	7,700	15,400
Ba - Phalaborwa Municipality	472,903,827	302,010,237
VAT Receivables	222,484,993	166,847,080
Eskom - Deposits	9,441,949	7,704,590
Consumer debtors - Water and Sanitation	227,447,093	147,160,304
	<b>949,401,174</b>	<b>644,724,385</b>

### 8. VAT receivable

### 9. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank Balances	8,150,119	7,850,963
Short term deposits	22,899,478	208,921,096
	<b>31,049,597</b>	<b>216,772,059</b>

### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
FNB BANK - 62854372093	8,059,207	-	-	(31,049,596)	-	-
FNB BANK - 62858452205	20,490,148	-	-	22,899,478	-	-
FNB BANK - 62858453568	892,334	-	-	-	-	-
ABSA BANK - 40-5277-1364	-	7,850,964	61,309,853	-	7,850,964	61,309,853
ABSA BANK - 40-8091-1671	-	40,684,580	31,108,827	-	40,684,580	31,108,827
ABSA BANK - 40-8091-0832	-	65,090,651	69,217,081	-	65,090,651	69,217,081
Growbus - 40-8937-0832	-	1,973	448	-	1,973	448
ABSA BANK - 93-559794-04	-	103,143,929	-	-	103,143,929	-
<b>Total</b>	<b>29,441,689</b>	<b>216,772,097</b>	<b>161,636,209</b>	<b>(8,150,118)</b>	<b>216,772,097</b>	<b>161,636,209</b>

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>10. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	26,341,959	31,983,864
- in second to fifth year inclusive	-	20,558,982
	<u>26,341,959</u>	<u>52,542,846</u>
less: future finance charges	(754,059)	(3,232,589)
<b>Present value of minimum lease payments</b>	<b><u>25,587,900</u></b>	<b><u>49,310,257</u></b>
<b>Present value of minimum lease payments due</b>		
- within one year	25,587,901	29,373,381
- in second to fifth year inclusive	-	19,936,330
	<u>25,587,901</u>	<u>49,309,711</u>
Non-current liabilities	-	19,936,330
Current liabilities	25,587,901	29,373,381
	<u>25,587,901</u>	<u>49,309,711</u>

### Finance lease photo copy machines

The average lease term was 3 years and the average effective borrowing rate is 13% (2020: 13%).

Interest rates are fixed at the contract date. All leases have fixed repayments and include additional charges for contingent rent based on paper usage.

#### Finance lease on vehicles

The municipality has entered into an instalment sale agreement with Betrobrite to provide fleet solution for the municipality. The lease is effective for 36 months. Upon conclusion of the lease agreement, Mopani District Municipality will resume the ownership of the vehicles. The nature of the agreement is instalment sale agreement.

The average lease term is 3 years and the average effective borrowing rate is 9.5% per annum

Interest rates are fixed at the contract date. All leases have fixed repayments.

Contingent rents	603,959	613,511
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# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand 2021 2020

### 11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Municipal Infrastructure Grant (MIG)	4,098,169	115,809,743
Rural Transport Grant	1,257,580	967,963
Water Services Infrastructure Grant	69,583,247	50,632,352
Drought Relief - WISG	6,777,182	6,777,183
<b>Total</b>	<b>81,716,178</b>	<b>174,187,241</b>

### 12. Landfill site Provision

Opening balance	12,510,196	13,873,305
Finance cost	927,093	1,102,054
Change in landfill	(7,664,612)	(2,465,163)
	<b>5,772,677</b>	<b>12,510,196</b>

Landfill site provision

The municipality has a landfill site that is located in Maruleng Municipality. Professional assessment was performed on the the cost that will be incurred in order to rehabilitate the land after its use. The provision for landfill was based on the assessment performed as at 30 June 2021.

Professional assessment for rehabilitation of the land was performed by Environmental and Sustainability Solution CC.

Provision has been made for this cost based on the estimated present value of future cash flow arising from the landfill cost expected as at 30 June 2021, the discount rate used for present value calculation was based on average CPI of 4.82%, a discount rate of 8.82% and net effective discount rate of 4.00%

### 13. Payables from exchange transactions

Other payables	(475,485,641)	14,570,001
Retentions	99,424,827	81,717,668
Trade Creditors	109,132,675	99,507,478
Leave accrual	46,913,920	45,870,204
Bonus accrual	9,193,718	8,600,018
Agency fees payables	21,068,630	17,105,574
Greater Letaba municipality	135,247,503	107,329,337
Greater Tzaneen municipality	290,900,918	278,969,870
Maruleng municipality	27,922,166	26,994,124
Lepelle Northern Water	1,548,293,993	550,520,535
Greater Giyani Municipality	23,318,127	20,953,844
Trade creditors at local municipalities	13,487,109	11,406,369
Department of Water and Sanitation	(217,400,000)	430,924,911
SITA	-	2,758,111
Eskom Trade payables	-	3,450,069
Debtors with credit balance	17,915,527	11,916,885
<b>Total</b>	<b>1,649,933,472</b>	<b>1,712,594,998</b>

#### Bonus accrual

Municipality employees have structured their salary package to include 13th cheque as bonus on the anniversary of their employment date. 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 its performance. In addition to Bonus accrual the MDM has included the performance bonus awarded by Maruleng Local Municipality

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

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Figures in Rand	2021	2020
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### 13. Payables from exchange transactions (continued)

#### 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 is applied to the calculation of the annual leave provisions. The leave provision is based on the estimated salaries and is capped at 48 days.

### 14. Consumer deposits

Water	3,608,097	4,567,011
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# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>15. Revenue</b>		
Rendering of services	166,531	-
Service charges	309,327,655	234,161,067
Agency services	678,611	1,642,968
Discount received	160,942,118	-
Interest on Outstanding Debtors	69,484,544	52,554,855
Interest received - Investment	6,479,246	19,298,173
Other income	499,675	1,021,352
Government grants & subsidies	1,751,551,494	1,270,621,865
	<b>2,299,129,874</b>	<b>1,579,300,280</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	309,327,655	234,161,067
Rendering of services	166,531	-
Agency services	678,611	1,642,968
Discount received	160,942,118	-
Interest on Outstanding Debtors	69,484,544	52,554,855
Interest received - Investment	6,479,246	19,298,173
Other Income	499,675	1,021,352
	<b>547,578,380</b>	<b>308,678,415</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
<b>Transfer revenue</b>		
Government grants & subsidies	1,751,551,494	1,270,621,865
<b>16. Service charges</b>		
Sale of water	274,431,734	200,841,743
Sewerage and sanitation charges	34,895,921	33,319,324
	<b>309,327,655</b>	<b>234,161,067</b>
<b>17. Agency services</b>		
Water and Sanitation	678,611	1,642,968

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>18. Interest income</b>		
Discount received	160,942,118	-
Interest on Outstanding Debtors	69,484,544	52,554,855
Interest received - Investment	6,479,246	19,298,173
Other income	499,675	1,021,352
	<b>237,405,583</b>	<b>72,874,380</b>
<b>19. Other income</b>		
Sundry Income	124,167	319,203
Insurance claims	-	1,397
Reconnection fees	206,148	425,219
Tender fees	169,360	275,533
<b>Total</b>	<b>499,675</b>	<b>1,021,352</b>
<b>20. Transfers and subsidies</b>		
<b>Other subsidies</b>		
Bursaries	-	2,415,339
	-	<b>2,415,339</b>

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>21. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share grant	1,122,637,963	919,537,000
Disaster relief_Covid 19 relief grant	-	2,384,000
EPWP grant	9,433,000	3,292,000
Finance Management Grant (FMG)	2,700,000	2,330,000
LGW SETA grant	141,428	608,067
<b>Total operating and capital grants</b>	<b>1,134,912,391</b>	<b>928,151,067</b>
<b>Capital grants</b>		
Municipal infrastructure grant (MIG)	557,232,574	322,880,563
Water Services Infrastructure Grant	22,349,106	18,220,198
Rural Roads Asset Management Grant	967,419	1,370,037
Government grant (capital) 12	36,090,004	-
	<b>616,639,103</b>	<b>342,470,798</b>
	<b>1,751,551,494</b>	<b>1,270,621,865</b>
<b>Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	115,809,743	26,695,309
Current-year receipts	445,521,000	454,295,000
Conditions met - transferred to revenue	(557,232,574)	(322,880,563)
Other	-	(42,300,003)
<b>Total</b>	<b>4,098,169</b>	<b>115,809,743</b>
The purpose of this grant is to improve access to basic service infrastructure for poor communities..		
<b>Finance management grant</b>		
Current-year receipts	2,700,000	2,330,000
Conditions met - transferred to revenue	(2,700,000)	(2,330,000)
<b>Total</b>	<b>-</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 11).		
The Financial 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 .		
<b>Rural transport grant</b>		
Balance unspent at beginning of year	967,963	-
Current-year receipts	2,225,000	2,338,000
Conditions met - transferred to revenue	(967,419)	(1,370,037)
Unapproved rollover 2020/2021	(967,964)	-
<b>Total</b>	<b>1,257,580</b>	<b>967,963</b>
The purpose of the grant is to improve data on rural roads to guide infrastructure development..		
<b>Extended public works programme grant</b>		
Current-year receipts	9,433,000	3,292,000
Conditions met - transferred to revenue	(9,433,000)	(3,292,000)



# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>21. Government grants and subsidies (continued)</b>		
<b>Disaster relief_Covid 19 relief grant</b>		
Current-year receipts	-	2,384,000
Conditions met - transferred to revenue	-	(2,384,000)
	-	-

The municipality received disaster relief grant allocation for COVID 19. The purpose of the grant was to assist the municipality in providing personal protective equipment for municipal employees. The grant was not extended in the financial period under review.

### 22. Employee related costs

Basic	261,654,365	240,929,017
Bonus	17,974,423	17,952,057
Medical aid - company contributions	14,193,278	12,727,500
UIF	1,504,716	1,371,677
Workman compensation	709,825	886,253
SDL	3,278,747	3,422,162
Other allowances and levies	7,168,529	5,660,012
Leave pay provision charge	3,000,481	-
Post employments benefits	(914,590)	204,478
Defined contribution plans	40,516,393	38,427,836
Overtime payments	63,432,068	70,611,081
Long-service awards	(65,555)	(382,275)
Car allowance	31,098,582	36,879,695
Housing benefits and allowances	5,034,986	5,029,549
Leave redemption/Reversal	630,917	9,584,841
Bargaining council	19,881	190,163
Pensionable Allowance	135,366	104,809
Shift allowance	214,386	-
<b>Total</b>	<b>449,586,798</b>	<b>443,598,855</b>

### Remuneration of municipal manager

Annual Remuneration	1,015,482	464,272
Car Allowance	328,265	136,777
Other	11,729	16,436
<b>Total</b>	<b>1,355,476</b>	<b>617,485</b>

The municipality has discovered an overpayment relating to salary paid to the municipal manager in previous financial periods. The overpayment was as a result of paying a salary above the upper limit scale in line with COGTA Regulations. The total value of overpayment was R38 112. The outstanding balance as at year end was Rxxxx

Additional text

### Remuneration of chief finance officer

Annual Remuneration	549,636	-
Car Allowance	333,736	-
Other	6,662	-
<b>Total</b>	<b>890,034</b>	<b>-</b>

Council appointed Mr MJ Mogano as Chief financial officer from 01 November 2020, the salary disclosed is for 8 months period. The position was previously occupied by Mr Sekati Mangena on acting capacity until 31 October 2021.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand 2021 2020

### 22. Employee related costs (continued)

#### Remuneration of Senior Manager Community Services

Annual Remuneration	342,679	1,029,890
Car Allowance	20,000	360,000
Other	3,527	24,174
<b>Total</b>	<b>366,206</b>	<b>1,414,064</b>

The municipality has discovered an overpayment relating to salary paid to the former Senior Manager Community Services in previous financial periods. The overpayment was as a result of paying a salary above the upper limit scale with COGTA Regulations. The total value of overpayment was R46 321. The outstanding balance as at year end remained at same balance due to none payment

The overpayment amount for Senior Manager Community Services has been restated to R43 673. The amount was previous recorded as R63 253

Mr Shitlhangu term of contract as Senior Manager Community services ended in xxx, the position was occupied by a new director Mrs C Ntimbani..

#### Remuneration of Senior Manager Corporate Services

Annual Remuneration	1,301,547	1,029,890
Car Allowance	346,364	360,000
Other	14,572	24,174
<b>Total</b>	<b>1,662,483</b>	<b>1,414,064</b>

The municipality has discovered an overpayment relating to salary paid to the Senior Manager Corporate Services in previous financial periods. The overpayment was as a result of paying a salary above the upper limit scale in line with COGTA Regulations. The total value of overpayment was R109 221. The outstanding balance as at year end was R99 221 .

The overpayment amount for Senior Corporate Services has been restated to R109 221. The amount was previous recorded as R125 227

#### Remuneration of Senior Manager Planning and Development

Annual Remuneration	1,247,005	1,250,186
Car Allowance	60,000	60,000
Other	11,917	24,186
<b>Total</b>	<b>1,318,922</b>	<b>1,334,372</b>

The municipality has discovered an overpayment relating to salary paid to the Senior Manager responsible for planning and development department in previous financial periods. The overpayment was as a result of paying a salary above the upper limit scale in line with COGTA Regulations. The total value of overpayment was R35 701. The outstanding balance as at year end was R25 701 .

The overpayment amount for Senior Manager planning and development services has been restated to R35 701. The amount was previous recorded as R51 706

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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### 22. Employee related costs (continued)

#### Remuneration of Senior Manager Water Services

Annual Remuneration	1,040,199	1,013,384
Car Allowance	300,000	300,000
Other	11,854	23,739
<b>Total</b>	<b>1,352,053</b>	<b>1,337,123</b>

The municipality has discovered an overpayment relating to salary paid to the Senior Manager Corporate Services in previous financial periods. The overpayment was as a result of paying a salary above the upper limit scale in line with COGTA Regulations. The total value of overpayment was R35 701. The outstanding balance as at year end was R25 701

The overpayment amount for the Senior Manager Corporate Services has been restated to R35 701. The amount was previously recorded as R51 706

#### Remuneration of director engineering services

Annual Remuneration	319,474	-
Car Allowance	209,649	-
Other	4,523	-
<b>Total</b>	<b>533,646</b>	<b>-</b>

The municipality appointed a new Senior Manager for Engineering Services on the 01 February 2021 after the posting was separated from water services. The function was previously performed under water and engineering services. The remuneration disclosed is for period of 05 months.

#### Remuneration of director office of the executive Mayor

Annual Remuneration	-	320,335
Car Allowance	-	75,000
Other	-	6,932
<b>Total</b>	<b>-</b>	<b>402,267</b>

#### Executive Mayor's allowances

Annual Remuneration	-	862,336
Other	-	72,314
<b>Total</b>	<b>-</b>	<b>934,650</b>

Additional text

#### Speaker's allowances

Annual Remuneration	-	689,867
Other	-	66,011
<b>Total</b>	<b>-</b>	<b>755,878</b>

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

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Figures in Rand

2021

2020

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### 22. Employee related costs (continued)

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand

2021

2020

### 22. Employee related costs (continued)

#### Remuneration of councillors 2021

Councillor's Names	Salary	Cellphone Allowance	Travel Allowance	Advance/Pay back	Total
Councillor PJ Shai	893,850	40,800	-	-	934,650
Councillor NM Maswanganyi	502,790	40,800	167,597	-	711,187
Councillor MC Mohale	502,790	40,800	167,597	-	711,187
Councillor MH Sefufi	502,790	40,800	167,597	-	711,187
Councillor ML Maloko	272,263	40,800	90,754	-	403,817
Councillor WD Sedibeng	715,078	40,800	-	-	755,878
Councillor EJ Mathonsi	280,491	40,800	93,497	-	414,788
Councillor MO Maswanganyi	212,153	40,800	70,718	-	323,671
Councillor ML Mokgobi	272,263	40,800	90,754	-	403,817
Councillor NN Baloyi	101,558	40,800	101,558	-	243,916
Councillor NH Zandamela	26,519	-	-	-	26,519
Councillor NA Sono	67,940	30,600	-	-	98,540
Councillor GH Modjadji	298,468	40,800	99,489	-	438,757
Councillor KJ Malepe	272,263	40,800	90,754	-	403,817
Councillor PT Malatji	272,263	40,800	90,754	-	403,817
Councillor SJ Nkuna	272,263	40,800	90,754	-	403,817
Councillor MA Helm	212,153	40,800	70,718	-	323,671
Councillor CM Ramathoka	212,153	40,800	70,718	-	323,671
Councillor MR Chauke	212,153	40,800	70,718	-	323,671
Councillor JG Mashele	212,153	40,800	70,718	-	323,671
Councillor GA Maluleke	272,263	40,800	90,754	-	403,817
Councillor FM Moroatshehla	272,263	40,800	90,754	-	403,817
Councillor MD Maake	502,790	40,800	167,597	-	711,187
Councillor MC Nkwashu	298,468	40,800	99,489	-	438,757
Councillor MM Makwela	9,547	-	-	-	9,547
Councillor KI Rapatsa	74,529	-	-	6,679	81,208
Councillor D Malemela	5,304	-	-	-	5,304
Councillor CT Shisinga	32,885	-	-	-	32,885
Councillor MM Makwala	18,034	-	-	-	18,034
Councillor SC Makwala	18,034	-	-	-	18,034
Councillor GM Malatji	91,118	40,800	-	-	131,918
Councillor MF Madike	10,440	-	-	-	10,440
Councillor MA Mathaba	101,558	-	-	-	101,558
Councillor MD Popela	10,440	-	-	-	10,440
Councillor R Makasela	90,587	40,800	-	-	131,387
Councillor MMA Mathebula	58,344	-	-	-	58,344
Councillor B Ramotwala	44,554	-	-	-	44,554
Councillor TN Mthombeni	7,830	-	-	-	7,830
Councillor XJ Valoyi	10,440	-	-	-	10,440
Councillor MI Shimangefazi	298,468	40,800	99,489	-	438,757
Councillor TC Zitha	90,587	40,800	-	-	131,387
Councillor T Makhubela	30,477	-	-	-	30,477
Councillor MR Maake	10,440	-	-	-	10,440
Councillor MV Mangoro	10,440	-	-	-	10,440
Councillor M Mathedimosa	10,440	-	-	-	10,440
Councillor TJ Senyolo	10,440	-	-	-	10,440
Councillor Kgosigadi MJ Sekgopo	30,480	10,164	-	-	40,644
Councillor Kgosi SSS Sekororo	7,620	2,541	-	-	10,161
Councillor Kgosigadi MJ Mametja	30,480	10,164	-	-	40,644
Councillor Hosi TLP Nwamitwa	30,480	10,164	-	-	40,644
Councillor Kgosigadi MA Shayi	30,480	10,164	-	-	40,644
Councillor Hosi MAM Haneki	30,480	10,164	-	-	40,644
Councillor Hosi MC Mathevula	30,480	10,164	-	-	40,644
Councillor Hosi M Ntsanwisi	30,480	10,164	-	-	40,644
Councillor Kgosi MB Pheeha	30,480	10,164	-	-	40,644
Councillor I Hlungwana	212,160	40,800	70,718	-	323,678
Councillor MPT Maluleke	212,153	40,800	70,718	-	323,671

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand				2021	2020
<b>22. Employee related costs (continued)</b>					
Councillor Hosi SM Maluleke	30,480	10,164	-	-	40,644
Councillor RN Sekgobela	10,440	-	-	2,887	13,327
Councillor PP Machete	37,128	-	-	-	37,128
Councillor ML Ramalobela	10,440	-	-	-	10,440
Councillor SP Moshole	10,440	-	-	-	10,440
Councillor MJ Maake	23,338	-	-	-	23,338
Councillor MP Mailula	3,182	-	-	-	3,182
	<b>9,506,295</b>	<b>1,267,017</b>	<b>2,294,214</b>	<b>9,566</b>	<b>13,077,092</b>

### Remuneration per councillor - 2020

Names	Salary	Cellphone Allowance	Travel Allowance	Advance/Back pay	Total
Councillor PJ Shai	862,336	40,800	-	31,514	934,650
Councillor NM Maswanganyi	485,064	40,800	161,688	-	687,552
Councillor B Ramothwala	10,072	-	-	369	10,441
Councillor CM Ramathoka	204,672	40,800	68,224	9,973	323,669
Councillor D Malemela	16,973	-	-	-	16,973
Councillor FM Morwasehla	262,664	40,800	87,555	12,798	403,817
Councillor GA Maluleke	262,665	40,800	87,555	12,798	403,818
Councillor GH Modjadji	320,689	40,800	106,895	14,030	482,414
Councillor GM Malatji	87,906	40,800	-	3,212	131,918
Councillor JG Mashele	204,672	40,800	68,224	9,973	323,669
Councillor KI Rapatsa	26,520	-	-	-	26,520
Councillor M Mathedimo	10,072	-	-	369	10,441
Councillor MA Mathaba	97,978	-	-	8,222	106,200
Councillor MC Mohale	485,064	40,800	161,688	23,635	711,187
Councillor MC Mkwashu	302,042	40,800	100,681	14,030	457,553
Councillor MD Maake	485,064	40,800	161,688	23,635	711,187
Councillor MD Popela	10,072	-	-	369	10,441
Councillor MF Madike	10,072	-	-	369	10,441
Councillor MH Sefusi	485,064	40,800	161,688	23,635	711,187
Councillor MI Shimangefazi	320,689	40,800	106,896	14,030	482,415
Councillor ML Maloko	262,665	40,800	87,555	15,111	406,131
Councillor Mokgobi	262,665	40,800	87,555	15,111	406,131
Councillor MM Makwala	22,277	-	-	-	22,277
Councillor MMA Mathebula	10,072	-	-	369	10,441
Councillor MR Chauke	204,672	40,800	68,224	9,973	323,669
Councillor MR Maake	10,072	-	-	-	10,072
Councillor SM Maluleke	20,320	6,776	-	-	27,096
Councillor MV Mangoro	10,072	-	-	369	10,441
Councillor NA Sono	87,393	40,800	-	5,507	133,700
Councillor NH Zandamel	24,398	-	-	-	24,398
Councillor NM Mahasha	47,582	25,191	-	7,933	80,706
Councillor NN Baloyi	94,005	40,800	34,265	25,959	195,029
Councillor MO Maswanganyi	204,672	40,800	68,224	9,974	323,670
Councillor Kgosi ML Mogoboya	10,160	3,388	-	-	13,548
Councillor Kgosi SSS Sekororo	30,480	10,164	-	-	40,644
Councillor Kgosigadi MJ Mametja	30,480	10,164	-	-	40,644
Councillor Kgosigadi MJ Sekgopo	30,480	10,164	-	-	40,644
Councillor PT Malatji	262,664	40,800	87,555	12,797	403,816
Councillor R Makasela	87,393	40,800	-	10,899	139,092
Councillor RE Pohl	5,304	-	-	-	5,304
Councillor SCT Shisinga	35,006	-	-	-	35,006
Councillor SEJ Mathonsi	270,602	40,800	90,201	13,185	414,788
Councillor SMA Helm	204,672	40,800	68,224	9,973	323,669
Councillor S MM Makwela	25,459	-	-	-	25,459
Councillor SC Makwala	25,459	-	-	-	25,459
Councillor Si M Ntsanwi	30,480	10,164	-	-	40,644
Councillor Kgosigadi MA Shayi	30,480	10,164	-	-	40,644
Councillor Si MC Mathevula	30,480	10,164	-	-	40,644

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand			2021	2020
<b>22. Employee related costs (continued)</b>				
Councillor SI TLP Nwamitwa	30,480	10,164	-	40,644
Councillor SJ Nkuna	262,665	40,800	87,555	403,818
Councillor KJ Malepe	262,665	40,800	87,555	403,818
Councillor T Makhubela	10,072	-	-	10,441
Councillor TC Zitha	87,393	40,800	-	139,092
Councillor TJ Senyolo	10,072	-	-	10,441
Councillor TN Mthobeni	10,072	-	-	10,441
Councillor W D Sedibeng	689,867	40,800	-	755,878
Councillor XJ Valoyi	10,072	-	-	10,441
Councillor Hosi Hlaniki	30,480	10,164	-	40,644
Councillor Hlungwana I	267,004	40,800	5,893	323,670
Councillor Kgosi Pheeha	30,480	10,164	-	40,644
Councillor MPT Maluleke	267,004	40,800	5,893	323,670
	<b>9,289,140</b>	<b>1,310,031</b>	<b>2,051,481</b>	<b>13,073,901</b>

### Councillors remuneration overpayment

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 2021

### Councillors' balance owed to the municipality

Councillor WD Sedibeng	1,000	8,002
Councillor CN Rakgoale	8,000	8,000
Councillor NM Maswanganyi	12,812	12,812
Councillor MC Mohale	28,077	39,077
Councillor MH Sefufi	84,838	84,838
Councillor ML Maloko	38,670	38,670
Councillor SEJ Mathonsi	215,321	219,821
Councillor MO Maswanganyi	62,256	62,256
Councillor ML Mokgobi	55,060	59,060
Councillor NH Zandamela	728,340	728,340
Councillor NN Baloyi	733,650	733,650
Councillor NA Sono	714,340	728,340
Councillor GH Modjadji	639,368	704,368
Councillor PT Malatji	14,831	14,831
Councillor SJ Nkuna	10,831	14,831
Councillor MA Helm	-	28,966
Councillor MR Nyakane	29,132	29,132
Councillor CM Ramathoka	29,966	29,966
Councillor BT Mathevula	11,999	11,999
Councillor MR Chauke	29,966	29,966
Councillor JG Mashele	6,189	14,831
Councillor GA Maluleke	14,831	14,831
Councillor FM Moroatshehla	2,000	10,832
Councillor MD Maake	-	26,864
Councillor DG Mushwana	29,966	29,966
	<b>3,501,443</b>	<b>3,684,249</b>

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>23. Depreciation and amortisation</b>		
Property, plant and equipment	205,892,405	191,929,714

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>24. Impairment of assets</b>		
<b>Impairments</b>		
Property, plant and equipment	(1,118,006)	14,165,704
Assessment of PPE conditions was performed in 2020 and impairment loss was identified on boreholes that became dry. These assets are used for the purposes of service delivery to various communities, the review led to the recognition of an impairment loss of Rxxx million in the current year 2020-21 and 2020-19 of R14 million in the prior year. Included in the impairment expenditure of R14 million are boreholes in Giyani that were refurbished by Khato Civils and the expenditure incurred was not handed over by Lepelle Northern Water to Mopani District Municipality]		
<b>25. Finance costs</b>		
Service concession arrangements	38,839,275	66,797,509
<b>26. Debt impairment</b>		
Debt impairment	46,055,306	150,510,781
<b>27. Bulk purchases</b>		
Water	184,169,129	188,755,344
<b>28. Contracted services</b>		
<b>Presented previously</b>		
Information Technology Services	21,644	3,658
Fleet Services	3,451,490	5,892,142
Security Services	48,220,263	38,012,442
Agency fees	8,078,861	5,315,558
<b>Consultants and Professional Services</b>		
Business and Advisory	124,104	-
	<b>59,896,362</b>	<b>49,223,800</b>

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>29. General expenses</b>		
Advertising	479,893	13,230
Auditors remuneration	9,121,160	8,808,290
Bank charges	63,320	316,032
Consulting and professional fees	52,217,638	55,892,129
Insurance	1,448,687	1,249,132
Conferences and seminars	151,334	45,467
IT expenses	23,628	-
Levies	4,944,390	5,474,164
Motor vehicle expenses	362,568	201,916
Fuel and oil	13,733,265	13,941,951
Postage and courier	2,972	50
Protective clothing	3,769,425	2,313,854
Software expenses	4,551,167	1,121,795
Subscriptions and membership fees	276,993	299,863
Telephone and fax	2,656,851	2,805,745
Training	727,441	826,740
Travel - local	17,151,093	13,262,855
Electricity	-	2,604,568
Utilities - Other	227,172	-
Catering services	928,740	884,529
Audit committee remuneration	4,558,674	1,993,799
Community services	264,110	455,432
VIP toilets	105,578,802	65,924,436
Road management system	841,234	1,194,023
Performance management system	-	1,095,987
Consumable stores - Water	3,168,158	5,612,340
Chemicals	(3,525,605)	(3,964,773)
Other expenses	31,983,576	44,136,214
	<b>255,706,686</b>	<b>226,509,768</b>

### 30. Going concern

We draw attention to the fact that at 30 June 2021, the municipality that the municipality's total liabilities exceed its assets by 5,356,202,130.

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 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 officers continue to procure funding for the ongoing operations for the municipality.

### 31. Auditors' remuneration

Fees	9,121,160	8,808,290
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# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>32. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	365,256,879	478,907,964
<b>Total capital commitments</b>		
Already contracted for but not provided for	365,256,879	478,907,964

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, , existing cash resources, funds internally generated, etc

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.

Capital commitment relating to 2020 financial period has been restated by adjusting the figure from R474 51312 to R478 907 964

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>33. Contingent liabilities</b>		
Litigations have been instituted 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 this cases being successful. The contingent raised is based on litigation the municipality has instituted against third parties and management has assessed there is high possibility of the litigation working out in their favour.		
<b>Pending Legal Cases</b>	<b>2021</b>	<b>2020</b>
Matter between Flotek pipes and MDM which involves a service provider who did not honour his obligation to supply of material in terms of cession agreement.		571 957.26
Matter between Anna Magaretha Botha and MDM for the injury she sustained at a MDM sewage manhole in Modjadjiskloof. The matter is before the high court.	R950 000	R950 000
Matter between Mahlare Martin Moswatsi and MDM for damages relating to car accident. The summons have been issued.		R27 701
Matter between Esorfranki and MDM for incorrect tender awarding. The matter is before the high court.	R10 284 387	R10 284 387
Matter between Palm Kwekery and MDM for failure to prevent wildfire. The summons have been issued.	R4 685 140	R4 685 140
Matter between Johannes Jacobus Swart/LebP construction/MDM and others. The plaintiff is suing MDM for failure to settle a cession.	R1 680 499	R1 680 499
Matter between Shosholoza A team contractors and MDM. The Plaintiff has issued simple summonses for the services rendered as a Sub Contractor at Nandoni pipeline project.	R939 641	R939 641
Matter between Oryx Pipes and MDM for payment of outstanding invoice on the Nandoni pipeline project.	R2 183 903	R2 183 903
Matter between Maite Nkoane and MDM seeking compensation relating to her car damages. The summons have been issued.	R37 384	R37 384
Matter between DWS and MDM relating to unserviced account for bulk water abstraction. The summons have been issued.	R176 645 917	R176 645 917
Borehole operators claims for services rendered for the municipality. Full list of operator claims on the register	R14 566 467	R14 566 467
Matter between EMC Consulting and MDM application for settlement of account on work done for the sefotse and ditshosine/ ramahlatsi bulk water and reticulation.	R29 730 284	R29 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.	R43 611 996	R43 611 996

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>33. Contingent liabilities (continued)</b>		
Matter between TJ Machete Attorneys and MDM for non-payment of a claim on the basis of a disputed invoice.		R931 520.58
Matter between MN Nengovhela and MDM. Civil non-payment of a claim for work done by the municipality.	R4 500 136	R4 500 136
Matter between Komati Projects cc and MDM. Civil – Cession: claim in the amount of R64 560-00 as a result of cession with Brick'n Motta Construction signed on the sanitation project		R64 500
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.	R2 000 000	R2 000 000
Civil Mater- Matter between Bicacon and MDM on the extension of time claim.	R2 454 395	R2 454 395
Civil matter- Matter between Makgetsi Construction and MDM on the Namakgale Sewage works.	R 4 107 720	R4 107 720
Matter between Dr Mazana and MDM for accident due to road maintenance.	R27 383.53	R27 384
Civil – Cession claim based on a cession, Matter between BD Finance and MDM.	R370 000	R370 000
Matter between Civcon Civils Jv Tainama and MDM for damages and retention	R22 147 291	R22 147 291
Matter between TR Building and MDM for Nkowankowa Sewer Project	R3 262 474	R3 262 474
Matter between SGL Engineering and MDM for Nkowankowa Sewer Project	R2 412 437	R2 412 437
Matter between BMK Electro and MDM for unpaid work done		R4 673 570.27
Matter Between Arena Venus and MDM for VIP Toilets unpaid claim	R348 000	R348 000
Matter between Tsurikom SSS and MDM for termination of contract on the Kampersrus Sewage Plant.	R5 774 485	R5 774 485
Matter between Kwena Mokone and MDM for standing time claim		R7 951 151
Civil claim based on cession between Tainama Jv Civicon on the Tours bulk water supply	R963 647	R963 647

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>33. Contingent liabilities (continued)</b>		
A claim by MN Nengovhela for alleged work done at Senakwe project	R461 664	R461 664
A claim by Sipiwe Engineering and MDM for failing to make payment in respect of service rendered and disbursement incurred up to the completion of stage 3 for design development on the Thapane project.	R17 554 634	R17 554 634
A claim by Makasela Consulting & Projects and MDM for failing to make payment for completion of designs.	R5 219 666	R5 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..	R2 978 401	R 2 978 401
Sebata has instituted Arbitration proceedings claiming an amount of for alleged work done prior to the termination of contract.	R4 608 397	R4 608 397
Matter between Sebone Traffic Academy and MDM - Non payment of claim	R275 437	R275 437
Matter between Kgatla Family and MDM/Civil Element. The family is suing for damages to property on Thapane water scheme phase 2B.	R515 000	
Matter between Nkuriso and MDM. Mkuriso is claiming damage for services that were rendered and the municipality refuses to settle the account	R1 817 564	
Matter between Nkuriso and MDM. Mkuriso is claiming damage for services that were rendered and the municipality refuses to settle the account	R25 180 676	
Matter between Patoka Trading and MDM. Patoka is suing for damages relating to use of property without permission	R1 663 000	
Matter between CV Chabane and MDM.	R5 120 169	
Matter between VME Projects and MDM. VME projects is claiming for unpaid retention on Sefofotse Ditsosene BWS (Ramoroka reticulation)	R947 787	
Total contingent liabilities	400 025 981	R381 714 836
Unfilled conditions and other contingencies attaching to government grants related to agricultural activity.		

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>33. Contingent liabilities (continued)</b>		
<b>Contingent assets</b>		
Contingent assets	2021	2020
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.	R1 080 000	R1 080 000
MDM filed a review of appointment against Endecon Unbuntu on the Extension of Modjadji Water Works and the project value on appointment was R2 185 000-00	R2 185 000	R2 185 000
Civil overpayment - MDM has sent a letter of demand for overpayment. MDM has sent a letter of demand for payment.	R629 519	R629 519
The municipality is suing the contractor and the contractor is counter suing MDM for cancellation of same contract. by Kgafela is R43 611 996-70.	R14 140 977	R14 140 977
The municipality is claiming penalties and damages from Tainama Civcon JV	R91 619 051	R91 619 051
Matter between MDM and former employee. The municipality is claiming refund for fraud committed by the employee.	R661 982	
Matter between MDM and Tsurikomi SSV JV. The municipality is claiming refunds for overpayment on Kampersrus sewer phase 2.	R1 373 881	
Matter Between MDM and Modiro Consulting. MDM is claiming recovery of funds as a result of negligence by the consulting engineer.	R3 503 266	
Total contingent assets	R115 193 676	R109 654 547

## 34. Related parties

### Relationships

Accounting Officers

Refer to accounting officers' report note

Members of key management

Refer to note 18

The municipality as a water distribution authority has appointed the five local municipalities to distribute water to local residences as distribution agent for which the local municipalities are entitled to a commission for service rendered. The municipalities accounts for receivables and payables relating to water transactions are disclosed under separate section of the annual financial statements. Refer to disclosure note for trade receivables and trade payables for full details.

### Compensation to accounting officers and other key management

Short-term employee benefits

8,885,993

6,695,190

Defined contribution plans

1,374,848

1,238,846

**10,260,841**

**7,934,036**

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand

2021

2020

### 35. 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 2021 by ARCH

The municipality has no legal obligations to settle this liability with any immediate contributions or additional once off contributions. The municipality intends to contribute to each defined benefit post-retirement medical scheme in accordance with the latest recommendations of the actuary to each scheme

#### a. Post employment medical benefit plan (PEMA)

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependants. Some options also differentiate on the basis of income.

Eligible employees will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement. All continuation members and their eligible dependants receive a 60% subsidy. Upon a member's death-in-service or death-in-retirement the surviving dependants will not continue to receive a subsidy.

#### 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 2021.

The benefits awarded for long term are calculated as follows

Completed service (In years)	Long services Bonuses (% of annual Earnings)	Description
10 years	04.0%	10/250 x annual earnings
15 years	08.0%	20/250 x annual earnings
20,25,30,35,40,45 years	12.0%	30/250 x annual earnings

The municipality has no legal obligation to settle this liability with any immediate contributions or additional once-off contribution

#### 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

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand 2021 2020

### 35. Employee benefit obligations (continued)

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	(50,362,210)	(44,803,350)
Present value of the defined benefit obligation-wholly unfunded - LSA	(26,686,376)	(25,914,606)
<b>Undefined Difference</b>	<b>299,629</b>	<b>-</b>
	<b><u>(76,748,957)</u></b>	<b><u>(70,717,956)</u></b>

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	70,717,956	76,478,360
Benefits paid - PEMA	(376,776)	(195,178)
Benefits paid - LSA	(4,826,545)	(4,688,133)
Net expense recognised in the statement of financial performance	11,534,180	(877,093)
	<b><u>77,048,815</u></b>	<b><u>70,717,956</u></b>

Net expense recognised in the statement of financial performance

Current service cost	2,048,340	2,497,348
Interest cost	5,061,709	5,013,238
Actuarial (gains) losses	(1,174,412)	(13,528,539)
Current service cost - LSA	1,914,875	1,936,777
Interest cost - LSA	1,661,809	1,895,986
Actuarial (gains) Losses - LSA	2,021,859	1,308,097
	<b><u>11,534,180</u></b>	<b><u>(877,093)</u></b>

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	847,447	(12,020,442)
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# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand

2021

2020

### 35. 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	10.57 %	11.17 %
Health care cost inflation rate	7.08 %	7.13 %
Expected increase in salaries	3.26 %	3.77 %
Maximum subsidy inflation rate	4.94 %	4.97 %

#### Demographic Assumptions

Average retirement age	62	62
Continuation of membership at retirement	75%	75%
Proportion with a spouse dependent at retirement	60%	60%
Proportion of eligible in-service non members joining a scheme by retirement	15%	15%
Mortality during retirement	SA 85-90	SA 85-90
Mortality post retirement	PA (90)-1	PA(90)-1

##### b. Long service awards

Key assumptions for long service awards are as follows.

#### Financial variables

Discount rate used	8.89%	6.89%
General earnings inflation rate.(Long-term	5.74%	3.68%
Net effective discount rate	3.07%	3.10%

The earnings used in the valuation include assumed increase of 4% as per the SALGBC Circular No.: 23/2021. At the time of this report the increase was still under consideration..

#### Demographic assumption

Assumption	Value
Average retirement age	62
Mortality during employment	SA 85-90

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand 2021 2020

### 35. Employee benefit obligations (continued)

Withdrawal from service	Age	Female	Male
	20	09%	09%
	30	06%	06%
	40	05%	05%
	50	03%	03%
	55	00%	00%

### Membership for Post employment medical aid data

According to the information provided, the number of members entitled to receive post employment medical aid subsidies from the municipality were

Category	30-06-2021 Valuation	30-06-2020 Valuation
Current (In-service) members	337	286
Continuation members (Pensioners)	12	3

### 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	30-06-2021 Valuation	30-06-2020 Valuation
Current (In-service) members	24 861 000	24 480 000
Continuation members (Pensioners)	4 596 000	1 132 000
Total	29 457 000	25 612 000

Category	30-06-2021 Valuation to be used in 30 June 2022 Actuarial calculation	30-06-2020 Valuation to be used in 30 June 2021 Actuarial calculation
Interest cost	3 982 000	3 863 000
Current service cost	1 678 000	1 474 000
Total	5 660 000	5 337 000

### Post employment medical aid assumption continued

#### Financial variables

##### i, Discount rate

A discount rate of 11.17% per annum has been used. The corresponding index-linked yield at this term is 4.77%. 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 2021

##### ii, Health care inflation rate

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand

2021

2020

### 35. Employee benefit obligations (continued)

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

A health care cost inflation rate of 7.13% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 5.63%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 3.77% which derives from  $((1+11.17\%)/(1+7.13\%))-1$

The expected inflation assumption of 5.63% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (4.77%) and those of fixed interest bonds (11.17%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows:  $((1+11.17\%-0.50\%)/(1+4.77\%))-1$ .

The next contribution increase was assumed to occur with effect from 1 January 2021

#### 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 live

#### ii, Post-retirement Mortality

PA(90) ultimate table, adjusted down by one year of age, and a 1% annual compound mortality improvement from 2010. This means that we expect 1% fewer people to die next year. In the year thereafter, we expect 1.99% fewer people to die, i.e 1.99% is derived from  $[1-(1-1\%)^2]$  and so on

#### 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%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55	0%	0%

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand

2021

2020

### 35. Employee benefit obligations (continued)

>55 0% 0%

#### 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.

#### 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.

#### 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).

#### 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 dependant on their medical aid. For current retiree members, actual medical aid dependants were used and the potential for remarriage was ignored.

#### Sensitivity Analysis

##### a, Sensitivity Analysis for Post Employment Medical Aid

The liability at the Valuation Date was recalculated to show the effect of:

- (i) A 1% increase and decrease in the assumed rate of health care cost inflation
- (ii) A 1% increase and decrease in the discount rate
- (iii) A one-year age reduction in the assumed rates of post-employment mortality
- (iv) A one-year decrease in the assumed average retirement age
- (v) 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 our results to changes in certain key variables, we have recalculated the liability using the assumptions as below. Figures are in Millions

Assumption	Change	In-service members	Continuation members	Total	% Change
Central assumption		33.504	1.132	34.636	
Health care inflation	1%	36.534	1.215	37.749	09%
	-1%	30.091	1.048	31.139	-10%
Discount rate	1%	29.298	1.051	30.349	-12%
	-1%	38.644	1.226	39.870	15%
Post retirement mortality	1 yr	32.578	1.094	33.672	-03%
	-1 yr	34.415	1.171	35.586	03%
Average retirement age	-1 year	36.624	1.132	37.756	09%
Continuation of members at retirement	10%	24.225	1.132	25.357	-27%

The table above indicates, for example, that if medical inflation is 1% greater than the long-term assumption made, the liability will be 09% higher than that shown

The sensitivity analysis on current-service and interest cost for the year ending 30 June 2021

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand

2021

2020

### 35. Employee benefit obligations (continued)

Assumption	Change	Current Svc Interest Cost	Total	% Change	
Central assumptions		1 779 400	3 870 100	5 649 500	
Health care inflation rate	1%	1 969 700	4 251 100	6 220 800	10%
	-1%	1 544 900	3 442 600	4 987 500	-12%
Discount rate	1%	1 493 300	3 688 600	5 181 900	-08%
	-1%	2 145 000	4 057 400	6 202 400	10%
Post-employment mortality	(1 year)	1 832 900	3 990 500	5 823 400	-03%
Average retirement age	-1 year	1 873 900	4 209 600	6 083 500	08%
Continuation of members at retirement	-10%	1 348 600	2 817 700	4 166 300	-26%

#### b. Sensitivity analysis for long service awards

The liability at the valuation date was recalculated to show the effect of :

- (i) A 1% increase and decrease in the assumed general earnings inflation rate;
- (ii) A 1% increase and decrease in the discount rate;
- (iii) A two-year increase and decrease in the assumed average retirement age of eligible employees; and
- (iv) A two-fold increase and 50% increase in the assumed rates of withdrawal from services

#### Sensitivity analysis on the unfunded liability

The figures in the table below are in Rmillion.

Assumption	Change	Liability	% Change
Central assumptions		23 052	
General earnings inflation	1%	24 256	5%
	-1%	21 947	-5%
Discount rate	1%	21 894	-5%
	-1%	24 337	6%
Average retirement age	2 years	26 450	15%
	(2 year)	19 143	-17%
Withdrawals	x2	19 606	-15%
	x0.5	25340	10%

#### Sensitivity analysis on current service and interest costs for the year ending 30 June 2021

Assumption	Change	Current Svc Interest Cost	Total	% Change	
Central assumptions		1 121 000	1 139 500	2 260 500	
General earnings inflation	1%	1 205 600	1 203 300	2 408 900	07
	-1%	1 045 100	1 081 000	2 126 100	-06%
Discount rate	1%	1 052 000	1 213 200	2 265 200	00%

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand				2021	2020
<b>35. Employee benefit obligations (continued)</b>					
	-1%	1 199 100	1 056 300	2 255 400	00%
Average retirement age	2 years	1 250 100	1 336 200	2 586 300	14%
	(2 year)	922 300	922 300	1 890 900	-16%
Withdrawal rates	x0.5	1 318 500	1 259 600	2 578 100	14%

Key Assumptions for Long service award

Financial variable

i, Discount Rate

A discount rate of 6.89% 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 6.89% is then derived as the liability-weighted average of the yields derived in the first step. The corresponding liability-weighted index-linked yield is 3.61%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2021

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

The expected inflation assumption of 2.68% was obtained from the differential between market yields on index-linked bonds (3.61%) consistent with the estimated terms of the liabilities and those of nominal bonds (6.89%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as  $((1+6.89\% - 0.50\%)/(1+3.61\%)) - 1$

Thus, a general earnings inflation rate of 3.68% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 3.10%

Impact of COVID - 19

The actuary was not able to estimate the impact the pandemic is likely to have on the Municipalities liability at the stage of the report. There is much uncertainty as to how it will affect mortality, and whether (and) when a treatment or vaccine will become available. If the return to economic normalcy is extended then the municipality's experience regarding resignations and retrenchments may also be affected.

30 June 2020 long term government bonds yields (which drive the main figures in this report) increased dramatically since the early stages of the pandemic. This pushes up the net discount rate which in turns reduces the liability. it is impossible to say how long lasting this volatility in the prescribed discount rate and its consequent impact on the liability is likely to be.

has been assumed that the next earnings increase will take place on 1 July 2021

### 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	5.0%

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand 2021 2020

### 35. Employee benefit obligations (continued)

25 - 29	4.0%
30 - 34	3.0%
35 - 39	2.0%
40 - 44	1.0%
> 44	0.0%

#### 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

#### Withdrawal from Service

If an employee leaves, the employer's liability in respect of that employee ceases. It is therefore important not to overstate withdrawal rates. A sample of the assumed rates is set out below.

Age	Females	Males
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55	0%	0%
>55	0%	0%

Additional disclosure on the actuarial valuation report and methodology.

The actuarial valuation for Mopani employees that are stationed at local municipality was performed by different actuaries. The actuaries at the respective locals relied on the information as per the submission from the area of submission. The methodology used for PEMA is similar across the board. Methodology used for long term service differs per local municipality.

The number of employees stationed at locals is too insignificant in comparison to the employees at MDM to have a negative influence on the total value of liability.

#### 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:

	2021	2020	2019	2018	2017
Defined benefit obligation - PEMA	67,246,881	54,048,148	51,016,481	44,803,350	50,362,210
Defined benefit obligation - LSA	26,686,376	25,914,603	25,461,879	25,050,724	16,882,600

#### Estimated Future liability for PEMA and LSA

	30 June 2022 PEMA	30 June 2023 PEMA	30 June 2021 LSA	30 June 2023 LSA
Opening Balance	49,272,211	51,171,000	32,234,476	32,861,000
290	2,287,852	2,155,000	2,726,865	2,906,000
Interest	5,208,010	5,357,000	2,737,755	2,782,000
Benefits	(562,000)	(586,000)	(4,064,516)	(4,641,000)
	<b>56,206,073</b>	<b>58,097,000</b>	<b>33,634,580</b>	<b>33,908,000</b>

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand

2021

2020

### 36. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments: We noted that provision for bad debts was not calculated for some of the debtors, furthermore certain journals and transactions were processed to VAT and there

#### Statement of financial position

##### 2020

	Note	As previously reported	Correction of error	Restated
Inventories	3	14,324,723	4,235,307	18,560,030
Receivable from exchange transactions	4	524,001,015	120,723,370	644,724,385
Cash and cash equivalents	3	216,772,059	-	216,772,059
Property, plant and equipment		5,750,292,797	10,107,899	5,760,400,696
Intangible assets	6	7,963,130	1,322,131	9,285,261
Heritage Assets	7	432,000	-	432,000
Finance lease obligation (Short term)	8	(29,373,381)	-	(29,373,381)
Payables from exchange transactions		(1,693,364,547)	(19,230,451)	(1,712,594,998)
Consumer deposits		(4,567,011)	-	(4,567,011)
Unspent conditional grants		(174,188,026)	785	(174,187,241)
Provision for landfill site		(12,510,196)	-	(12,510,196)
Employee cost related provisions		(70,717,956)	-	(70,717,956)
Finance lease liability (Long term)		(19,936,330)	-	(19,936,330)
		<b>4,509,128,277</b>	<b>117,159,041</b>	<b>4,626,287,318</b>

#### Statement of financial performance

##### 2020

	Note	As previously reported	Correction of error	Restated
Service charges		(254,636,679)	20,475,613	(234,161,066)
Interest on overdue account		(52,554,855)	-	(52,554,855)
Other income		(1,021,352)	-	(1,021,352)
Interest received - Investments		(19,298,173)	-	(19,298,173)
Agency Fees		(1,642,968)	-	(1,642,968)
Government grants and subsidies		(1,276,363,002)	5,741,136	(1,270,621,866)
Actuarial Gains/losses		(12,220,441)	-	(12,220,441)
Employee related costs		443,598,855	-	443,598,855
Remuneration of councillors		13,097,905	-	13,097,905
Depreciation and amortisation		191,929,714	-	191,929,714
Impairment loss/Reversal of impairments		14,165,704	-	14,165,704
Finance cost		66,797,509	-	66,797,509
Debt impairment		177,400,121	(26,889,340)	150,510,781
Bulk purchases		187,486,441	1,268,904	188,755,345
Contracted services		49,223,800	-	49,223,800
Transfers and subsidies		2,415,339	-	2,415,339
Repairs and maintenance		200,671,177	-	200,671,177
General expenditure		239,747,641	(13,237,875)	226,509,766
Loss on disposal of assets		745,497	-	745,497
<b>Surplus for the year</b>		<b>(30,457,767)</b>	<b>(12,641,562)</b>	<b>(43,099,329)</b>

#### Reconciliation in accumulated surplus

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>36. Prior-year adjustments (continued)</b>		
<b>Adjustment affecting the statement of position</b>		
Increase in inventories	-	4,235,307
Increase in receivables from exchange transactions	-	120,723,370
Decrease in property, plant and equipment	-	10,107,899
Increase in Intangible assets	-	1,322,131
Increase in payables from exchange transactions	-	(19,230,451)
Decrease in unspent conditional grants	-	785
		<b>117,159,041</b>
<b>Adjustment affecting the statement of financial position</b>		
Decrease in service charge	-	20,475,613
Decrease in government grants	-	5,741,136
Decrease in debt impairment	-	(26,889,340)
Increase in bulk purchases	-	1,268,904
Decrease in general expenses	-	(13,237,875)
		<b>(12,641,562)</b>
<b>Accumulated surplus</b>		
Balance as previously reported	-	(4,478,670,505)
Receivables from exchange transactions	-	(87,345,527)
Unspent grant	-	(5,741,921)
Property, plant and equipment	-	(11,430,029)
		<b>(4,583,187,982)</b>

We noted that receivables were mistated due to incorrect journals posted to VAT receivables and omission of debt impairment. The error was corrected as follows: Receivables (dr) R110 298 015, Trade payables (Cr) R18 768 894, General expenses (Cr) R922 568,; Debt impairment (dr) R1712294 and accumulated surplus (cr) R84 238 883

We noted that completed assets were not capitalised resulting in understated of assets . The error was corrected as follows accumulated surplus (cr) R111 430 029; Intangible assets (dr) R1 322 131; PPE (dr) R10 107 899.

We noted that invoices received after year end were incorrectly recognised as grant revenue in the 2020 financial period. The error was corrected as follow: Grants and subsidies (dr) R5 741 136 and accumulated surplus (cr) R5 741 136

IWe noted inventoory valuation was incorrect and bulk purchases was understated. The errors were corrected as follows. bulk purchases R1268904, Payables (cr) R1268904, General expenses (cr) R4 235 307 and Inventory R4 235 307

We identified errors between intermunicipal accounts of MDM and Local municipalities. The errors were corrected as follows. accumulated surplus R3106645, Trade payables (dr) R807347, Trade receivables (dr) R10 425 319, Debt impairment (cr) R28 601 634 and service charges (dr) R20 475 613

### 37. Risk management

#### Financial risk management

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand

2021

2020

### 37. Risk management (continued)

#### 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 insure 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.

At 30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	1,693,364,547	-	-	-
Finance lease liability	19,936,886	-	-	-

At 30 June 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transaction	1,693,364,547	-	-	-
Finance lease liability	29,373,381	19,936,886	-	-

#### Credit risk

##### Investments

The municipality limits its exposure to credit risk by investing with only reputable financial institutions and within specific guidelines set in accordance with Council's approved investment policy.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

##### 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 who 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 limit its exposure to credit risk by investing only with reputable financial institutions and within specific guidelines set in accordance with council's approved investment policy. The municipality does not consider any significant exposure to credit risk.

The carrying amount of financial assets represents maximum credit exposure.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2021	2020
Cash and cash equivalents	29,441,681	216,772,059
Receivables from exchange transactions	-	542,001,015

The municipality invested in a call account at an interest rate of x% per annum for financial period

#### Market risk

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>37. Risk management (continued)</b>		
<b>Interest rate risk</b>		
As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.		
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 shall be made without consultation with the councillor responsible for financial matters.		
Consumer receivables comprise of a large number of ratepayers, 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.		
<b>38. Events after the reporting date</b>		
The Municipality have not recorded the events after the reporting period which is either adjusting or non-adjusting events after the reporting date although there disclosure of this nature is very important in any case		
<b>39. Unauthorised expenditure</b>		
Opening balance as previously reported	804,182,958	612,987,704
<b>Opening balance as restated</b>	<b>804,182,958</b>	<b>612,987,704</b>
Add: Expenditure identified - current	80,584,359	191,195,254
<b>Closing balance</b>	<b>884,767,317</b>	<b>804,182,958</b>
<b>40. Fruitless and wasteful expenditure</b>		
Opening balance as previously reported	359,244,383	296,474,243
<b>Opening balance as restated</b>	<b>359,244,383</b>	<b>296,474,243</b>
Add: Expenditure identified - current	43,709,506	62,770,140
<b>Closing balance</b>	<b>402,953,889</b>	<b>359,244,383</b>
<b>41. Irregular expenditure</b>		
Opening balance as previously reported	1,161,276,023	890,980,851
<b>Opening balance as restated</b>	<b>1,161,276,023</b>	<b>890,980,851</b>
Add: Irregular Expenditure - current	300,278,005	121,132,174
Add: Irregular Expenditure identified during the audit	-	149,162,998
<b>Closing balance</b>	<b>1,461,554,028</b>	<b>1,161,276,023</b>
<b>42. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year subscription / fee	3,981,912	4,358,308
Amount paid - current year	(3,981,912)	(3,981,912)
	-	<b>376,396</b>
<b>Audit fees</b>		
Current year subscription / fee	10,419,881	8,584,323

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

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Figures in Rand	2021	2020
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### 42. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### PAYE and UIF

Current year subscription / fee	74,746,280	76,277,694
Amount paid - current year	(74,746,280)	(76,277,694)
	-	-

#### Pension and Medical Aid Deductions

Current year subscription / fee	71,419,200	66,074,418
Amount paid - current year	(71,419,200)	(66,074,418)
	-	-

### 43. 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 officers 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 R33 009 103 (2020: R23 905 845) 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).

### 44. Multi-employer plan

The municipality makes provision for post-retirement benefits to eligible councilors and employees who belong to different pension schemes

All councilors belong to the pension fund for municipal councilors

Employees belong to a variety of approved Pension funds and provident funds as described below

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each funds are held in one portfolio and are not notionally allocated to each of participating employer
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer
- (iii) 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..

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>45. Cash generated from operations</b>		
Surplus	729,914,819	43,099,330
<b>Adjustments for:</b>		
Depreciation and amortisation	(23,860,531)	207,212,032
Contribution to bad debt provision	-	173,785,549
Movement in landfill site	(6,737,519)	(1,363,109)
Movement in post employment obligation	6,031,001	(5,760,404)
Finance costs	3,038,119	4,857,299
<b>Changes in working capital:</b>		
Inventories	(11,907,606)	(1,056,288)
Receivables from exchange transactions	(254,364,053)	(165,470,304)
Consumer debtors	(958,914)	(203,686)
Payables from exchange transactions	(63,795,634)	167,818,335
VAT	27,802,446	(86,037,419)
Unspent conditional grants and receipts	(92,471,063)	79,020,277
VAT Receivables	(958,914)	-
	<b>311,732,151</b>	<b>415,901,612</b>

### 46. Accounting by principals and agents

Mopani District Municipality is a party to a principal-agent arrangement(s). f

#### Details of the arrangement(s) is|are as follows:

The municipality was appointed as an agent for implementing Regional Bulk Infrastructure Grant Scheme on behalf of Department of Water and Sanitation. The projects are for the benefit in kind of the water service authority. The duration of the agreement is 01 July 2018 to 30 June 2021. In terms of the agreement, Department of Water and Sanitation reimburses Mopani District Municipality for all expenses incurred on its behalf for the RBIG project.

Mopani District Municipality is entitled to an agency fees of 5%, which are disclosed in other income. Refer to note .

The balance of expenditure incurred on behalf of Department of Water and Sanitation but not reimbursed is disclosed below. [State significant terms and conditions of the arrangement(s) and whether any changes occurred during the reporting period]

[Provide an explanation of the purpose of the principal-agent relationship(s) and any significant risks (including any risk mitigation strategies) and benefits associated with the relationship(s)]

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand

2021

2020

### 46. Accounting by principals and agents (continued)

#### Entity as agent

#### Resources held on behalf of the principal(s), but recognised in the entity's own financial statements

The are no other resources held on behalf of the Department of Water and Sanitation.

#### Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is 798,366 (2020: 1,677,594).

#### Liabilities and corresponding rights of reimbursement recognised as assets

There are no liabilities that have been incurred on behalf of the principal.

Rights of reimbursement that have been recognised as assets under receivable from exchange transactions.

#### Additional information

#### Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

#### Category(ies) of revenue received or to be received on behalf of the principal, are:

The are no revenue that was received or to be received on behalf on behalf of the principal.

#### Category(ies) of expenses paid or accrued on behalf of the principal, are:

##### Categories

Expenditure paid to contractors

##### Details

This are expenses paid by Mopani District Municipality to the contractors on behalf of the Department of Water and Sanitation.

#### Amount of revenue received from the principal

Reimbursement for payments made to contractors	15,691,956	33,551,873
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#### Amount of revenue to be received on behalf of the principal during the reporting period

#### Amount of expenses paid on behalf of the principal during the reporting period

Expenditure paid to contractors	15,691,956	33,551,873
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#### Amount of expenses accrued on behalf of the principal during the reporting period

No expenses were accrued on behalf of the principal during the reporting period.

#### Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

#### Reconciliation of the carrying amount of receivables

#### Amounts paid to contractors on behalf of the principal

Amounts paid to contractors	15,967,327	33,551,873
Amounts received from principal	(15,691,956)	(33,551,873)
	<b>275,371</b>	<b>-</b>

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand 2021 2020

### 46. Accounting by principals and agents (continued)

#### Agency fees payable

Opening balance	2,204,822	2,712,928
Agency fees raised	798,366	1,677,594
Agency fees payments received	-	(2,185,700)
	<b>3,003,188</b>	<b>2,204,822</b>

The outstanding amount is expected to be settled within 12 months. There are no other resources held on behalf of the department of water and sanitation. Irregular, fruitless and wasteful expenditure incurred due to Mopani municipality's gross negligence and not condoned by Mopani municipality's council is recoverable by the principal. There are no other benefits in the relationship (except that of commission received)

Mopani municipality assumes the risk of managing the contractors and indemnifies the principal against any claims made by the contractor. In terms of the agreement, the agent is liable to reimburse the principal, where the principal is not satisfied with the performance of the contractor. To mitigate this risk, projects are executed in line with approved project implementation plan. Furthermore, the contractor's performance is monitored throughout the contract and a retention is held at the end of the contract which is only paid after 12 months of completion of work, provided the work has no defects.

Mopani municipality does not have the power to determine significant terms and conditions of the project because all projects are implemented according to the project implementation plan which is approved by the principal. The assets belong to the principal and the agent has no right to benefit from them unless they are transferred to agent. Variations in the contract amounts are approved by the principal and paid by the principal.

#### All categories

Opening balance	2,204,822	2,712,928
Revenue that principal is entitled to	16,765,693	35,229,467
Write-offs, settlements or waivers of amounts that reduce the amount that the principal is entitled to	(15,691,956)	(35,737,573)
	<b>3,278,559</b>	<b>2,204,822</b>

### Entity as principal

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

Mopani District Municipality as a water service authority, has delegated the responsibility of water distribution and rendering of sanitation services to the local municipalities within the district, namely: Greater Tzaneen Municipality, Greater Letaba Municipality, Maruleng Municipality, Ba - Phalaborwa Municipality and Greater Giyani Municipality.

In terms of the agreement, the five local municipalities are to sell water to the consumers on behalf of MDM

As the principal agent MDM is liable for agency fees to each local municipality as disclosed in note 11. 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 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 item.

There has not 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 Receivables from exchange transaction note 7 above or Payables from exchange transactions note 11. 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 locals will be settled through cash collections withheld by the locals and expenses paid on behalf of MDM

The locals are in full control of the billing system and apply their credit control policies in managing MDM's consumer debtors.

There were no changes to any significant terms and conditions of this agreement during the current reporting period.

# Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand

2021

2020

### 46. Accounting by principals and agents (continued)

MDM is entitled to all income and is liable for all expenses relating to water transactions at the local municipalities. The risk of non-payment by the customer, and variations due to increase/decrease in selling prices of water and sanitation services are borne by MDM.

#### Benefits & Risks

Non-payment risks of amounts receivable from the local municipalities is considered to be significant. However, as an alternative recovery method, the local municipalities are required to incur expenses relating to water related activities and for reimbursement by 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.

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#### Fee paid

The are fees paid to the agents, however al agency fees owed to the agents were raised as a payable under payables 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 locals. The costs to be incurred will mainly include, obtaining of a billing system and other resources to enable sal of water to residents within the district



# MOPANI DISTRICT MUNICIPALITY

## Annual Report 2020- 21



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Municipality  
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Fax: 015 309 9419

Greater giyani  
Municipality  
Tel: 015 811 5500  
Fax: 015 812 2068

Maruleng  
Municipality  
Tel: 015 793 2409/ 2237  
Fax: 015 793 2341

Ba-Phalaborwa  
Municipality  
Tel: 015 780 6300  
Fax: 015 781 0726

Greater Tzaneen  
Municipality  
Tel: 015 309 9248  
Fax: 015 309 9419

[www.greaterletaba.gov.za](http://www.greaterletaba.gov.za)

[www.greatergiyani.gov.za](http://www.greatergiyani.gov.za)

[www.maruleng.gov.za](http://www.maruleng.gov.za)

[www.ba-phalaborwa.gov.za](http://www.ba-phalaborwa.gov.za)

[www.greatertzaneen.gov.za](http://www.greatertzaneen.gov.za)



Greater Letaba Municipality



Greater Giyani Municipality



Maruleng Municipality



Ba-Phalaborwa Municipality



Greater Tzaneen Municipality