

**ANNUAL REPORT
2019 - 20**



GREATER LETABA
MUNICIPALITY



GRATER GIYANI
MUNICIPALITY



MARULENG
MUNICIPALITY



BA-PHALABORWA
MUNICIPALITY



GRATER TZANEEN
MUNICIPALITY

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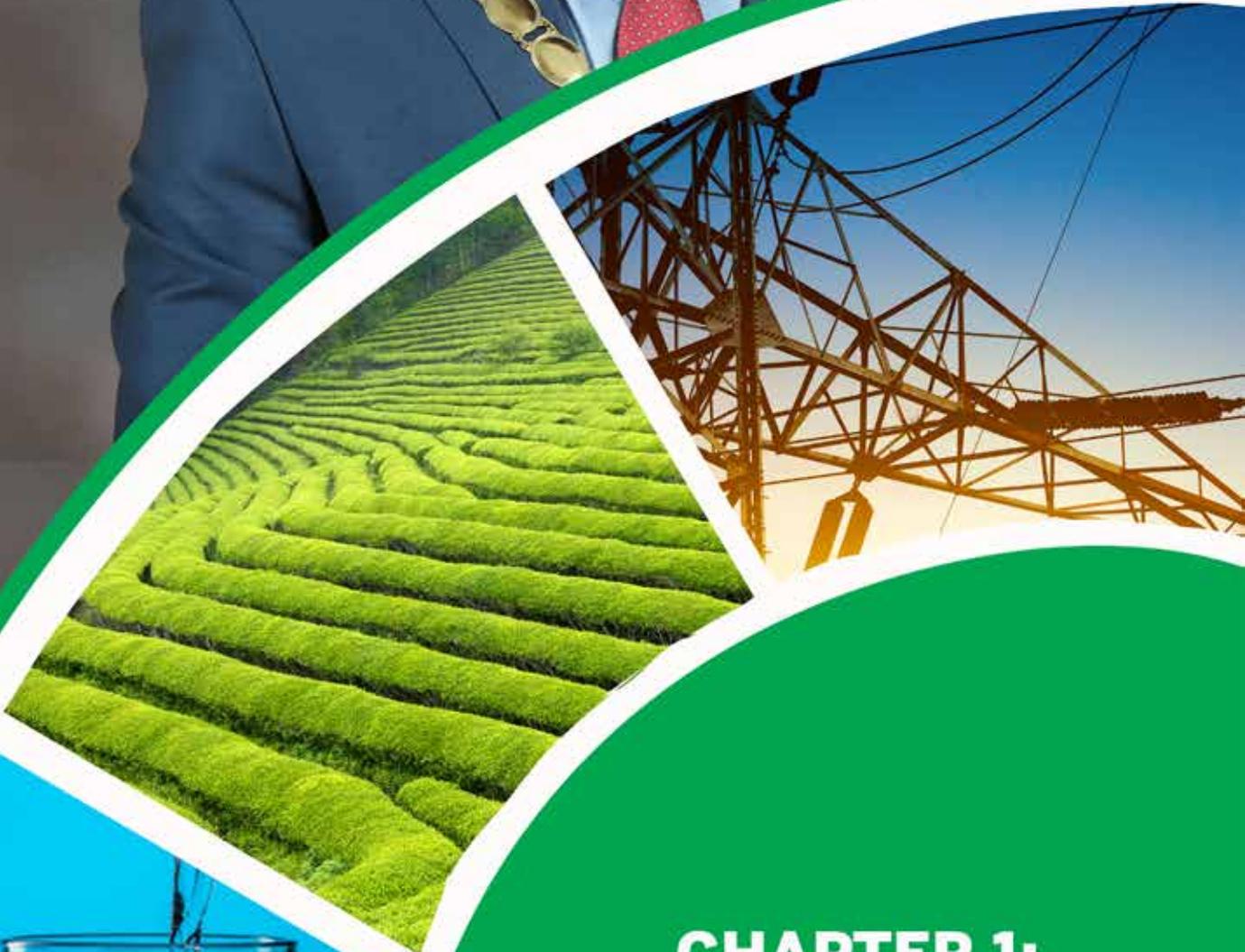
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LIST OF ABBREVIATIONS/ACCRONYMS

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





**CHAPTER 1:
MAYOR`S FOREWORD &
EXECUTIVE SUMMARY**

COMPONENT A: MAYOR'S FOREWORD



Cllr P.J. Shayi
Executive Mayor

We have concluded the 2019/20 financial year, which practically brings us to the end of the fourth year of the mandate as bestowed on us by majority of our people in 2016. We have travelled this journey together, emboldened by the actions from the people of this district who delivered a single profound message that together we can advance people's power in every community.

We have endured great hardships arising from the novel coronavirus pandemic. It has caused massive damage to our economy. But working with our people, we have provided shelter to the homeless and through the District Food Bank, the generosity of the business community has helped us to ensure that the less privileged do not sleep on empty stomachs as we continued to battle the pandemic.

The establishment of the District Food Bank helped us to reach out to thousands of people across the district. The partnership and contributions from the farming community was important to our efforts to fight hunger during the pandemic. Indeed, we could not have done it had it not been for the humanitarian acts from our farming community and the caring business people who raised their hands at the time when our people needed them the most.

But even in the midst of this deadly virus, the journey of advancing people's power in every community continued, the essence of which is derived from the democratic breakthroughs emanating from the struggle and sacrifices from our people. We have worked together with our people to build better communities, although many challenges still remain but our people remain hopeful and confident on the work of this democratic local government.

There was a directive from national government for us to reprioritize the 2019/2020 MIG allocation to address the water and sanitation needs in communities. This allowed us to implement short-term water projects in response to this pandemic. We are pleased with the progress recorded so far as we try to reach to our communities. But we also wish to commend the support from national government, in particular the Department of Water and Sanitation through the water tankering programme.

We have also recorded some milestones in our water infrastructure rollout programme. The Jopie to Ramotshinyadi Water Reticulation Phase 2A and 2B are now complete. We have installed water taps to at least 915 households in that community and also constructed four elevated steel tanks. We have also completed the Makhushane Water Scheme Phase 1. We are also making progress on Sefotse to Ditshosine Bulk Water Supply in the Greater Letaba Municipality. Through our massive infrastructure projects, our people have benefitted a lot and will continue to benefit in the coming financial year. We have succeeded in creating at least 2775 work opportunities through our infrastructure projects embedded in the Expanded Public Works Programme. We have created a further 314 EPWP jobs from the social cluster – this against the target of 100 and we also created 130 in the environment and waste cluster. Working with other entities of government at this level, we have assisted 212 SMMEs as part of our efforts to promote the local economy.



We have started with work on the Gravelotte Township Establishment. Through this project we wish to create a sustainable human settlement where our people united in their diversity will have a much improved access to socio-economic opportunities in line goals of this democratic government which is that of creating a united, non-racial, non-sexist, democratic and prosperous society. This project also offers an opportunity for us as a municipality to widen our revenue collection base, which will help us to improve on service delivery.

We conclude the year under review encouraged by the slight improvement recorded on the audit findings having moved from adverse audit opinion to qualified. We continue to work hard to build from this significant move, and we are confident that we have the right structures with a much renewed determination to achieve a positive audit opinion in the next financial year.

We remain committed to clean governance. We are working with all structures of council to address the concerns raised by the Auditor General, and at the level of council we continue to monitor the implementation of the Audit Action Plan. We have also elevated issues of consequence management, and to that extent officials that have contravened policies are held accountable.

It is in that spirit that we will continue to embrace the work of council oversight committees, in particular the Municipal Public Accounts Committee, which is empowered by other legislations including the Municipal Finance Management Act No 56 of 2003, section 33 and 79 of the Municipal Structures Act as well as the Municipal Systems Act. But, we also commend the work of the Audit Committee and our entire workforce led by the Accounting Officer, Mr Quiet Kgatla.

Our vision is to be the food basket of Southern Africa and the tourism destination of choice. This is precisely the reason why we continue to support initiatives and efforts aimed at promoting agriculture and tourism in our district. The tourism sector which is one of the key economic pillars in the district and is most affected by the pandemic. Therefore, at the level of the district we need to work with all key stakeholders in that sector to find innovative ways in order to adequately respond to the challenge posed by this pandemic.

We will pay special attention to work around establishing partnerships with a view of growing the economy of our district in order to create jobs for our people. It is only through working together that we are able to change the quality of lives of our people.

We want to encourage everyone to continue the fight against the spread of Covid-19. Let us remain steadfast and vigilant while we continue to practice preventative actions. Together we can beat the coronavirus.

CLLR P.J SHAYI
EXECUTIVE MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW



Mr Q Kgatla
Municipal Manager

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 built in Tzaneen town and is in full use 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. The IDP and Budget processes successfully concluded amidst COVID19 hindrance delayed progress in the area of water and sanitation.

Mopani District Municipality strives to continue to expedite infrastructure and 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.

In the year under review, the municipality retained a Qualified audit opinion. It is an honour and privilege that comes with a huge responsibility, not only to turn the situation around, but also set the municipality on the right path, towards a clean administration.

On 15 March 2020, President Cyril Ramaphosa declared a national state of disaster in terms of the Disaster Management Act to enable government and the country at large to manage the spreading of the COVID-19 virus. As part of the measures introduced to curb the spreading of the virus, the President prohibited gatherings of 100 or more people. On 23 March 2020, the President declared a nationwide lockdown, whereby all citizens, except those that form part of essential services, were ordered to stay home for a period of 21 days. The nationwide lockdown, which is known as level 5, commenced at midnight on Thursday 26 March 2020.

The announcement by the President of the Republic of South Africa has also affected the district in terms of delivering services to the communities. There are targets which were not met due to lockdown restrictions. The service providers (contractors) were not allowed during level 1 of the lockdown, which halted the delivery of services within the Mopani District Municipality.

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.

Mr Q Kgatla
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:

1. (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.
2. (b) Bulk supply of water that affects a significant proportion of municipalities in the district.
3. (c) Bulk supply of electricity that affects a significant proportion of municipalities in the district.
4. (d) Bulk sewerage purification works and main sewage disposal that affects a significant proportion of the municipalities in the district.
5. (e) Solid waste disposal sites serving the area of the district municipality as a whole.
6. (f) Municipal roads which form integral part of a road transport system for the area of the district municipality.
7. (g) Regulation of passenger transport services.
8. (h) Municipal Airport serving the area of the district municipality as a whole.
9. (i) Municipal Health Services serving the area of the district municipality as a whole.
10. (j) Fire Fighting services serving the area of the district municipality as a whole.
11. (k) The establishment conducts and control of fresh produce markets and abattoirs serving the area of the district municipality as a whole.
12. (l) The establishment conduct and control of cemeteries and crematoria serving the area of the

district municipality as a whole.

13. (m) Promotion of local Tourism for the area of the district municipality as a whole.
14. (n) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.
15. (o) The receipt, allocation and if applicable, the distribution of grants made to the district municipality.
16. (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 for that.

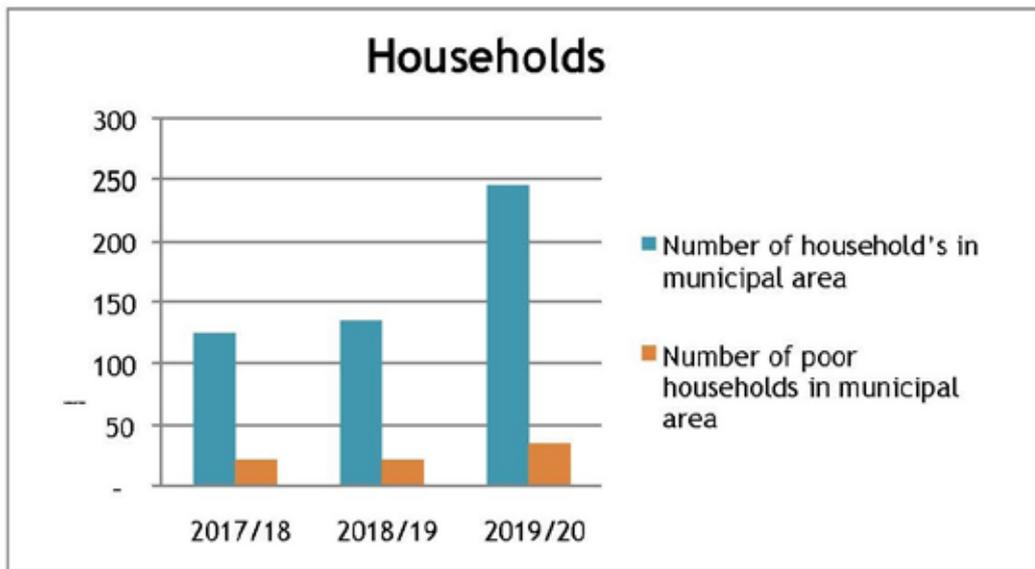
T 1.2.1

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 | 2017/18 | | | 2018/19 | | | 2019/20 | | |
| | 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 (Statssa 2011 Census) idp18/19

T1.2.2



| 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 Imprevalence | Illiterate people older than 14 years |
| 2017/18 | 32.3% | 19.7% | 48.0% | 30.6% | 24.8% | 27.1% |
| 2018/19 | 8.4% | 10.4% | 14.2% | 30.6% | 24.8% | 27.1% |
| 2019/20 | 8.4% | 39.0% | 43.0% | 30.6% | 24.6% | 12.0% |

T1.2.4

T1.2.5

| Overview of Neighbourhoods within Mopani District Municipality | | |
|--|-------------------|---------------------|
| Settlement Type | Households | Population |
| Towns & Townships | | |
| LIM331: Greater Giyani | 8,097 | 25,643 |
| LIM332: Greater Letaba | 4,791 | 12,124 |
| LIM333: Greater Tzaneen | 14,227 | 40,570 |
| LIM334: Ba-Phalaborwa | 18,994 | 76,824 |
| LIM335: Maruleng | 1,187 | 2,182 |
| Sub-Total | 47,296 | 157,343 |
| Rural settlements | | |
| LIM331: Greater Giyani | 55,451 | 218,576 |
| LIM332: Greater Letaba | 53,470 | 200,578 |
| LIM333: Greater Tzaneen | 94,699 | 349,528 |
| LIM334: Ba-Phalaborwa | 22,121 | 73,811 |
| LIM335: Maruleng | 23,283 | 92,673 |
| Sub-Total | 249,024 | 935,166 |
| Informal settlements | | |
| Farming | | |
| LIM331: Greater Giyani | | |
| LIM332: Greater Letaba | | |
| LIM333: Greater Tzaneen | | |
| LIM334: Ba-Phalaborwa | | |
| LIM335: Maruleng | | |
| Sub-Total | 0.00 | |
| Total | 296,320.00 | 1,092,509.00 |

Source: Census 2011, 19/20 IDP, IDP Department

T 1.2.6

Natural Resources

| Major Natural Resource | Relevance to Community |
|------------------------|---|
| Marula Fruit | Job creation through collection of fruit by community members and supply to Amarula producers |
| Mopani worms | Source of food |
| Tourism | Job creation and economic growth |
| Agriculture | Job creation. Food Source |
| Mining | Job creation and economic growth |

Source: 18/19 IDP

The reconciled total population of the Mopani District Municipality has increased from 1 068 569 (Stats SA CS 2007) to 1 092 507 (Stats SACensus 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 outnumbering 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 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 19/20

T1.2.8

1.1. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

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 SACensus 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 outnumbering 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

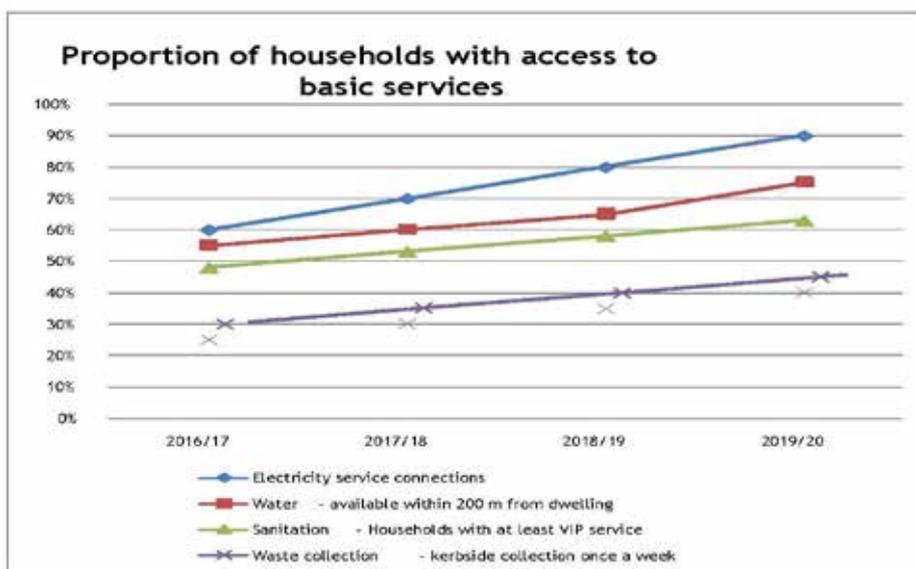
Ba-Phalaborwa with only 75% of the labour force earning less than R800 per month. This can be attributed to the high level of urbanization in Ba-Phalaborwa and the presence of mines.

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 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 2019/20

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.

1.2. FINANCIAL OVERVIEW

FINANCIAL POSITION

| Financial Overview – 2019/20 | | | |
|------------------------------------|----------------------|-------------------|----------------------|
| R'000 | | | |
| Details | Original Budget | Adjustment Budget | Actual |
| Income | | | |
| Grants | 1 276 363 002 | 1 517 028 | 1 276 363 002 |
| Taxes, Levies & Tariffs | 0 | 0 | 0 |
| Other | 346 210 | 340 280 | 259 724 |
| Sub Total | 346 210 | 340 280 | 1 021 352 |
| Less Expenditure | 1 745 768 | 1 857 310 | 1 712 034 |
| Net Total | 1 266 120 | 1 280 615 | 1 322 860 |
| | 479 648 | 576 695 | 389 174 |

Source 19/20 AFS

| Operating Ratios 2019/20 | |
|-----------------------------|----------------------|
| Detail | R'00 |
| Employee Cost | R 443 598 855 |
| Remuneration of Councilors | R 13 097 905 |
| Repairs & Maintenance | R 200 671 177 |
| Finance Charges | R 66 797 509 |
| Depreciation & Amortization | R 191 929 714 |
| Debt impairment | R 177 400 121 |
| | T1.4.3 |

| Total Capital Expenditure 2017/18 – 2019/20 | | | |
|---|---------|---------|---------------|
| R'000 | | | |
| Detail | 2017/18 | 2018/19 | 2019/20 |
| Original budget | 640 835 | 615 241 | 1 168 528 |
| Adjustment budget | 610 476 | 722 183 | 1 170 912 |
| Actual | 459 705 | 518 073 | 1 257 305 |
| | | | T1.4.4 |

COMMENT ON CAPITAL EXPENDITURE:

During the period under review, the municipality ended with an Actual Expenditure of R 1 587 279 703

1.3. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The total approved posts of the municipality are 984 for which 667 posts were filled during the year under review and 317 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 23 employees have been terminated from the system. The total number of Councillors for the municipality is 51 and 1 passed on. The Organogram review was conducted in 2019/20 Financial year.

1.4. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT 2019/20

The municipality has received a Qualified audit opinion. The issues that lead to a Qualification audit opinion was a result of supply chain management, pre-determined objectives and misstatements in the Annual Financial statements.

SEE THE ATTACHED AUDITOR GENERAL S/ REPORT FOR 2019/20 FINANCIAL YEAR.

1.5. 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 |
| 2 | Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting). | |
| 3 | Finalise 4th 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 |
| 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 | September - October |
| 11 | Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data | |
| 12 | Municipalities receive and start to address the Auditor General's comments | November |
| 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 | December |
| 17 | Oversight report is made public | |
| 18 | Oversight report is submitted to relevant provincial councils | |
| 19 | Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input. | January |
| | | T1.7.1 |

THE ANNUAL REPORT PROCESS:

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

The Annual Report content will assist municipal councillors, 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 January and after consideration by the MPAC, the MPAC will report to council by the 30th March. These reports should be used as a decision-making tool by the municipalities.

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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:

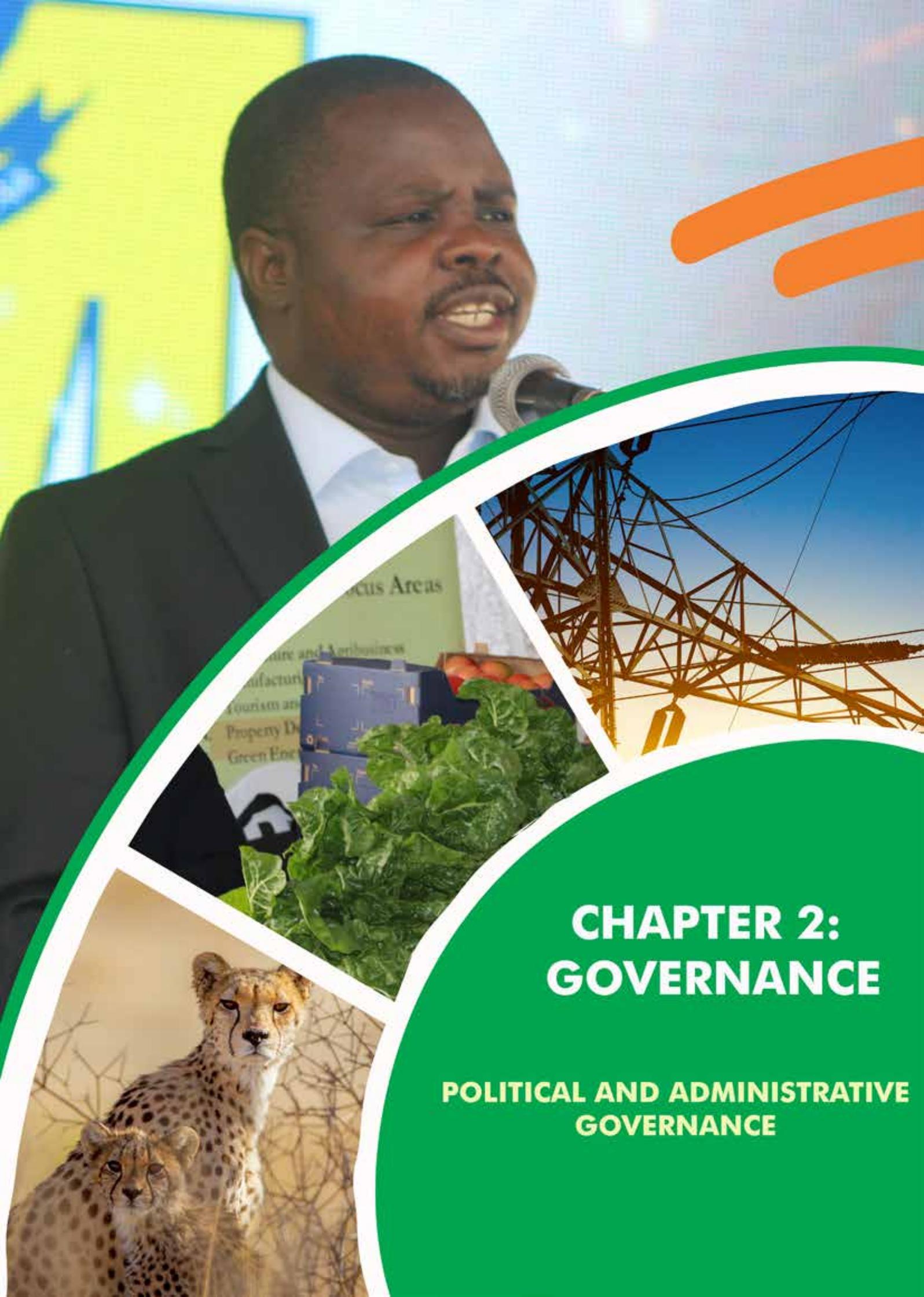
- i. to provide a record of the activities of the municipality or entity during the financial year to which the report relates;

- 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.

T1.7.1.1.





CHAPTER 2: GOVERNANCE

**POLITICAL AND ADMINISTRATIVE
GOVERNANCE**

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 administration has the responsibility to

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

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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 50 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.

Municipal Public Accounts Committee:

The Municipal Public Accounts Committee (MPAC) heard evidence on and considered the contents of the Annual

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 Monakedi SR resigned from the municipality on the 31 July 2019, council has approved the appointment of Mr Kgatla Q as the Acting Municipal Manager until the 5th of February 2020 and was officially appointed on the 6th February 2020 and Mr Mangena S as the Acting Chief Financial Officer for a period of 15 months (15) months ending 30 November 2020. The Chief Financial Officer was appointed in November 2020.

T2.0.1

T2.1.0



Report and the Report of the Auditor-General on the 2018/19 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 2019/20 Financial year, the Chairperson of the MPAC was Cllr MC Nkhwashu.

MPAC Members

Chairperson: Cllr Nkkwashu
 Cllr Hlungwane I
 Cllr Maluleke M.P.T
 Cllr Moshole S.P
 Cllr Mashele G
 Cllr Zandamela N.H

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.

During the last month of 2019/20 financial year, there was re allocation of portfolio committees.

Cllr Modjadji GH was moved from MPAC chairperson to the Head of Finance (MMC), Cllr Baloyi NN from Head of Governance & shared services portfolio to Sports, Recreation, Arts & Culture portfolio, Cllr Mathonsi EJ from Head of Finance to Head of Public Transport and Roads Portfolio, Cllr Sefufi MH from head of Roads & Transport to Head of Water Services.

The following councillors were moved from heading portfolios to be ordinary councillors, Cllr Mokgobi ML, Cllr Zamdela NH, Cllr Maswanganyi M & Cllr Maloko ML. The following councillors were moved from being ordinary councillors to head of portfolios, Cllr Malatji GM head of Infrastructure & development , Cllr Mathaba MA to head of Agriculture & Environmental Management Services , Cllr Maake MD to head Governance & Shared Services, Cllr Modjadji GH to head Finance and Cllr Shimange Fazi MI to head Community services.



**Executive Mayor
Cllr Pule Shayi**



**Cllr Sedibeng WD
Speaker**



**Cllr Maswanganyi M
Chief Whip**



Members of the Mayoral Committee



Cllr Mohale MC
MMC Economic Development
Housing and Spatial Planning



Cllr Maake MD
MMC Governance
and Shared Services



Cllr Modjadji GH
MMC Finance



Cllr Sefufi MH
MMC Water Services



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

Functions of the Mayoral Committee and Council

| Area | Detail |
|--|---|
| Finance | Assist Council in the allocation of resources for service delivery and ensuring accountability and transparency |
| Governance | Support Council with Human Resources and General administration in terms of coordination of Council programmes |
| Roads and Public Transport | Provision of road infrastructure and coordination of public transport activities |
| Water and Sanitation | Ensures that the community have access to clean water and sanitation services |
| Energy | Assist in the coordination of electricity distribution and any other form of energy |
| Finance | Assist Council in the allocation of resources for service delivery and ensuring accountability and transparency |
| Governance | Support Council with Human Resources and General administration in terms of coordination of Council programmes |
| Roads and Public Transport | Provision of road infrastructure and coordination of public transport activities |
| Water and Sanitation | Ensures that the community have access to clean water and sanitation services |
| Energy | Assist in the coordination of electricity distribution and any other form of energy |
| Planning and Development | Assist in the coordination of the development of the IDP, economic development and planning in general |
| Social Services | Ensures the provision of fire services to communities, coordination of all the social services including HIV/AIDS |
| Speaker | |
| Section 37 of Municipal Systems Act | Presides at meetings of Council; |
| | Ensure that Council meets once quarterly; |
| | Maintain order during Council meetings; |
| | And to ensure that Council meetings are conducted in accordance with the Rules of order |
| Full time Councillors | |
| | Ensuring that Portfolio Committee meetings are held monthly |
| | To serve as a communication link between the Executive Mayor and municipal Councillors in the district; |
| | Assisting the Executive Mayor in coordinating the activities of developing strategic plan for the Municipality |
| Municipal Manager | |
| Section 55 of the Municipal Systems Act | Formation and development of an economic, effective, efficient and accountable administration |
| | Management of the municipal administration |
| | Implementation of the municipal Integrated Development Plan and monitoring progress |
| | Management of the provision of services to the local communities in a suitable and equitable manner |



POLITICAL DECISION-TAKING

Rights and duties of municipal Council (The Political Component)

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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;

2.2. ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Mopani District 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



Mr Q Kgatla
Acting Municipal Manager

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



Mr S Mangena
Chief Financial Officer

FUNCTION
Manage Budget and reporting; Revenue Management



Mr N.G Lebepe
Director: Corporate Services

FUNCTION
Manage Human Resources; 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



Mr D.D Shitlhangu
Director: Community Services

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

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

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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:

There are, however, grey areas in how the hierarchical inter-municipal and inter-governmental structures should

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

T2.3.3

RELATIONSHIPS WITH MUNICIPALITIES ENTITIES

The municipality has no entities Appendix D.

DISTRICT IINTERGOVERNMENTAL 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.

T2.3.4

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 Performance Areas | Key | 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, PARTICIPATION AND FORUMS

- Quarterly newsletters
- Mopani district Municipality website: www.mopani.gov.za
- Complaints register
- Presidential and Premiers `s hotline

WARD COMMITTEES

The District has no wards; wards belong to the Local municipalities. The municipality has a unit within the Office of the Executive Mayor a unit responsible for Public Participation, for communities to be awarded an opportunity to contribute to the development of the District. In order to provide support and effective engagement at grass-roots level the District established District Ward Committees forum, made up of 25 members, that is, five representatives from each local municipality. The District Speaker is responsible for coordination of the activities of the forum. Meetings of the District Ward Committees forum are often held concurrently with the Speakers' forum

COMMUNITY ENGAGEMENT

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

| JULY 2019 | | |
|----------------|---|---|
| DATE | DESCRIPTION | PLATFORM |
| 04 July 2019 | Community Safety Dialogue | Physical – Namakgale Community Hall |
| 04 July 2019 | Executive Mayors Radio Interview | Energy FM |
| 12 July 2019 | SODA | Physical - Lulekani Stadium |
| 15 July 2019 | Executive Mayors Interview | Munghana Lonene FM Thobela FM Capricorn FM Facebook (Live) |
| 23 July 2019 | IDP Rep Forum | Physical - Tzaneen |
| 26 July 2019 | Visit after fire disaster | Physical – Informal settlement Makgoba Village |
| 31 July 2019 | Council Sitting | Physical |
| AUGUST 2019 | | |
| DATE | DESCRIPTION | PLATFORM |
| 08 August 2019 | Meeting with Senior Traditional Leaders | Physical – Ba-Phalaborwa |
| 27 August 2019 | Meeting with Maupa, Bellevue and Sefototse Village stakeholders | Physical - Bellevue |
| 29 August 2019 | District Women's Day | Physical - Giyani Multipurpose centre |
| SEPTEMBER 2019 | | |
| DATE | DESCRIPTION | PLATFORM |
| 06 Sep 2019 | District Career Expo | Physical – Lenyenye |
| 30 Sep 2019 | Special Council | Physical |
| OCTOBER 2019 | | |
| DATE | DESCRIPTION | PLATFORM |
| 04 OCT 2019 | Mahumani Day | Physical – Mahumani |
| 15 OCT 2019 | SABC TV News interview on drought | SABC TV |
| 18 OCT 2019 | NHI Roadshow | Physical - Maruleng |
| 24 OCT 2019 | Official Opening of the Local House of Traditional Leaders | Physical - Nwamitwa |
| | Executive Mayors Radio Interview | Capricorn FM |
| 30 OCT 2019 | Ordinary Council Sitting | Physical |

NOVEMBER 2019

| DATE | DESCRIPTION | PLATFORM |
|-------------|--|-------------------------------|
| 02 NOV 2019 | District Prayer Day | Physical – Nkowankowa Stadium |
| 04 NOV 2019 | Launch of safer festive season operation | Physical - |
| 08 NOV 2019 | Mayoral Imbizo | Physical - SRDA hall GLM |
| 11 NOV 2019 | Special Council on Budget adjustment 2019/20 | Physical |

DECEMBER 2019

| DATE | DESCRIPTION | PLATFORM |
|-------------|---|--|
| 02 DEC 2019 | Tshwale Community engagement | Physical – |
| 09 DEC 2019 | Festive Season Road Safety Campaign | Physical – Maphalle Facebook (Live) |
| 19 DEC 2019 | Official opening of taps | Physical - Makgakgapatje |
| 20 DEC 2019 | MLFM Xitsonga Music Awards Media Launch | Physical |

JANUARY 2020

| DATE | DESCRIPTION | PLATFORM |
|-------------|--------------------------|--------------------|
| 23 JAN 2020 | IDP Rep Forum | Physical – Tzaneen |
| 31 JAN 2020 | Ordinary Council Sitting | Physical - |

FEBRUARY 2020

| DATE | DESCRIPTION | PLATFORM |
|-------------|-------------------------|--------------------|
| 05 FEB 2020 | Special Council sitting | Physical |
| 18 FEB 2020 | SMME Roadshow | Physical - Tzaneen |

MARCH 2020

| DATE | DESCRIPTION | PLATFORM |
|---------------|---------------------------------------|------------------------------------|
| 02 March 2020 | IDP Rep Forum | Physical – Tzaneen |
| 04 March 2020 | SALGA Radio Interview | Energy FM |
| 05 March 2020 | SALGA Radio Interviews | MLFM Capricorn FM Thobela FM |
| 09 March 2020 | Matipane Village Stakeholders Meeting | Physical |
| 30 March 2020 | Executive Mayors Radio Interview | Sekgosese FM Vision FM |

APRIL 2020

| DATE | DESCRIPTION | PLATFORM |
|---------------|---|---------------------------|
| 01 April 2020 | Executive Mayors Radio Interview | MLFM |
| 02 April 2020 | Covid-19 Awareness and Mall Compliance Monitoring | Physical - Giyani |
| | Executive Mayors Radio Interview | Capricorn FM |
| 03 April 2020 | Tzaneen Mall Covid – Awareness Walk about with General Bheki Cele | Physical – Tzaneen |
| 06 April 2020 | Covid-19 Compliance Visits | Physical – Shawela |
| 08 April 2020 | Executive Mayors Radio Interview | Thobela FM |
| 15 April 2020 | Mass household screening Launch | Physical – Motupa Village |
| | Executive Mayors Radio Interview | MLFM |
| 23 April 2020 | Monitoring of Mass household screening and testing | Physical |
| 28 April 2020 | Launch of District Food bank | Physical –Tzaneen |
| 29 April 2020 | Roadblock (Compliance Monitoring) | Physical |

MAY 2020

| DATE | DESCRIPTION | PLATFORM |
|-------------|---|---------------------------|
| 05 May 2020 | Executive Mayors Radio Interview | Maruleng FM |
| | Compliance Monitoring, Taxi disinfection and Community Engagement | Physical - Mahlakung Mall |
| 08 May 2020 | SALGA Radio Interviews | MLFM |



| | | |
|-------------|--|--------------------------------|
| 12 May 2020 | Compliance Monitoring and Community Engagement | Physical – Foskor Mine |
| 19 May 2020 | Mass Screening and Testing | Physical – R81 |
| 22 May 2020 | Compliance Monitoring and Community Engagement | Physical – Stibium Mopani Mine |
| 28 May 2020 | Special Council Sitting on IDP & Budget | Virtual |
| 29 May 2020 | IDP/Budget Public Consultation for 2020/21 | Facebook Video |

JUNE 2020

| DATE | DESCRIPTION | PLATFORM |
|--------------|--|--|
| 02 June 2020 | Draft 2020/21 IDP Presentation | Maruleng FM Sekgose FM GCR FM Vision FM |
| 03 June 2020 | Draft 2020/21 IDP Presentation | Facebook Live |
| 26 June 2020 | MLFM Virtual Awards | MLFM Facebook/Youtube |
| 28 June 2020 | Budget Speech. Special Council sitting | Virtual |

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC HELD:

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.

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The municipality has the following interactive mediums with the community

- Quarterly newsletters
- Mopani district Municipality website: www.mopani.gov.za
- Complaints register
- Presidential and Premiers `s hotline

2.5. IDP PARTICIPATION 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. assisting and supporting one another;
- k. 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.

2.6. RISK MANAGEMENT

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

The Chief Risk Officer as the head of risk management is responsible for co-ordinating, facilitating the risk

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

2.7. ANTI-CORRUPTION AND FRAUD

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

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

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

PURPOSE OF THE STRATEGY

- Encouraging a culture within MDM where all employees, the public and other stakeholders continuously behave with, and promote integrity in their dealings with, or on behalf of the municipality.

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



PRINCIPLES OF THE STRATEGY

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

- The need for a holistic and integrated approach to fighting corruption, with a balanced mixture of prevention, investigation, prosecution and public participation as the platform for the strategy.
- District tailor-made strategies are required that operate independently but complimentary to provincial and national strategies, particularly with regard to detection, investigation, prosecution and adjudication of acts of corruption, as well as the recovery of the proceeds of corruption.
- Acts of corruption are regarded as criminal acts and these acts can be dealt with either in the

administrative or criminal justice system or both if need be. All aspects of the strategy are:

- Supported with comprehensive education, training and awareness.
- Coordinated within the district municipality.
- Subjected to continuous risk assessment.

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

- Audit committee: They have capacity to detect corruption acts through reports.
- Portfolio committees: They monitor and also provide political inputs at the planning stage of municipal programmes.
- Internal Audit unit: Promote professional ethics among employees.

2.8. SUPPLY CHAIN MANAGEMENT

OVERVIEW OF SUPPLY CHAIN MANAGEMENT

Supply Chain Management policy was developed and approved by council for implementation in the 2019/20 financial year.

T2.8.1

| BY-LAWS INTRODUCED DURING 2019/20 | | | | | |
|------------------------------------|---------|--|-------------------------------|----------------------------|---------------------|
| 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 |
| Air Quality by law | | N/A | | | |
| Food handling by law | Yes | Information not available | Information not available | Yes | 9 July 2010 |
| Food vending by law | | Not yet | | | |
| Water and sanitation by law | | Not yet | | | |
| Credit control and debt collection | | Not yet | | | |
| Emergency by law | Yes | Information not available | Information not available | Yes | 9 July 2010, NO1808 |
| Waste by law by law | | N/A | | | |
| *Note: See MSA section 13. | | | | | T 2.9.1 |

COMMENT ON BY-LAWS

Only two by-laws were developed and 5 were revised and unfortunately none of them were tabled for public participation and council structures due to other processes 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.

T2.9.1.1

2.10. WEBSITES

| MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL | | |
|---|--------|-----------------|
| Documents published on the municipality's /entity's website | Yes/No | Publishing date |
| Current annual and adjustment budgets and all budget related documents | Yes | June |
| All current budget related policies | | May |
| The previous annual report (2018/19) | Yes | July |
| The annual report (2018/19) published / to be published | Yes | July |
| 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 (2019/20) | Yes | August |
| All long term borrowing contracts (2019/20) | Yes | |
| All supply chain management contracts above a prescribed value (give value) for 2019/20 | Yes | |
| 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 2019/20 | Yes | |

| | | |
|--|-----|---------|
| Contracts agreed in 2019/20 to which subsection (1) of section 33 apply, subject to subsection (3) of that section | No | |
| PPP agreements referred to in section 120 made in 2019/20 | No | |
| All quarterly reports tabled in the council in terms of section 52 (d) during 2019/20 | Yes | |
| Note: MFMA S75 sets out the information that a municipality must include in its website as detailed above. Municipalities are of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments | | T2.10.1 |
| | | T2.10.1 |

MUNICIPAL WEBSITE CONTENT AND ACCESS:

The website was fully functional for 2019/20 financial year and all strategic documents were published on the website.

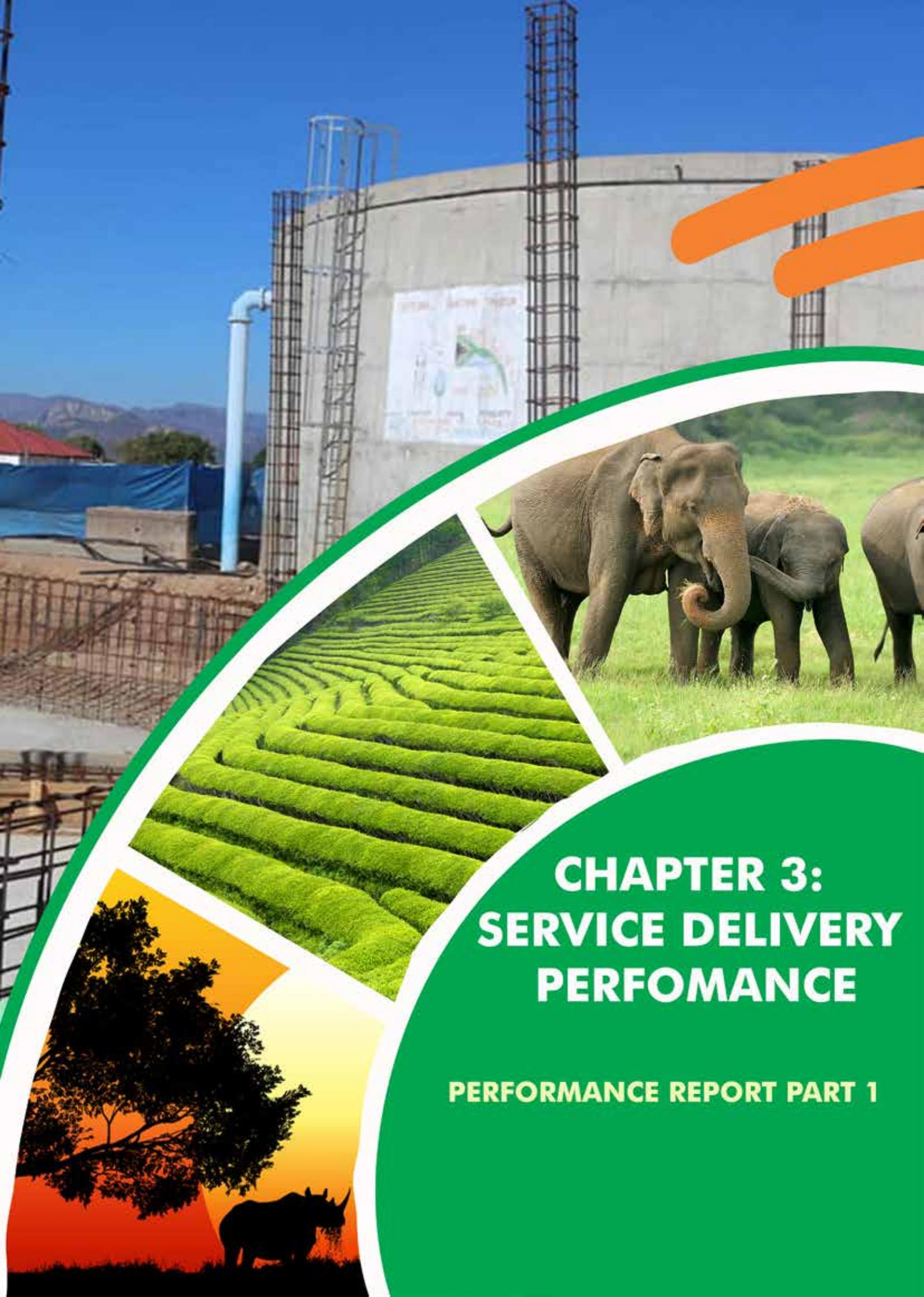
T2.10.1.1

PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The Municipality did not conduct a customer satisfaction survey.

T2.11.1





CHAPTER 3: SERVICE DELIVERY PERFORMANCE

PERFORMANCE REPORT PART 1

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 2019/20 and SDBIP. .

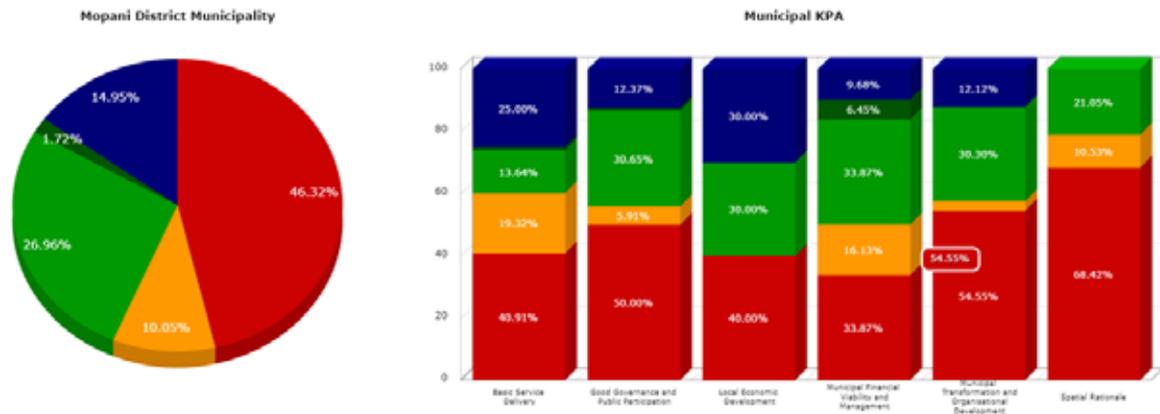
The performance of the Key performance areas is as below:

T3.0.1

SUMMARY OF PERFORMANCE FOR 2019/20 FINANCIAL YEAR

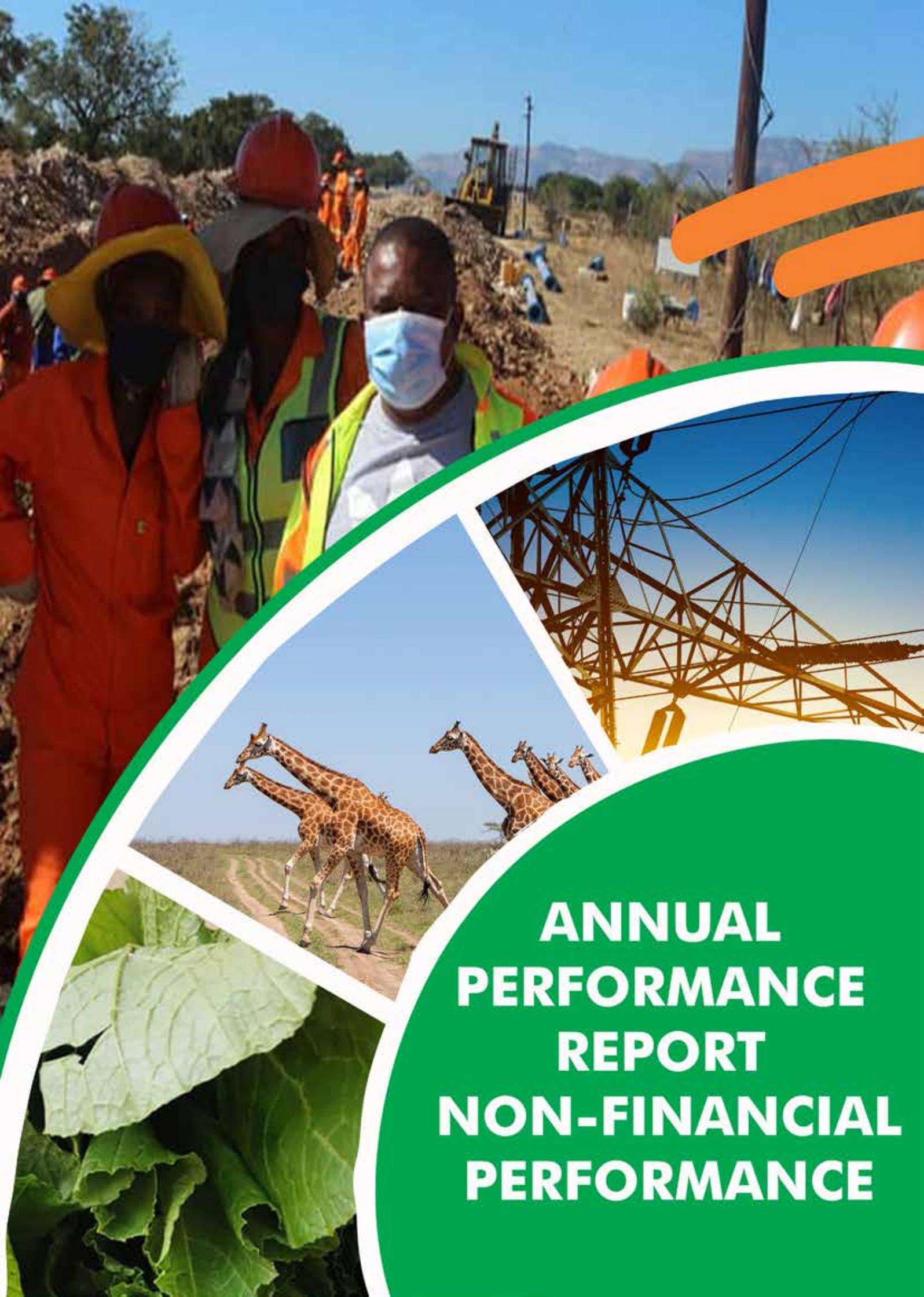
2019 20 report

Report drawn on 27 August 2021 at 11:39
for the months of July 2019 to June 2020.



| | Mopani District Municipality | Municipal KPA | | | | | | [Unspecified] |
|--------------------|------------------------------|------------------------|--|----------------------------|--|---|-------------------|---------------|
| | | Basic Service Delivery | Good Governance and Public Participation | Local Economic Development | Municipal Financial Viability and Management | Municipal Transformation and Organisational Development | Spatial Rationale | |
| Not Met | 189 (46.32%) | 36 (40.91%) | 93 (50.00%) | 8 (40.00%) | 21 (33.87%) | 18 (54.55%) | 13 (68.42%) | - |
| Almost Met | 41 (10.05%) | 17 (19.32%) | 11 (5.91%) | - | 10 (16.13%) | 1 (3.03%) | 2 (10.53%) | - |
| Met | 110 (26.96%) | 12 (13.64%) | 57 (30.65%) | 6 (30.00%) | 21 (33.87%) | 10 (30.30%) | 4 (21.05%) | - |
| Well Met | 7 (1.72%) | 1 (1.14%) | 2 (1.08%) | - | 4 (6.45%) | - | - | - |
| Extremely Well Met | 61 (14.95%) | 22 (25.00%) | 23 (12.37%) | 6 (30.00%) | 6 (9.68%) | 4 (12.12%) | - | - |
| Total: | 408* | 88 | 186 | 20 | 62 | 33 | 19 | - |
| | 100% | 21.57% | 45.59% | 4.90% | 15.20% | 8.09% | 4.66% | - |

* Excludes 0 KPIs which had no targets/actuals for the period selected.



**ANNUAL
PERFORMANCE
REPORT
NON-FINANCIAL
PERFORMANCE**

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 (3) (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 2019/20 Annual Performance Report has been prepared in line with the provisions of the Municipal Systems Act and the Municipal Finance Management Act.

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

The purpose of the SDBIP is to monitor the execution of the IDP and budget, performance of senior management and achievement of the strategic objectives with the Key Performance Indicators set by Council in the IDP. It enables the Municipal Manager to monitor the performance of Senior Managers, the 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 Service Delivery Budget Implementation Plan that was approved by council. The development, implementation and monitoring of the Service Delivery and Budget Implementation Plan (SDBIP) is required by the Municipal Finance Management Act (MFMA).

2019/20 EXECUTIVE MAYORS FOREWORD

We have concluded the 2019/20 financial year, which also marked mid-term for the fourth democratic local government administration. The Mopani District Municipality continues to play its role in contributing towards the attainment of the goals as set out in the National Development Plan – that of eliminating poverty, reducing unemployment and inequality by 2030. We have now begun the journey of the last decade of the NDP, we are humbled and inspired by the support we continue to get from various stakeholders and the people of our district in general.

We concluded the year under review in high spirits, having managed to improve our spending on grants. During his State of the Province Address in February 2019, Premier Stanley Chupu Mathabatha said that Mopani District Municipality is one of the province’s top spending municipalities on Municipal Infrastructure Grants (MIG). We want to continue on this path going into the next financial year.

We remain steadfast and committed to change the quality of lives of our people. Improving spending on grants means that we are able to spend the money allocated to us to take services to our people. We will continue to spend this money prudently and guided by the wishes of the people of our district. At the centre of everything we do, is our commitment to live up to the expectations of our people. In giving this fifth administration the mandate, our people were explicit when they said: “Together advancing people’s power in every community.”

In line with what President Cyril Ramaphosa in his State of the Nation Address on the 16 of February 2018, we hosted the District Mining Indaba in 2019. The President said during SONA, that **“Mining is another area that has massive unrealized potential for growth and job creation. We need to see mining as a sunrise industry rather than a sunset industry. With the revival in commodity prices, we are determined to work with mining companies, unions and communities to grow the sector, attract new investment, create jobs and set the industry on a new path of transformation and sustainability.”**

We emerged from the Mining Indaba saying we are going to profile mining activities in all our local municipalities. But we also said that we will ensure sustained engagements with the institution of traditional leadership as the custodians of land regarding mining activities within their constituencies. We will in the next financial year be working on building strong relations with the mining sector for them to begin to play a prominent role in the development of communities where they do business.

We are also performing very well as a district municipality on the Expanded Public Works Programme, which is a key programme for providing temporary income relief for our people. Through our massive infrastructure projects, our people have benefitted a lot and will continue to benefit in the coming financial year. We have successfully launched a functional District EPWP forum, which coordinates this work with all sectors and local forums.

We have had interactions with our people through the Imbizo programme, and in their majority they remain hopeful that working together, we are able to deliver on the commitments made in 2016. Our people are also mindful of the limitations that exists, including budgetary constraints and the ongoing drought in the district.

We have taken a decision in November 2019 to impose water restrictions. But even when faced with this unprecedented disaster, we have risen to the challenge as we continue to implement our plan to deal with the drought. We have utilized the Drought Relief Fund to drill additional boreholes, which will provide relief particularly to our rural communities.

We are aware of the remaining challenges. But we also know that illegal connections and vandalism also frustrate our efforts of



INTRODUCTION

The Annual Performance Report is hereby submitted to the Council in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 on annual reporting. This report covers the performance information from 01 July 2019 to 30 June 2020 and it focus on the implementation of the Service Delivery and Budget Implementation Plan (SDBIP), in relation to the objectives as outlined in the municipality's Integrated Development Plan (IDP) for the year under review.

In addition, this report will outline to Council the municipality's performance in terms of the national government's strategic key performance areas for local government namely Basic Service Delivery; Local Economic Development; Municipal

Transformation and Institutional Development; Municipal Financial Viability and lastly Good Governance and Public Participation.

Performance of key performance indicators against annual targets are highlighted in the form of colours based on scores which were calculated using an automated system adopted to comply with Mopani District Municipality's performance management requirements. The scoring method utilised is in line with the assessment rating calculator prescribed by Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, Regulation 805 of 2006. An explanation is as per the table below:

| Reg 805 Score | Colour Code | Status of the KPI | Percentage Rating | |
|---------------|--|------------------------|--|----------|
| | | | Low | High |
| 1 | Unacceptable Performance | KPI not met | 0% | 74.999% |
| 2 | Performance not fully effective | KPI almost met | 75.000% | 99.999% |
| 3 | Fully effective | KPI met | Actual meets target | 100% |
| 4 | Performance significantly above expectations | KPI well met | 100.001% | 149.999% |
| 5 | Outstanding Performance | KPI extremely well met | 150.000% | + |
| | | KPI not yet measured | KPIs with no targets or actuals in the selected period | |

Table 1: Scores and explanations

PURPOSE

The purpose of this report is to provide feedback regarding the non-financial performance of Mopani District Municipality. It is in compliance with section 46 of the Municipal Systems Act. The information contained within this report will be used to populate the annual report. Section 46 of the Municipal Systems Act requires the following from municipalities to report on in the annual performance report:

Performance of the municipality and each external service provider

Quarterly and annual performance against quarterly and annual targets as per the SDBIP is reported on. The SDBIP contains the objectives and indicators as per the Municipal IDP as well as nationally prescribed General indicators. The SDBIP for 18/19 was developed to reflect cumulative performance and non-cumulative, therefore the status of indicators are a reflection of the overall performance level achieved year to date.

Comparison of performance against set targets and performance in previous financial year

Calculations to determine the variance between actual annual performance and annual targets are included for each Key Performance Indicator (KPI). Comparisons of performance against quarterly targets are highlighted in the form of colours based on scores which were calculated using an automated system adopted to comply with the Mopani District Municipality's performance management requirements. The scoring method utilised is in line with the assessment rating calculator prescribed by the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, Regulation 805 of 2006. An explanation is as per the table below:

Measures taken to improve performance

Corrective action is included for each KPI scorecards for General Indicator.

MUNICIPAL NON-FINANCIAL AND FINANCIAL PERFORMANCE OF MUNICIPAL GENERAL INDICATORS

Overall institutional key performance Indicators assessed were 383 and 65.01% (249) Indicators achieved the set targets, 14.88% (57) indicators had a performance that is not fully effective, 20.10% (77) Indicators had an unacceptable performance. See further details below.

Performance per municipal key performance areas (KPA)

ensuring consistent supply of water. It is for this reason that we will continue to appeal to our people to take ownership and safe guard the water infrastructure within their communities.

Our commitment has also been to improve on the negative audit findings. We have recorded a slight, but significant improvement on the audit findings having moved from adverse audit opinion to qualified in 2018/19. We continue to work hard to build from this significant move, and we are confident that we have the right structures with a much renewed determination to achieve a positive audit opinion in the next financial year.

It is in that spirit that we will continue to embrace the work of Council oversight committees, in particular the Municipal Public Accounts Committee, which is empowered by other legislations including the Municipal Finance Management Act No 56 of 2003, section 33 and 79 of the Municipal Structures Act as well as the Municipal Systems Act 32 of 2000.

In order to restore the integrity of this Municipality, we will remain in support of the work of the Anti-Corruption and Fraud Forum. We have adopted the Anti-Corruption and Fraud Prevention Strategy. Through this strategy we are confident that we will be able to improve on areas that undermine institutional integrity.

We are steadfast in our efforts of contributing to the education, especially to children of the working class within our district. We have also welcomed the opening of offices of the National Youth Development Agency within our district. Working with the youth desks within our municipalities – we are confident that they will touch and change the lives of our young people.

We are relentless in pursuit of our vision “to be the food basket of Southern Africa and the tourism destination of choice”. This is precisely the reason why we continue to support initiatives and efforts aimed at promoting agriculture and tourism in our district. We have been and will continue to support the annual Agri-Expo hosted in the Greater Tzaneen Municipality. We will be working around developing a programme to get established commercial farmers to offer support to emerging farmers through mentorship programme.

We will pay special attention to work around establishing partnerships with a view to growing the economy of our district in order to create jobs for our people. It is only through partnerships that we are able to grow the economy and achieve our targets. At the level of the District Municipality, we will also have to develop a revenue enhancement strategy.

We have adapted very well into the new governance model. SALGA Limpopo has recognized Mopani District Municipality as a model municipality on the separation of functions. Through this model, Council has space to perform its oversight work as mandated by legislations. The Executive similarly has space to plan and guide the administration in delivering services to the people efficiently and effectively.

Working together with all our stakeholders and the people of our district, we can achieve more in our sustained efforts to change the quality of lives of our people.

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 (3) (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 2019/20 Annual Performance Report has been prepared in line with the provisions of the Municipal Systems Act and the Municipal Finance Management Act.

The 2019/20 Approved Service Delivery and Budget Implementation Plan that was approved by the Executive Mayor, Cllr PJ Shai. The SDBIP captured the performance targets of the municipality for the year under review. The 2019/20 Approved SDBIP gave effect to the 2019/20 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 2019/20 Approved SDBIP was reviewed and submitted to Council for approval in January 2020 and June 2020 respectively. Council noted the adjusted SDBIP through a Council Resolution.

The first revision of the SDBIP was prompted by the Budget Adjustment that took place in November 2019. National Treasury assessed the municipal budget and advised the municipality to adjust its budget due to the budget being unfunded. The SDBIP was also adjusted during March after considering sec mid year report (sec 72 of th MFMA). The 2019/20 Service Delivery Budget Implementation Plan was compiled using the approved Service Delivery and Budget Implementation Plan. The SDBIP enables the municipality to compile quarterly institutional performance reports, mid-year performance reports and annual performance report.

Mopani District Municipality for 2019/20 financial year implemented an automated Performance Management reporting system. The 2019/20 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 to improve the performance in 2020/21 financial year.



i) Municipal Transformation & Organizational Development

The municipality operated with a total of seven (7) functional departments, namely, Engineering Services, Planning and Development, Community Services, Corporate Services, Office of the Executive Mayor and Budget and Treasury Office. The staff establishment was amended and adopted by council in 2018. The IDP was approved within the legislated timeframe and community was consulted through public participation. Mopani district municipality complied in terms municipal reporting, quarterly reports were compiled and adopted by council. The Post for the Municipal Manager was vacant for five months due to the resignation of Mr R Monakedi in August 2019. Mr Q kgatla was appointed on an acting capacity for five months until February when he was appointed on the post which made the post for the Chief Financial Officer to be vacant. Issues of Labour were successfully dealt with in an amicable manner since all the LLF resolution taken in 2019/20 were resolved. 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.

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 63 715 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. Growing the economy is government's utmost priority. The municipality contributed to growing the economy by creating 2775 job opportunities within the municipal area through municipal capital projects. The municipality further appointed EPWP workers for the financial year under review. The municipality supported 212 SMMEs to market their products and also assist in exhibits their work.

iv) Municipal Financial Viability

The municipality adopted its 2019/20 budget in May 2019 as per legislation. The Revenue Enhancement strategy was approved by council for implementation in the year under review. Out of five local municipalities, only three managed to sign the Service Level agreement with district. Ba-Phalaborwa municipality and Maruleng municipality did not sign the agreement. 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 (MIG, 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 EPWP and FMG budget fully during the financial year. The municipality fulfilled its obligation of preparing Annual Financial Statements (AFS) and the audit was conducted which resulted in a qualified audit opinion which was an

V) Good Governance and Public Participation

All governance structures, namely, Council, MAYCO, Section 80, 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 2019/20 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, Ethics Committee and Portfolio committees were established and functional.

VI) Spatial rationale

The municipality did not have the Municipal Tribunal for the whole part of 2019/20 Financial year, due to expiry of contract of the previous members. Also the meeting were not held due unavailability of the members. GIS strategy not developed due to the delay in appointment of the service provider.

Key Challenges for the 2019/20 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 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 not appointed for the whole financial, which in turn halted the development in the local municipalities
- WSIG grant transferred later in the financial year which resulted in the municipality not committing on the water projects.
- Individual assessments not conducted for senior managers

Impact of COVID-19 pandemic

On 15 March 2020, President Cyril Ramaphosa declared a national state of disaster in terms of the Disaster Management Act to enable government and the country at large to manage the spreading of the COVID-19 virus. As part of the measures introduced to curb the spreading of the virus, the President prohibited gatherings of 100 or more people.

On 23 March 2020, the President declared a nationwide lockdown, whereby all citizens, except those that form part of essential services, were ordered to stay home for a period of 21 days. The nationwide lockdown, which is known as level 5, commenced at midnight on Thursday 26 March 2020.

The nationwide level 5 lockdown was extended until the end of April 2020 and on the 23 April; the President announced the lifting of certain restrictions as the country eased into a level 4 lockdown from 1 May 2020. This had a devastating effect on the economy of South Africa coupled with the impact of the pandemic on the global economy.

The municipality tabled a special adjustment budget on 15 June 2020 in line with MFMA circular 99. The main aim of the special adjustment was to modify the 2019-20 budget to include allocations and spending on the Covid-19 response. In response to the impact of COVID-19, Mopani District Municipality in line with MFMA annexure to Circular 99 reprioritized of funding allocations for the 2019/20 particularly on the projects funded by the Municipal Infrastructure Grants.

Local Municipalities as WSP have been impacted negatively due to a loss of revenue streams as businesses, households and communities reel from the economic fallout caused by COVID19. This required them to expand their scope of basic services and free basic services to respond directly to the socio-economic impacts of the pandemic and prevent the transmission of communicable diseases. Through LED forums, Mopani District Municipality is currently assisting Small-Medium Micro Enterprises (SMMEs) and communities to access the information on relief measures to ease the impact of COVID-19 provided by government.

MR Q KGATLA
MUNICIPAL MANAGER



2019-2020 ANNUAL PERFORMANCE REPORT

KEY PERFORMANCE AREA 1: MUNICIPAL TRANSFORMATION AND DEVELOPMENT

| REF | RESPONSIBLE OWNER | RESPONSIBLE DIRECTORATE | KPI | DESCRIPTION OF UNIT OF MEASUREMENT | STRATEGIC OBJECTIVE | NATIONAL KPA | MEASURABLE OBJECTIVES | MUNICIPAL PROGRAMME | SOURCE OF EVIDENCE | BASELINE | ORIGINAL ANNUAL TARGET | REVISED ANNUAL TARGET | YTD ACTUAL | PERFORMANCE COMMENTS/ CHALLENGES | CORRECTIVE MEASURES | OVERALL PERFORMANCE FOR QUARTER ENDING SEPTEMBER 2019 TO QUARTER ENDING JUNE 2020 | | | |
|------|-------------------|---------------------------------|--|---|---|--|---|-----------------------------------|--|----------|------------------------|-----------------------|------------|---|---|---|----------------|--------|---|
| | | | | | | | | | | | | | | | | ORIGINAL TARGET | REVISED TARGET | ACTUAL | |
| TL16 | Municipal Manager | Office of the Municipal Manager | Develop Auditor General action plan for current financial year | Simple count of the Auditor General action plan developed by 31 January | To promote democracy and sound governance | Municipal Transformation and Institutional Development | Functionality of Audit within the financial year | Internal Audit | Council approved audit action plan, Council resolution | 1 | 1 | 1 | 1 | None | None | 1 | 1 | 1 | G |
| TL17 | Municipal Manager | Office of the Municipal Manager | % of AG issues resolved | Number of AG queries due resolved ytd / total number of AG queries due | To promote democracy and sound governance | Municipal Transformation and Institutional Development | To attain Clean Audit by ensuring compliance to all governance; financial management and reporting requirements by 30 June 2020 | Internal Audit | Resolved AG issues and POE's submitted | 28 | 100 | 100 | 34 | Slow response by departments prolonged the issues throughout the year | Fast track AG implementation plan through MANCO, MAYCO and Council Meetings | 100 | 100 | 34 | R |
| TL18 | Municipal Manager | Office of the Municipal Manager | % of internal audit findings implemented | Number of Departmental Internal Audit findings due resolved ytd / Total number of Departmental Internal Audit findings due | To promote democracy and sound governance | Municipal Transformation and Institutional Development | To attain Clean Audit by ensuring compliance to all governance; financial management and reporting requirements by 30 June 2020 | Internal Audit | Resolved IA register/plan, POE submitted | 44 | 100 | 100 | 30 | Slow response by departments prolonged the issues throughout the year | Fast track IA implementation plan through MANCO, MAYCO and Council Meetings | 100 | 100 | 30 | R |
| TL19 | Municipal Manager | Office of the Municipal Manager | Audit Committees approve Internal Audit Plan by 30 June each year | Simple count of Audit Committee approved Internal Audit Plan by 30 June each year | To promote democracy and sound governance | Municipal Transformation and Institutional Development | Functionality of Audit within the financial year | Internal Audit | AC approved Internal Audit Plan | 1 | 1 | 1 | 1 | None | None | 1 | 1 | 1 | G |
| TL20 | Municipal Manager | Office of the Municipal Manager | Audit Committees approve revised Internal Audit Charter by 30 June each year | Simple count of Audit Committee approved revised Internal Audit Charter by 30 June each year | To promote democracy and sound governance | Municipal Transformation and Institutional Development | Functionality of Audit within the financial year | Internal Audit | Approved Internal Audit charter | 1 | 1 | 1 | 1 | None | None | 1 | 1 | 1 | G |
| TL21 | Municipal Manager | Office of the Municipal Manager | # of Quarterly B2B performance reports compiled & approved by council | Simple count of quarterly B2B performance reports compiled & approved by council | To promote democracy and sound governance | 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 |
| TL21 | Municipal Manager | Office of the Municipal Manager | # of Quarterly B2B performance reports compiled & approved by council | Simple count of quarterly B2B performance reports compiled & approved by council | To promote democracy and sound governance | 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 |
| TL23 | Municipal Manager | Office of the Municipal Manager | Council approve IDP within financial year | Simple count of Council approved IDP within financial year | To promote democracy and sound governance | Municipal Transformation and Institutional Development | Approval of the Final 2020/21 IDP by 31 May 2020 | Institutional IDP | Council resolution | 1 | 1 | 1 | 1 | None | None | 1 | 1 | 1 | G |
| TL24 | Municipal Manager | Office of the Municipal Manager | Council approve IDP/Budget/PMS Process Plan | Simple count of Council approved IDP/Budget/PMS Process Plan | To promote democracy and sound governance | Municipal Transformation and Institutional Development | Approval of the IDP/Budget/PMS process plan by 31 July 2019 | Institutional IDP | Council resolution | 1 | 1 | 1 | 1 | None | None | 1 | 1 | 1 | G |
| TL25 | Municipal Manager | Office of the Municipal Manager | % Signed Services Level Agreements within 30 days after the appointment of Service Providers | Number of Services Level Agreements signed within 30 days after appointment of Service Provider / Number of service providers appointed | To promote democracy and sound governance | Municipal Transformation and Institutional Development | To improve efficiency and effectiveness of municipal administration within the financial year | Legal Services | Dated signed Service Level Agreements | 100 | 100 | 100 | 162 | None | None | 100 | 100 | 162 | G |
| TL26 | Municipal Manager | Office of the Municipal Manager | Submit Mid-Year report to CoGHSTA, Provincial and National Treasury by 25 January each year | Simple count of Mid-Year report submitted to CoGHSTA, Provincial and National Treasury by 25 January each year | To promote democracy and sound governance | Municipal Transformation and Institutional Development | To ensure municipal reporting and compliance within the financial year | Integrated Performance Management | Dated proof of submission to CoGHSTA & Treasury | 1 | 1 | 1 | 1 | None | None | 1 | 1 | 1 | G |

| REF | RESPONSIBLE OWNER | RESPONSIBLE DIRECTORATE | KPI | DESCRIPTION OF UNIT OF MEASUREMENT | STRATEGIC OBJECTIVE | NATIONAL KPA | MESURABLE OBJECTIVES | MUNICIPAL PROGRAMME | SOURCE OF EVIDENCE | BASELINE | ORIGINAL ANNUAL TARGET | REVISED ANNUAL TARGET | YTD ACTUAL | PERFORMANCE COMMENT/S/ CHALLENGES | CORRECTIVE MEASURES | OVERALL PERFORMANCE FOR QUARTER ENDING SEPTEMBER 2019 TO QUARTER ENDING JUNE 2020 | | | |
|------|------------------------------|---------------------------------|---|---|--|--|---|-----------------------------------|--|----------|------------------------|-----------------------|------------|--|---|---|----------------|--------|---|
| | | | | | | | | | | | | | | | | ORIGINAL TARGET | REVISED TARGET | ACTUAL | |
| TL27 | Municipal Manager | Office of the Municipal Manager | Table Annual Report in Council by 31 January each year | Simple count of Annual Report tabled in Council by 31 January each year | To promote democracy and sound governance | Municipal Transformation and Institutional Development | To ensure municipal reporting and compliance within the financial year | Integrated Performance Management | Council approved Annual report, Council resolution | 1 | 1 | 1 | 1 | None | None | 1 | 1 | 1 | G |
| TL28 | Municipal Manager | Office of the Municipal Manager | # of Quarterly performance reports compiled & approved by council | Simple count of quarterly performance reports compiled & approved by council | To promote democracy and sound governance | 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 |
| TL29 | Municipal Manager | Office of the Municipal Manager | Submit Annual Institutional Performance report to COGRSTA, AG, Provincial Treasury and National Treasury by 30 August each year | Simple count of submitted Annual Institutional Performance reports to COGRSTA, AG, Provincial Treasury and National Treasury by 30 August each year | To promote democracy and sound governance | Municipal Transformation and Institutional Development | To ensure municipal reporting and compliance within the financial year | Integrated Performance Management | Dated proof of submission to COGRSTA, AG, Provincial and National Treasury | 1 | 1 | 1 | 1 | None | None | 1 | 1 | 1 | G |
| TL30 | Municipal Manager | Office of the Municipal Manager | Mayor approve SDBIP within 28 days after adoption of the Budget and IDP | Simple count of SDBIP approved by Mayor within 28 days after adoption of the Budget and IDP | To promote democracy and sound governance | Municipal Transformation and Institutional Development | To ensure that SDBIP is finalised by 30 June 2020 | Integrated Performance Management | Signed SDBIP by the Executive Mayor | 1 | 1 | 1 | 1 | None | None | 1 | 1 | 1 | G |
| TL31 | Municipal Manager | Office of the Municipal Manager | # of performance assessments conducted for Sec 54A & 56 Managers | Simple count of performance assessments conducted for Sec 54A & 56 Managers | To promote democracy and sound governance | Municipal Transformation and Institutional Development | To ensure quarterly assessments for Sec 54 & 56 Managers is conducted within 30 days after the end of the quarter | Integrated Performance Management | Performance Assessments report | 100 | 2 | 2 | 0 | Individual Performance assessments were postponed due to unavailability of some of the panelists | Assessments scheduled for the month of September 2020 | 2 | 2 | 0 | R |
| TL32 | Municipal Manager | Office of the Municipal Manager | Signed Performance Agreements by all S54 & 56 Managers by 31 July each year | Number of performance agreements signed / total number of performance agreements | To promote democracy and sound governance | 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 | 0 | 100 | 100 | 100 | None | None | 100 | 100 | 100 | G |
| TL34 | Municipal Manager | Office of the Municipal Manager | # of Risk reports submitted to Audit Committee | Simple count 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 2020 | Risk Management | Quarterly risk reports | 4 | 4 | 4 | 4 | None | None | 4 | 4 | 4 | G |
| TL35 | Municipal Manager | Office of the Municipal Manager | % of Risk issues resolved | Number of risk issues resolved / total number of risk issues*100 | To promote democracy and sound governance | Municipal Transformation and Institutional Development | To ensure effective implementation of risk mitigations actions 30 June 2020 | Risk Management | Resolved Risk issues and POE submitted | 40% | 100 | 100 | 30 | Slow implementation by department of actions to manage risks by management | Risk issues should be a standing item in Management meetings for directors to report on a monthly basis | 100 | 100 | 30 | R |
| TL39 | Municipal Manager | Office of the Municipal Manager | The Mayor approve adjusted SDBIP within 30 days after budget adjustment each year | Simple count of approval of adjusted SDBIP within 30 days after budget adjustment each year by Mayor | To promote democracy and sound governance | Municipal Transformation and Institutional Development | To ensure municipal reporting and compliance within the financial year | Integrated Performance Management | Reviewed SDBIP, Council resolution | 1 | 1 | 1 | 1 | None | None | 1 | 1 | 1 | G |
| TL49 | Director: Corporate Services | Corporate Shared Services | % of disciplinary cases resolved by end of each year | Number of disciplinary cases resolved by the end of the quarter / total number of disciplinary cases*100 | To promote democracy and sound governance | Municipal Transformation and Institutional Development | To promote fair labour practice | Governance | Disciplinary cases reports | 0 | 100 | 100 | 31.75 | Cases Scheduled postponed due to Covid restrictions | Fasttrack the finalisation of the cases in the 1st quarter 2020/21 | 100 | 100 | 31.75 | R |
| TL50 | Director: Corporate Services | Corporate Shared Services | Council approve the Organisational structure | Organogram reviewed and approved by Council at end May | To inculcate entrepreneurial and intellectual capabilities | Municipal Transformation and Institutional Development | To ensure that the reviewed organisational structure is approved by council by 31 May 2020 | Organisational Development | Council Approved Organisational structure, Council Resolution | 1 | 1 | 1 | 1 | None | None | 1 | 1 | 1 | G |

| REF | RESPONSIBLE OWNER | RESPONSIBLE DIRECTORATE | KPI | DESCRIPTION OF UNIT OF MEASUREMENT | STRATEGIC OBJECTIVE | NATIONAL KPA | MEASURABLE OBJECTIVES | MUNICIPAL PROGRAMME | SOURCE OF EVIDENCE | BASELINE | ORIGINAL ANNUAL TARGET | REVISED ANNUAL TARGET | YTD ACTUAL | PERFORMANCE COMMENTS/ CHALLENGES | CORRECTIVE MEASURES | OVERALL PERFORMANCE FOR QUARTER ENDING SEPTEMBER 2019 TO QUARTER ENDING JUNE 2020 | | |
|------|-------------------------------------|---------------------------|--|---|--|--|--|-----------------------------------|--|----------|------------------------|-----------------------|------------|---|---|---|----------------|--------|
| | | | | | | | | | | | | | | | | ORIGINAL TARGET | REVISED TARGET | ACTUAL |
| TL51 | Director: Corporate Shared Services | Corporate Shared Services | # of vacant positions filled | Simple count of vacant positions filled | To promote democracy and sound governance | Municipal Transformation and Institutional Development | Reducing the vacancy rate within the financial year | Organisational Development | Appointment letters | 80 | 115 | 115 | 27 | Delay in vetting processes for candidates | To conduct vetting before the interviews | 115 | 115 | 27 |
| TL52 | Director: Corporate Shared Services | Corporate Shared Services | # Policies reviewed within the financial year | Simple count of Policies reviewed within the financial year | To inculcate entrepreneurial and intellectual capabilities | Municipal Transformation and Institutional Development | To monitor the review of policies within a financial year | Human Capital Management | Council approved policies/ council Resolution | 16 | 16 | 16 | 6 | Preliminary policy sessions were postponed due to Covid | Policy Review session scheduled for August 2020 | 16 | 16 | 6 |
| TL53 | Director: Corporate Shared Services | Corporate Shared Services | # of Work Skills Plan submitted to SETA by June each year | Simple count of Work Skills Plan submitted to SETA by June each year | To promote democracy and sound governance | Municipal Transformation and Institutional Development | To inculcate personnel capabilities | Skills Development | Proof of submission | 1 | 1 | 1 | 1 | None | None | 1 | 1 | 1 |
| TL79 | Office of the Speaker | Office of the Speaker | Publish Oversight report in the website after 7 days of adoption | Simple count of published Oversight report in the website after 7 days of adoption | To promote democracy and sound governance | Municipal Transformation and Institutional Development | To ensure municipal reporting and compliance within the financial year | Integrated Performance Management | Website screenshots of the report/ Newspaper adverts | 1 | 1 | 1 | 0 | Oversight report was advertised in the 2020/21 financial year | Oversight report was published 7 days after its adoption in July 2020 | 1 | 1 | 0 |
| TL80 | Office of the Speaker | Office of the Speaker | Table Oversight report on the Annual Report in Council by 31 March each year | Simple count of Oversight report on the Annual Report tabled in Council by 31 March each year | To promote democracy and sound governance | Municipal Transformation and Institutional Development | 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 | 0 | Public Hearing was not conducted due to Lockdown restrictions | Oversight report was tabled in council in July 2020 | 1 | 1 | 0 |
| TL93 | Director: Corporate Shared Services | Corporate Shared Services | # of Signed Performance Plan by all level 3 within the financial year | Simple count of signed Performance Plan by all level 3 within the financial year | To promote democracy and sound governance | Municipal Transformation and Institutional Development | To ensure PMS is cascaded to lower levels | Employee Performance Management | Signed Performance Plan for all level 3 | 12 | 16 | 16 | 16 | None | None | 16 | 16 | 16 |

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% | 9 |
| O | KPI Almost Met | 67.000% <= Actual/Target <= 99.999% | 0 |
| G | KPI Met | Actual meets Target (Actual/Target = 100%) | 19 |
| G2 | KPI Well Met | 100.001% <= Actual/Target <= 132.999% | 0 |
| B | KPI Extremely Well Met | 133.000% <= Actual/Target | 0 |
| | Total KPIs: | | 28 |

MTOD : TL 16 TO TL 32, TL 35, TL 38, TL 39, TL 49, TL 50, TL 51, TL 52, TL 53, TL 79, TL 80, TL 93

KEY PERFORMANCE AREA 2 : : BASIC SERFVICE DELIVERY

| REF | RESPONSIBLE OWNER | RESPONSIBLE DIRECTORATE | KPI | DESCRIPTION OF UNIT OF MEASUREMENT | STRATEGIC OBJECTIVE | NATIONAL KPA | MESURABLE OBJECTIVES | MUNICIPAL PROGRAMME | SOURCE OF EVIDENCE | BASELINE | ORIGINAL ANNUAL TRGET | REVISED ANNUAL TARGET | YTD ACTUAL | PERFORMANCE COMMENTS/ CHALLENGES | CORRECTIVE MEASURES | OVERALL PERFORMANCE FOR QUARTER ENDING SEPTEMBER 2019 TO QUARTER ENDING JUNE 2020 | | |
|------|-------------------------------------|---------------------------|--|---|---|------------------------|--|---------------------------|---|----------|-----------------------|-----------------------|------------|---|--|---|----------------|--------|
| | | | | | | | | | | | | | | | | ORIGINAL TARGET | REVISED TARGET | ACTUAL |
| TL47 | Director: Community Services | Community Services | Development of District fire Plan by end of June | Simple count of District fire 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 | Fire and Rescue Services | Approved Fire Plan / Council resolution | 1 | 1 | 1 | 0 | Budget for the plan was adjusted | The Plan was budgeted for the 2020/21 FY | 1 | 1 | 0 |
| TL48 | Director: Community Services | Community Services | Development of Disaster Management Plan by end of June | Simple count 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 | 1 | 1 | 1 | 0 | Service Provider not appointed due to Financial constraints | The plan to be developed inhouse in the new financial year | 1 | 1 | 0 |
| TL65 | Director: Infrastructure Management | Infrastructure Management | # of monthly MIG reports submitted to CoGHSTA | Simple count 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 |
| TL66 | Director: Infrastructure Management | Infrastructure Management | Development of water services Infrastructure development plan by end of June | Simple count of water services Infrastructure development plan developed 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 | The plan was not developed due to Financial constraints | The plan is budgeted in the 2020/21 Financial year | 1 | 1 | 0 |
| TL67 | Director: Infrastructure Management | Infrastructure Management | Development of MIG Implementation Plan by July each year | Simple count of MIG implementation Plan by July each year | Sustainable Infrastructure development and maintenance | 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 |
| TL68 | Director: Infrastructure Management | Infrastructure Management | # of quarterly MIG reports submitted to CoGHSTA | Simple count of quarterly MIG reports submitted to CoGHSTA | Sustainable Infrastructure development and maintenance | Basic Service Delivery | To ensure integrated infrastructure development | MIG | MIG report & proof of submission | 0 | 4 | 4 | 1 | CoGHSTA changed their requests from Quarterly reports to Monthly reports as per the MIG implementation plan | The target to be adjusted as per the MIG implementation plan for monthly submission | 4 | 4 | 1 |
| TL69 | Director: Infrastructure Management | Infrastructure Management | # of HH with access to water | Simple count of HH with access to water | Sustainable Infrastructure development and maintenance | Basic Service Delivery | To ensure provision of basic services | Water Supply | Water report | 0 | 16000 | 16000 | 63715 | Change of scope of work for Contractors from communal stand pipes to households connection | None | 16000 | 16000 | 63715 |
| TL70 | Director: Infrastructure Management | Infrastructure Management | # of HH with access to sanitation | Simple count of HH with access to sanitation | Sustainable Infrastructure development and maintenance | Basic Service Delivery | To ensure provision of basic services | Sanitation Infrastructure | Sanitation reports | 0 | 16000 | 16000 | 5172 | Community from Maruleng Local priority from sanitation to access of water | Ensure consultation with the community prior implementation of projects, fasttrack the finalization of sanitation projects | 16000 | 16000 | 5172 |

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 | 1 |
| | Total KPIs: | | 8 |

TL 47, 48, 65, 66, 67, 68, 69, 70

KEY PERFORMANCE AREA 3 : LOCAL ECONOMIC DEVELOPMENT

| REF | RESPONSIBLE OWNER | RESPONSIBLE DIRECTORATE | KPI | DESCRIPTION OF UNIT OF MEASUREMENT | STRATEGIC OBJECTIVE | NATIONAL KPA | MEASURABLE OBJECTIVES | MUNICIPAL PROGRAMME | SOURCE OF EVIDENCE | BASELINE | ORIGINAL ANNUAL TARGET | REVISED ANNUAL TARGET | YTD ACTUAL | PERFORMANCE COMMENTS/ CHALLENGES | CORRECTIVE MEASURES | OVERALL PERFORMANCE FOR QUARTER ENDING SEPTEMBER 2019 TO QUARTER ENDING JUNE 2020 | | | |
|-------|--------------------------------|--------------------------|--|---|---|----------------------------|--|-----------------------|---|----------|------------------------|-----------------------|------------|---|---|---|----------------|--------|---|
| | | | | | | | | | | | | | | | | ORIGINAL TARGET | REVISED TARGET | ACTUAL | |
| TL46 | Director: Community Services | Community Services | # of jobs created through EPWP (waste, community parks & Garden maintenance) | Simple count of jobs created through EPWP (waste, community parks & Garden maintenance) | To promote economic sectors of the District | Local Economic Development | To ensure sustainable livelihoods within the district | EPWP | Proof of jobs created | 100 | 150 | 130 | 130 | Delay in identifying EPWP projects requires more labourers | Development of the recruitment guideline to enable the municipality to appoint prior the new financial year | 150 | 150 | R | |
| TL58 | Director: Development Planning | Planning and Development | # of jobs created through municipal funded Capital Projects | Simple count of jobs created through municipal funded Capital Projects | To promote economic sectors of the District | Local Economic Development | To ensure sustainable livelihoods within the district | Capital | Proof of jobs created | 0 | 1 000 | 2775 | 2775 | Sanitation projects requires more labourers | None | 1 000 | 2775 | B | |
| TL59 | Director: Development Planning | Planning and Development | # of SEDA trainings conducted | Simple count 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 | 4 | None | None | 4 | 4 | G | |
| TL60 | Director: Development Planning | Planning and Development | # of EPWP reports compiled and submitted to Council | Simple count 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 | 4 | None | None | 4 | 4 | G | |
| TL61 | Director: Development Planning | Planning and Development | # of Marketing initiatives coordinated | Simple count of Marketing initiatives coordinated | To promote economic sectors of the District | Local Economic Development | To Market municipal initiatives within the financial year | LED | Proof for marketing initiatives conducted | 2 | 2 | 3 | 3 | None | None | 2 | 2 | B | |
| TL62 | Director: Development Planning | Planning and Development | # of SMME supported through LED | Simple count 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 | SMMEs | Proof for SMMEs supported | 185 | 120 | 212 | 212 | The municipality targeted base on the baseline achieved in the previous year. | None | 120 | 212 | B | |
| TL63 | Director: Development Planning | Planning and Development | Review of LED strategy & approved by council by end of June | Simple count 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 | Non adherence to demand management plan which led to late appointment | Monitoring of demand management plan on monthly management meetings | 1 | 1 | 0 | R |
| TL64 | Director: Development Planning | Planning and Development | # of LED District Forums coordinated | Simple count 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 | G | |
| TL100 | Director: Community Services | Community Services | # of jobs created through social sector EPWP | Simple count of jobs created through social sector EPWP | To promote economic sectors of the District | Local Economic Development | To ensure sustainable livelihoods within the district | Proof of jobs created | Proof of jobs created | 100 | 100 | 314 | 314 | EP | None | 100 | 100 | 314 | B |

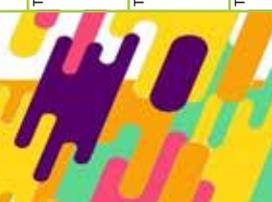
Overall Summary of Results

| | | | |
|-------------|------------------------|---|---|
| N/A | KPI Not Yet Applicable | KPIs with no targets or actuals in the selected period. | 0 |
| R | KPI Not Met | 0% <= Actual/Target <= 66.989% | 2 |
| 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 | 4 |
| Total KPIs: | | | 9 |

TL 58 -64, TL 100

KEY PERFORMANCE AREA 4 : MUNICIPAL FINANCIAL VIABILITY MANAGEMENT

| REF | RESPONSIBLE OWNER | RESPONSIBLE DIRECTORATE | KPI | DESCRIPTION OF UNIT OF MEASUREMENT | STRATEGIC OBJECTIVE | NATIONAL KPA | MEASURABLE OBJECTIVES | MUNICIPAL PROGRAMME | SOURCE OF EVIDENCE | BASELINE | ORIGINAL ANNUAL TARGET | REVISED ANNUAL TARGET | YTD ACTUAL | PERFORMANCE COMMENTS/ CHALLENGES | CORRECTIVE MEASURES | OVERALL PERFORMANCE FOR QUARTER | | |
|------|-------------------------|-------------------------|---|--|--|--|---|----------------------|--|----------|------------------------|-----------------------|------------|---|--|----------------------------------|------------------|--------|
| | | | | | | | | | | | | | | | | ENDING SEPTEMBER 2019 TO QUARTER | ENDING JUNE 2020 | ACTUAL |
| TL1 | Chief Financial Officer | Budget and Treasury | % of revenue collected within the financial year | R-value revenue collected / R-value revenue billed*100 | 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 | 53.13 | Non payment of services by consumers | Enforcement of the Revenue Enhancement Strategy | 95 | 95 | 53.16 |
| TL2 | Chief Financial Officer | Budget and Treasury | % in debts collected within the financial year | R-value debt collected / Total R-value total debt owed to the municipality*100 | 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 | 6 | 80 | 80 | 39.93 | Services Consumers not paying for municipal services | Enforcement of debt collection policy | 80 | 80 | 39.93 |
| TL3 | Chief Financial Officer | Budget and Treasury | # of data cleansing performed (Meter services) within the financial year | Simple count of data cleansing performed | 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 | 4 | 4 | 0 | Data cleansing on meters was not conducted by locals | Enforcement of the SJA for municipality to adhere to conduct data cleansing | 4 | 4 | 0 |
| TL4 | Chief Financial Officer | Budget and Treasury | # of quarterly financial statements submitted to Council | Simple count of quarterly financial statement 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 | The municipality only managed to complete Sec 52 financial reports due to internal capacity | With External service provider the municipality will start to adhere to quarterly AFS internally | 4 | 4 | 0 |
| TL5 | Chief Financial Officer | Budget and Treasury | Council approved draft Budget within the financial year | Simple count of approved Draft Budget by 31 March | 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 |
| TL6 | Chief Financial Officer | Budget and Treasury | Council approved Final Budget within the financial year | Simple count of Final Budget approved by 31 May | 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 |
| TL7 | Chief Financial Officer | Budget and Treasury | Council approved 11 final Budget policies | Number of budget policies approved/ total number of budget policies*100 | 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 |
| TL8 | Chief Financial Officer | Budget and Treasury | Council approved Adjustment budget each year | Simple count of Council approved Adjustment budget by 28 February | 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 |
| TL9 | Chief Financial Officer | Budget and Treasury | Submit unaudited annual financial statements by 31 August each year | Simple count of unaudited annual financial statements submitted by 31 August | 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 |
| TL10 | Chief Financial Officer | Budget and Treasury | # of Deviation Registers developed and updated | Simple count of number 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 |
| TL11 | Chief Financial Officer | Budget and Treasury | # of Finance compliance report submitted to Treasuries & CoGHSTA | Simple count 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 |
| TL12 | Chief Financial Officer | Budget and Treasury | Submit monthly Sec 71 reports to Provincial treasury within 10 working days | Simple count of monthly Sec 71 reports submitted 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 | 11 | Delay in the closing of year end due to technicalities in the system | Liase with the system owner prior submission of reports | 12 | 12 | 11 |



| REF | RESPONSIBLE OWNER | RESPONSIBLE DIRECTORATE | KPI | DESCRIPTION OF UNIT OF MEASUREMENT | STRATEGIC OBJECTIVE | NATIONAL KPA | MESURABLE OBJECTIVES | MUNICIPAL PROGRAMME | SOURCE OF EVIDENCE | BASELINE | ORIGINAL ANNUAL TARGET | REVISED ANNUAL TARGET | YTD ACTUAL | PERFORMANCE COMMENTS/ CHALLENGES | CORRECTIVE MEASURES | OVERALL PERFORMANCE FOR QUARTER ENDING SEPTEMBER 2019 TO QUARTER ENDING JUNE 2020 | | |
|-------|-------------------------|-------------------------|--|---|--|--|---|-------------------------|---|----------|------------------------|-----------------------|------------|---|---|---|----------------|--------|
| | | | | | | | | | | | | | | | | ORIGINAL TARGET | REVISED TARGET | ACTUAL |
| TL13 | Chief Financial Officer | Budget and Treasury | Appointment of Supply Chain Committees (Specification, Evaluation and Adjudication) by 30 June each year | Simple count of number of Supply Chain Committees appointed by 30 June | 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 | 100 | 3 | 3 | 3 | None | None | | | G |
| TL14 | Chief Financial Officer | Budget and Treasury | % of Construction Tenders placed on the CIDB website | Number of infrastructure tenders placed on Construction Industry Development Board and awarded / CIDB | 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 screenshots | 100 | 100 | 100 | 0 | Bids are advertised on the National Treasury I-Tender on the CIDB website | Ensure that all bids advertised on the I-Tender are also placed on the CIDB website | | | R |
| TL15 | Chief Financial Officer | Budget and Treasury | Pay invoices within 30 days of receipt from the service providers | Number of invoices paid within 30 days of receipt / Total number of invoices | 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 | 100 | None | None | | | G |
| TL8 3 | Chief Financial Officer | Budget and Treasury | % capital budget spent as approved by Council within the financial year | R-value capital budget spent as approved by Council / Total R-value capital spent | 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 | 67 | Delay in appointment of service provider due to Lockdown restrictions | Monitoring of the demand management plan in the new financial year | | | O |
| TL8 4 | Chief Financial Officer | Budget and Treasury | % Operational and maintenance budget spent as approved by Council within the financial year | R-value operational and maintenance budget spent as approved by Council | 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 | 77 | Delay in appointment of service provider due to Lockdown restrictions | Monitoring of the demand management plan in the new financial year | | | O |
| TL8 5 | Chief Financial Officer | Budget and Treasury | % WSIG budget spent as approved by Council within the financial year | R-value WSIG budget spent / Total R-value WSIG budget*100 | 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 | 57 | Delay in appointment of service provider due to Lockdown restrictions | Monitoring of the demand management plan in the new financial year | | | R |
| TL8 6 | Chief Financial Officer | Budget and Treasury | % RRAMS budget spent as approved by Council within the financial year | R-value RRAMS budget spent / Total R-value RRAMS budget*100 | 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 | 70 | Delay in appointment of service provider due to Lockdown restrictions | Monitoring of the demand management plan in the new financial year | | | O |
| TL8 7 | Chief Financial Officer | Budget and Treasury | % FMG budget spent as approved by Council within the financial year | R-value FMG budget spent / Total R-value FMG Budget*100 | 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 | | | G |
| TL8 8 | Chief Financial Officer | Budget and Treasury | % EPWP budget spent as approved by Council within the financial year | R-value EPWP budget spent / Total R-value EPWP budget*100 | 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 | | | G |
| TL8 9 | Chief Financial Officer | Budget and Treasury | # of GRAP Compliance Assets register Completed | Simple count of GRAP Compliance Assets register Completed | 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 completed | 1 | 1 | 1 | 1 | None | None | | | G |
| TL9 0 | Chief Financial Officer | Budget and Treasury | # Assets verifications conducted in line with GRAP standards | Simple count of 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 | 1 | Assets verifications were only done once due to lockdown | To ensure verifications conducting twice in 2020/21 Financial year | | | R |

| REF | RESPONSIBLE OWNER | RESPONSIBLE DIRECTORATE | KPI | DESCRIPTION OF UNIT OF MEASUREMENT | STRATEGIC OBJECTIVE | NATIONAL KPA | MESURABLE OBJECTIVES | MUNICIPAL PROGRAMME | SOURCE OF EVIDENCE | BASELINE | ORIGINAL ANNUAL TARGET | REVISED ANNUAL TARGET | YTD ACTUAL | PERFORMANCE COMMENTS/ CHALLENGES | CORRECTIVE MEASURES | OVERALL PERFORMANCE FOR QUARTER ENDING SEPTEMBER 2019 TO QUARTER ENDING JUNE 2020 | | | |
|-------|-------------------------|-------------------------|--|---|--|--|---|------------------------|--|----------|------------------------|-----------------------|------------|---|---------------------------------------|---|----------------|--------|---|
| | | | | | | | | | | | | | | | | ORIGINAL TARGET | REVISED TARGET | ACTUAL | |
| TL9 1 | Chief Financial Officer | Budget and Treasury | # of Revenue Enhancement Strategy revised & approved by council by 30 June each year | Simple count 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 | | | R | |
| TL9 7 | Chief Financial Officer | Budget and Treasury | % MIG budget spent as approved by Council within the financial year | Simple count on MIG yd / Total R-value MIG allocation*100 | 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 | 73 | Delay in appointment of service provider due to Lockdown restrictions | Enforcement of demand management plan | | 100 | 73 | O |
| TL9 8 | Chief Financial Officer | Budget and Treasury | % RBIG budget spent as approved by Council within the financial year | R-value RBIG spent / yd / Total R-value RBIG allocation*100 | 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 | G |
| TL99 | Chief Financial Officer | Budget and Treasury | Council approved 11 draft Budget policies | Simple count of the number of draft policies approved by Council | 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 | 11 | 11 | 11 | 11 | None | None | | 11 | 11 | G |

Overall Summary of Results

| | | | |
|----|------------------------|---|----|
| NA | KPI Not Yet Applicable | KPIs with no targets or actuals in the selected period. | 0 |
| R | KPI Not Met | 0% <= Actual/Target <= 66.999% | 7 |
| O | KPI Almost Met | 67.000% <= Actual/Target <= 99.999% | 5 |
| G | KPI Met | Actual meets Target (Actual/Target = 100%) | 15 |
| G2 | KPI Well Met | 100.001% <= Actual/Target <= 132.999% | 0 |
| B | KPI Extremely Well Met | 133.000% <= Actual/Target | 0 |
| | Total KPIs: | | 27 |

TL 1 -15; 83 - 91; 97 - 99



KEY PERFORMANCE AREA 5: SPATIAL RATIONALE

| REF | RESPONSIBLE OWNER | RESPONSIBLE DIRECTORATE | KPI | DESCRIPTION OF UNIT OF MEASUREMENT | STRATEGIC OBJECTIVE | NATIONAL KPA | MEASURABLE OBJECTIVES | MUNICIPAL PROGRAMME | SOURCE OF EVIDENCE | BASELINE | ORIGINAL ANNUAL TARGET | REVISED ANNUAL TARGET | YTD ACTUAL | PERFORMANCE COMMENTS/ CHALLENGES | CORRECTIVE MEASURES | OVERALL PERFORMANCE FOR QUARTER ENDING SEPTEMBER 2019 TO QUARTER ENDING JUNE 2020 | | | |
|-------|--------------------------------|--------------------------|--|---|--|------------------------|--|---------------------|--|----------|------------------------|-----------------------|------------|--|---|---|----------------|--------|---|
| | | | | | | | | | | | | | | | | ORIGINAL TARGET | REVISED TARGET | ACTUAL | |
| TL54 | Director: Development Planning | Planning and Development | % of land use applications processed | Number of land use applications processed / total number of land use applications*100 | To have efficient, 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 | 100 | 100 | 0 | 0 | Municipal tribunals not appointed due to most candidates failing vetting processes | Municipal tribunals were re advertised in the month of July 2020 | 100 | 100 | 0 | R |
| TL55 | Director: Development Planning | Planning and Development | To develop and approve GIS strategy by end of June | Simple count of developed and approved GIS strategy by end of June | To have efficient, economic and integrated use of land space | Basic Service Delivery | To have sustainable, optimal, harmonious and integrated land development | GIS | Council Resolution | 1 | 1 | 0 | 0 | Non adherence to demand management plan which led to late appointment | Monitoring of demand management plan on monthly management meetings | 1 | 1 | 0 | R |
| TL56 | Director: Development Planning | Planning and Development | % in capturing projects in the financial year | Number of project captured in the GIS system / Total number of projects*100 | To have efficient, 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 | 100 | None | None | 100 | 100 | 100 | G |
| TL57 | Director: Development Planning | Planning and Development | # To establish township(1) with 400 sites at Gravelotte by 30 June | Simple count of township with 400 sites at Gravelotte established | To have efficient, 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 | 1 | None | None | 1 | 1 | 1 | G |
| TL9 6 | Director: Development Planning | Planning and Development | Conducting of Mashupatsela turnaround study by end of June | Simple count of Mashupatsela turnaround study by end of June | To have efficient, economic and integrated use of land space | Basic Service Delivery | To have sustainable, optimal, harmonious and integrated land development | Spatial Planning | Proposal study approved by council | 0 | 1 | 1 | 1 | None | None | 1 | 1 | 1 | 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%) | 3 |
| G2 | KPI Well Met | 100.001% <= Actual/Target <= 132.999% | 0 |
| B | KPI Extremely Well Met | 133.000% <= Actual/Target | 0 |
| | Total KPIs: | | 5 |

TL 58 -64, TL 100 TL 54- 57 & TL 96

KEY PERFORMANCE AREA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

| REF | RESPONSIBLE OWNER | RESPONSIBLE DIRECTORATE | KPI | DESCRIPTION OF UNIT OF MEASUREMENT | STRATEGIC OBJECTIVE | NATIONAL KPA | MEASURABLE OBJECTIVES | MUNICIPAL PROGRAMME | SOURCE OF EVIDENCE | BASELINE | ORIGINAL ANNUAL TARGET | REVISED ANNUAL TARGET | YTD ACTUAL | PERFORMANCE COMMENTS/ CHALLENGES | CORRECTIVE MEASURES | OVERALL PERFORMANCE FOR QUARTER ENDING SEPTEMBER 2019 TO QUARTER ENDING JUNE 2020 | | | |
|------|-------------------|---------------------------------|--|---|---|--|--|-----------------------|---|----------|------------------------|-----------------------|------------|---|---|---|----------------|--------|---|
| | | | | | | | | | | | | | | | | ORIGINAL TARGET | REVISED TARGET | ACTUAL | |
| TL33 | Municipal Manager | Office of the Municipal Manager | % of Fraud and Corruption cases investigated | Number of reported cases of Fraud and corruption resolved Ytd / Total number of reported cases of Fraud and corruption reported | 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 | 0 | There were no cases of fraud & Corruption reported | None | 100 | 0 | N/A | |
| TL36 | Municipal Manager | Office of the Municipal Manager | # of Council approved Risk strategy | Simple count 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 Approved Risk Strategy | 1 | 1 | 1 | 1 | None | None | 1 | 1 | 1 | G |
| TL37 | Municipal Manager | Office of the Municipal Manager | Council approved Fraud and Anti Corruption strategy | Simple count of 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 | Approved Fraud and Anti Corruption strategy | 1 | 1 | 1 | 1 | None | None | 1 | 1 | 1 | G |
| TL38 | Municipal Manager | Office of the Municipal Manager | # of Audit Committee meetings held within the financial year | Simple count 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 | 4 | 4 | 4 | 9 | There were 5 special AC meetings to consider the special budget adjustment and approval of Planning documents for Internal Audit & Risk | None | 4 | 4 | 9 | B |
| TL40 | Municipal Manager | Office of the Municipal Manager | # of Management meetings held within the financial year | Simple count 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 Committees | Agenda, Minutes & attendance register | 4 | 4 | 4 | 6 | None | None | 4 | 4 | 6 | B |
| TL41 | Municipal Manager | Office of the Municipal Manager | # of IDP/Budget/ PMS REP Forum meetings held within the financial year | Simple count 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 | 5 | None | None | 5 | 5 | 5 | G |
| TL42 | Municipal Manager | Office of the Municipal Manager | # of IDP/Budget/ PMS Steering Committee meetings within the financial year | Simple count 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 Participation | Agenda & Attendance register | 5 | 5 | 5 | 7 | None | None | 5 | 5 | 7 | B |
| TL43 | Municipal Manager | Office of the Municipal Manager | # of Performance Audit Committee meetings held within the financial year | Simple count 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 | Committees | Agenda, Minutes & Attendance register | 4 | 4 | 4 | 4 | None | None | 4 | 4 | 4 | G |
| TL44 | Municipal Manager | Office of the Municipal Manager | % of Audit and Performance audit Committee resolutions implemented within the financial year | Number of audit and performance audit committee resolutions implemented / total number of audit and performance audit committee resolutions*100 | To promote democracy and sound governance | Good Governance and Public Participation | To ensure functionality of Audit committee within a financial year | Committees | Audit Committee resolutions register | 100 | 100 | 100 | 50.75 | Slow implementation by department of AC resolution | AC resolutions to be an standing item on monthly management | 100 | 100 | 50.75 | R |
| TL45 | Municipal Manager | Office of the Municipal Manager | # of Council approved Risk Policy | Simple count 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 Management | Council Approved Risk policy | 1 | 1 | 1 | 1 | None | None | 1 | 1 | 1 | G |



| REF | RESPONSIBLE OWNER | RESPONSIBLE DIRECTORATE | KPI | DESCRIPTION OF UNIT OF MEASUREMENT | STRATEGIC OBJECTIVE | NATIONAL KPA | MESURABLE OBJECTIVES | MUNICIPAL PROGRAMME | SOURCE OF EVIDENCE | BASELINE | ORIGINAL ANNUAL TARGET | REVISED ANNUAL TARGET | YTD ACTUAL | PERFORMANCE COMMENTS/ CHALLENGES | CORRECTIVE MEASURES | OVERALL PERFORMANCE FOR QUARTER ENDING SEPTEMBER 2019 TO QUARTER ENDING JUNE 2020 | | | | |
|-------|-------------------------------------|-------------------------------|---|--|---|--|---|-----------------------------|---|----------|------------------------|-----------------------|------------|--|---|---|----------------|--------|----|---|
| | | | | | | | | | | | | | | | | ORIGINAL TARGET | REVISED TARGET | ACTUAL | | |
| | | | | | | | | | | | | | | | | R | R | R | | |
| TL7 1 | Office of the Executive Mayor | Office of the Executive Mayor | # of quarterly Newsletters developed | Simple count of quarterly Newsletters developed | To promote democracy and sound governance | Good Governance and Public Participation | To ensure public involvement in Municipal activities | Stakeholder & Communication | Printed News letters | 4 | 4 | 4 | 2 | Restrictions on movements for officials and members of the publish due to COVID 19 regulations | To ensure newsletters are produced in the 1st Quarter of the 2020/21 FY while observing COVID regulations | 4 | 4 | 2 | R | |
| TL7 2 | Office of the Executive Mayor | Office of the Executive Mayor | % of complaints resolved | Number of complaints resolved / total number of complaints received*100 | To promote democracy and sound governance | Good Governance and Public Participation | To promote accountability within the municipality | Public Participation | Updated Complaints Management Register | 100 | 100 | 100 | 8.75 | Complaint register could not be fully dealt with due to covid19. | To update the register on a monthly basis | 100 | 100 | 8.75 | R | |
| TL7 3 | Office of the Executive Mayor | Office of the Executive Mayor | # of Council meetings held within the financial year | Simple count 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 & attendance register | 11 | 4 | 4 | 10 | 6 specials council meetings were held to consider budget adjustment . Appointment of the Municipal Manager & SDBIP | None | None | 4 | 4 | 10 | B |
| TL7 4 | Office of the Executive Mayor | Office of the Executive Mayor | # of MAYCO meetings held within the financial year | Simple count 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 & attendance register | 11 | 4 | 4 | 12 | 8 specials MAYCO meetings were held to consider budget adjustment , Appointment of the Municipal Manager & SDBIP | None | None | 4 | 4 | 12 | B |
| TL7 5 | Office of the Executive Mayor | Office of the Executive Mayor | # of Portfolio committee meetings held within the financial year | Simple count 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 | 36 | 36 | 36 | 28 | Portfolio committees could not be held due to lockdown restrictions | Meetings will now be virtually | 36 | 36 | 28 | O | |
| TL7 6 | Office of the Executive Mayor | Office of the Executive Mayor | # of quarterly Community feedback meetings held within a financial year | Simple count of quarterly Community feedback meetings held within a financial year | 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 | 4 | 4 | 4 | 1 | Covid-19 was a reason community meetings could not be held. | To convene quarterly community meetings following covid 19 protocols. | 4 | 4 | 1 | R | |
| TL7 7 | Office of the Speaker | Office of the Speaker | # of Ward District Committee Meetings held within the financial year | Simple count 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 | Attendance register and minutes | 4 | 4 | 4 | 0 | lack of stipend for the members make it difficult for meetings not to be convened. | To finalise the policy on the Participation of District ward committee members | 4 | 4 | 0 | R | |
| TL7 8 | Office of the Speaker | Office of the Speaker | # of MPAC reports submitted to council held within the financial year | Simple count 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 | |
| TL8 1 | Office of the Speaker | Office of the Speaker | # of District Ward Committee Conference held within the financial year | Simple number of District Ward Committee Conference 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, Attendance register & Conference Report | 4 | 1 | 1 | 0 | Conference could not be held due to budget constraints | The Conference could not be held due to budget constraints for 2020/21 Financial year | 1 | 1 | 0 | R | |
| TL8 2 | Office of the Speaker | Office of the Speaker | # of MPAC meetings held within the financial year | Simple count 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 | 0 | 4 | 4 | 14 | Specials were convened to deal with UIF and probing the annual report | None | None | 4 | 4 | 14 | B |
| TL9 4 | Director: Corporate Shared Services | Corporate Shared Services | # of LLF meetings held within the financial year | Simple count of LLF meetings held within the financial year | To promote democracy and sound governance | Good Governance and Public Participation | To ensure functionality of Council within the financial year | Labour Relations | Agenda, Minutes & attendance register | 12 | 12 | 12 | 7 | LLF meetings could not be convened due to Lockdown regulations | Meetings to be held virtually as per the COVID regulations | 12 | 12 | 7 | R | |
| TL9 5 | Director: Corporate Shared Services | Corporate Shared Services | % in implementation of LLF resolutions within the financial year | Number of LLF resolutions implemented / Total LLF resolutions*100 | 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 | 100 | None | None | 100 | 100 | 100 | G | |

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% | 7 |
| O | KPI Almost Met | 67.000% ≤ Actual/Target ≤ 99.999% | 1 |
| G | KPI Met | Actual meets Target (Actual/Target = 100%) | 7 |
| G2 | KPI Well Met | 100.001% ≤ Actual/Target ≤ 132.999% | 0 |
| B | KPI Extremely Well Met | 133.000% ≤ Actual/Target | 6 |
| | Total KPIs: | | 22 |

33,36,37,38,40 - 45,71 - 76,81,94 & 95



SERVICE PROVIDER PERFORMANCE FOR 2019/20 FINANCIAL YEAR

Mopani District Municipality Year end: 30 June 2020 Evaluation of external service providers 2019/20 Annual Performance Report

| No | Project/contract/ tender number | Directorate | Project name | Name of service provider | Source of Funding | Contract Amount | Start Date | Term of Contract | Budget | Progress to Date | Challenges | Assessment |
|----|---------------------------------|----------------|--|--|-------------------|-----------------|------------|------------------|--------------|------------------|---|----------------|
| 1 | SCM/BID/13/207-8 | INFRASTRUCTURE | Consulting engineer for refurbishment and reticulation and upgrading of internal water reticulation network and boreholes (Kubung); Greater Tzaneen Municipality | Nevhutulu Consulting Engineers | WSIG | 4000 400,00 | 29-08-2017 | 36 Months | 4000 400,00 | 100% | The Project is complete | Satisfactory |
| 2 | MDM-2017/052- W028 | INFRASTRUCTURE | Appointment as civil engineering for refurbishment and erection of perimeter controller's residents Mapuve Village-Greater Giyani Municipality | Nevhutulu Consulting Engineers | WSIG | 9 899 400,00 | 29-08-2017 | 36 Months | 9 899 400,00 | 100% | The Project is complete | Satisfactory |
| 3 | MDM-2017/052- WU18 | INFRASTRUCTURE | Consulting engineer for refurbishment and reticulation and upgrading of internal water reticulation network and boreholes (Mukudubang); Greater Tzaneen Municipality | Sejagobe Engineers | WSIG | 550 000,00 | 29-08-2017 | 36 Months | 550 000,00 | 65% | The consultant was Terminated due to poor performance and was replaced by another PSP | Poor |
| 4 | MDM-2017/052- WU18 | INFRASTRUCTURE | Consulting engineer for refurbishment and reticulation and upgrading of internal water reticulation network and boreholes (Mukudubang); Greater Tzaneen Municipality | Sejagobe Engineers | WSIG | 2932000,00 | 29-08-2017 | 36 Months | 2932000,00 | 65% | The consultant was Terminated due to poor performance and was replaced by another PSP | Poor |
| 5 | MDM-2017/052- W05 | INFRASTRUCTURE | Appointment as a civil engineering consulting engineer for upgrading of internal water reticulation network (Dzingidzing); Greater Giyani Municipality | Miema Mashao Consulting Engineers | WSIG | 11400 000,00 | 29-08-2017 | 36 Months | 11400 000,00 | 100% | The Project is complete | Excellent |
| 6 | MDM-2017/052- W04 | INFRASTRUCTURE | Appointment as a civil engineering consulting engineer for replacement and resizing of water storage tank (Makhushane Mapikiri Reservoirs); Ba- Phalaborwa Municipality | Miema Mashao Consulting Engineers | WSIG | 8 500 000,00 | 29-08-2017 | 36 Months | 8 500 000,00 | 100% | The project is complete | Excellent |
| 7 | MDM-2017/052/0 08 | INFRASTRUCTURE | Appointment as civil engineering consulting engineer for erection of the perimeter fence Lenyenyé- Greater Tzaneen Municipality. | Sejagobe Engineers | WSIG | 1700 000,00 | 29-08-2017 | 36 Months | 1700 000,00 | 100% | The project is complete | Excellent |
| 8 | MDM 2017- 052/W52 | INFRASTRUCTURE | Appointment as civil engineering consulting engineer for construction of 381 VIP Toilets for Selwane, Prieska and Nondweni- Ba-Phalaborwa. | Phekiso Consulting Engineers | WSIG | 950 000,00 | 31-08-2017 | 36 Months | 950 000,00 | 100% | The project is complete | Excellent |
| 9 | PANNEL | INFRASTRUCTURE | Approval in the pool of professional Engineering and related services. | Sezigen Consulting Engineers | WSIG | Panel | 14-07-2017 | 36 Months | Panel | 100% | There is a challenge in the project in Zava, poorly designed | Poor |
| 10 | MDM | BTO | Tirhani Auctioneers MDM 2017-058 | Tirhani Auctioneers | MDM | 5,70% | 02-Sep-17 | 36 Months | 5,70% | In Progress | None | Excellent |
| 11 | MDM-2018/052/0 16 | INFRASTRUCTURE | Civil engineering consulting engineer for the refurbishment, rehabilitation and upgrading of internal water reticulation network and boreholes (Replacement of taps, pipeline damages through illegal connections and provision of reticulation to the extension and rehabilitation of existing boreholes)Mbedle- Ba-Phalaborwa MUNICIPALITY. | Mont Consulting Engineers | WSIG | 17,50% | 31-Aug-17 | 36 Months | 17,50% | 0% | The project not started, due to lack of funding. | Not applicable |
| 12 | MDM-2017/052- W07 | INFRASTRUCTURE | Civil engineering consultant for replacement and resizing of asbestos pipes (Metsi- Ba- PHALABORWA MUNICIPALITY). | Motmat Consulting Engineers | WSIG | 17,50% | 25-Aug-17 | 36 Months | 17,50% | 100% | The project is complete | Satisfactory |
| 13 | MDM-2018/052/0 16 | INFRASTRUCTURE | Civil engineering consulting engineer for the refurbishment, rehabilitation and upgrading of internal water reticulation network and boreholes (Replacement of taps, pipeline damages through illegal connections and provision of reticulation to the extension and rehabilitation of existing boreholes)Metz- Maruleng Municipality | Mont Consulting Engineers | WSIG | 17,50% | 25-Aug-17 | 36 Months | 17,50% | 100% | The project is complete | Excellent |
| 14 | MDM 2017- 052/W04 | INFRASTRUCTURE | Civil engineering consulting engineer for replacement and resizing of asbestos cement pipes. Lulekani-Ba-Phalaborwa. | Botshabelo Consulting Engineers | WSIG | 17,50% | 25-Aug-17 | 36 Months | 17,50% | 100% | The project is complete | Satisfactory |
| 15 | MDM-2017/052W 06 | INFRASTRUCTURE | Civil engineering consultant for upgrading of internal water reticulation network. Dzumet Village- Greater Giyani Municipality | Bawelle Consulting Engineers | WSIG | 17,50% | 25-Aug-17 | 36 Months | 17,50% | 100% | The project is complete | Satisfactory |
| 16 | MDM-2017/052/ W27 | INFRASTRUCTURE | Civil engineering consulting engineer for the refurbishment, rehabilitation and upgrading of internal water reticulation network and boreholes (Replacement of taps, pipeline damages through illegal connections and provision of reticulation to the extension and rehabilitation of existing boreholes)Mankhva Village- Greater Giyani Municipality | Tshatshu Consulting and Project Managers | WSIG | 17,50% | 25-Aug-17 | 36 Months | 17,50% | 100% | The project is complete | Excellent |

| No | Project/contract number | Directorate | Project name | Name of service provider | Source of Funding | Contract Amount | Start Date | TERM OF CONTRACT | BUDGET | PROGRESS TO DATE | CHALLENGES | ASSESSMENT |
|----|-------------------------|----------------|--|-----------------------------------|-------------------|-----------------|-------------|------------------|-----------------|------------------|--|--------------|
| 17 | MDM-2019-052-W13 | INFRASTRUCTURE | Civil engineering consultant for refurbishment of the package plant and upgrading of the raw water pipeline Zava-Greater Giyani. | Sazigen Consulting Eng | WSIG | 17,50% | 25-Aug-17 | 36 Months | 17,50% | 100% | The project is complete | Poor |
| 18 | MDM-2017/052- W21 | INFRASTRUCTURE | Civil engineering consulting engineer for the refurbishment, rehabilitation and upgrading of internal water reticulation network and boreholes (Replacement of taps, pipeline damages through illegal connections and provision of reticulation to the extension and | Superior Quality Engine | WSIG | 17,50% | 25-Aug-17 | 36 Months | 17,50% | 100% | The project is complete | Excellent |
| 19 | MDM-2017/052- W15 | INFRASTRUCTURE | Civil engineering consulting engineer for the refurbishment, rehabilitation and upgrading of internal water reticulation network and boreholes (Replacement of taps, pipeline damages through illegal connections and provision of reticulation to the extension and rehabilitation of existing | Kgoshigadi Consulting | WSIG | 17,50% | 25-Aug-17 | 36 Months | 17,50% | 100% | The project is complete | Good |
| 20 | MDM-2018/052/ W09 | INFRASTRUCTURE | Civil engineering consulting engineer for the refurbishment, rehabilitation and upgrading of internal water reticulation network and boreholes (Replacement of taps, pipeline damages through illegal connections and provision of reticulation to the extension and | Tingacure (Pty) Ltd | WSIG | 17,50% | 25-Aug-17 | 36 Months | 17,50% | 100% | The project is complete | Excellent |
| 21 | MDM 2017- 052/W10 | INFRASTRUCTURE | Civil engineering consulting engineer for the refurbishment, rehabilitation and upgrading of internal water reticulation network and boreholes (Replacement of taps, pipeline damages through illegal connections and provision of reticulation to the extension and rehabilitation of existing boreholes) | Superior Quality Engine | WSIG | 17,50% | 25-Aug-17 | 36 Months | 17,50% | 100% | The project is complete | Excellent |
| 22 | MDM-2017/052- W29 | INFRASTRUCTURE | Civil engineering consultant for construction of a bulk water pipeline and elevated tank. Makosha- Greater Giyani Municipality | Mtama Mashao Consulting Engineers | WSIG | 17,50% | 25-Aug-17 | 36 Months | 17,50% | 100% | The project is complete | Excellent |
| 24 | MDM-2017/052/0 07 | INFRASTRUCTURE | Construction of Selwane bulk water supply phase 1 | Cashan Civils | MIG | 9 799 762,21 | 19-Jan-18 | 36 Months | 9 799 762,21 | 100% | The project is complete | Satisfactory |
| 25 | MDM-2015/008 | INFRASTRUCTURE | Construction of Lephephane Bulk Water Supply | Soateng Summits Developers | MIG | 10 761 503,05 | 19-Jan-18 | 36 Months | 10 761 503,05 | 100% | The project is complete | Poor |
| 26 | MDM-2017/001 | INFRASTRUCTURE | Construction of Hoedspruit Bulk Water Supply | Zenobia Trading 24 | MIG | 27 012 469,19 | 19-Jan-18 | 36 Months | 27 012 469,19 | 85% | Project had challenges on land availability for the reservoir | Average |
| 27 | MDM 2017- 052/0192A | INFRASTRUCTURE | Construction of Seofotse to Dishosine Bulk Water Phase 2A | SEEDI Development Projects | MIG | 11 452 286,67 | 19-Jan-18 | 36 Months | 11 452 286,67 | 100% | The project is complete | Excellent |
| 28 | MDM 2017- 052/002 | INFRASTRUCTURE | Construction of Tours Bulk Water Scheme | Nanzu Trading | MIG | 14 995 194,05 | 19-Jan-18 | 36 Months | 14 995 194,05 | 100% | The project is complete | Satisfactory |
| 29 | MDM-2017/052- 02/05 | INFRASTRUCTURE | Construction of Seofotse to Dishosine Bulk Water Phase 1a | Diges Group CC | MIG | 13 295 096,10 | 19-Jan-18 | 36 Months | 13 295 096,10 | 100% | The project is complete | Satisfactory |
| 30 | MDM-2017/052- 004 | INFRASTRUCTURE | Construction of Seofotse to Dishosine Bulk Water Phase 1c | Moepeng Trading 40 | MIG | 12 322 298,00 | 19-Jan-18 | 36 Months | 12 322 298,00 | 94% | The contractor is waiting for Eskom connections | Average |
| 31 | MDM- 8/29/125 | INFRASTRUCTURE | Construction of Seofotse to Dishosine Bulk Water Reticulation | VME Projects & Construction | MIG | 9 754 638,84 | 19-Jan-18 | 36 Months | 9 754 638,84 | 98% | Insufficient water | Satisfactory |
| 34 | MDM | | Accounting consultants | Matsaba | MDM | Rates | 19-Apr-18 | Not specified | Rates | In Progress | None | Excellent |
| 35 | MDM | BTO | Comprehensive Insurance for Mopani District Municipality | Kunene Makopo Risk | MDM | R669 772,00 | 5 Jul 2018 | 36 Months | R669 772,00 | In Progress | Delay in processing of claims | Average |
| 36 | MDM | BTO | Provision of Fleet Financial Solution on an Instalment sale Multi-Framework of the MDM | Betrobrite Pty (Ltd) | MDM | Rates | 3 Sep 2018 | 36 Months | Rates | In Progress | Late renewal of vehicles | Average |
| 37 | MDM-2017/052- W014 | INFRASTRUCTURE | Thapane Water Supply Scheme: Upgrading and extension Phase 2B | Civil Elements (Pty) Ltd | MIG | R 29 122 366,58 | 21 Sep 2018 | 36 Months | R 29 122 366,58 | 86% | The consultant was terminated and design review was done which the project requires additional funding to complete project | Satisfactory |

| No | Project/contract number | Directorate | Project name | Name of service provider | Source of Funding | Contract Amount | Start Date | TERM OF CONTRACT | BUDGET | PROGRESS TO DATE | CHALLENGES | ASSESSMENT | |
|----|-------------------------|----------------|--|------------------------------------|-------------------|-----------------|-------------|------------------|-----------------|------------------|---|---|-----------|
| 38 | MDM-2017/011 | INFRASTRUCTURE | Tours Bulk Water Supply Phase 2 | Zenobia Trading 242 | MIG | R 26866180,93 | 21 Sep-2018 | 36 Months | R 26866180,93 | 100% | The project is complete | Excellent | |
| 39 | MDM-2017/052/0 16 | INFRASTRUCTURE | Seifolise to Dilekosing Bulk Water Supply and Reticulation Phase 2B | Leb P Construction and Projects | MIG | R 20 866780,94 | 21 Sep-2018 | 36 Months | R 20 866780,94 | 100% | The project is complete | Excellent | |
| 40 | MDM | MM's Office | Request for Proposals for the Electronic Performance Monitoring System & Cascading Support | Action IT | | R3349 139,00 | 18 Oct-2018 | 36 Months | R 3349 139,00 | 1 Jan 1900 | Ongoing project | Excellent | |
| 41 | MDM-2018/052/0 02 | INFRASTRUCTURE | Thabina to Lerenyenye Bulk Water Supply | Shile Civil and Project Developers | WSIG | R7 425000,00 | 12 Oct-2018 | 36 Months | R 7 425000,00 | 100% | The project is complete | Satisfactory | |
| 53 | G/M/015/024 | INFRASTRUCTURE | Refurbishment, Rehabilitation and upgrading of internal water reticulation network and boreholes in Khujwana | Makgetsi Construction | WSIG | 3298458,75 | 22-Apr-19 | 12 months | 3298458,75 | 100% | The project is complete | Excellent | |
| 54 | DM-2019/03 | RASTRUCT | Sekgosese Water Scheme 1B | Bukuta BK CC | MIG | R18 407 330,20 | 21-Jan-20 | 36 Months | R 18 407 330,20 | 46% | project on going | Satisfactory | |
| 55 | DM-2019/03 | RASTRUCT | Makhushane Water Scheme | Moswaise Mapula Construction | MIG | R11384577,05 | 21-Jan-20 | 36 Months | R 11384577,05 | 97% | The project is practically complete | Excellent | |
| 56 | DM-2019/03 | RASTRUCT | Refurbishment of Middle Letaba Water Scheme Cluster | Lokolang Trading Enterprise | MIG | R7 759 179,62 | 21-Jan-20 | 36 Months | R 7 759 179,62 | 70% | Contractor very slow and unable to buy material for work | Poor | |
| 57 | DM-2019/03 | RASTRUCT | Sekgosese Water Scheme 1A | Capotex Trading Enterprise | MIG | R17 415239,20 | 21-Jan-20 | 36 Months | R 17 415239,20 | 22% | Slow progress on due to late delivery of Materials(Pipes) | Average | |
| 58 | DM-2019/02 | RASTRUCT | Kampersrus Bulk Water Scheme & Scotia Water Reticulation | Mvheve Civils | MIG | R 12123400,23 | 21-Jan-20 | 36 Months | R 12123400,23 | 53% | Ongoing project- delayed by C19 | Average | |
| 59 | DM-2019/03 | RASTRUCT | Rilavi II Water Scheme (Sub-Scheme 1) | Gumela General Dealer and Projects | MIG | R 9 851200,58 | 9 851200,58 | 21-Jan-20 | 36 Months | R 9 851200,58 | 88% | The contractor is waiting for Eskom connections | Excellent |
| 60 | DM-2019/03 | RASTRUCT | Sekgosese Water Scheme | Nandzu Trade and General Projects | MIG | R 30 560 000,00 | 07-Feb-20 | 36 Months | R 30 560 000,00 | 34% | Late delivery of Material might affect progress on site | Excellent | |
| 61 | DM-2019/03 | RASTRUCT | Kampersrus Bulk Water Scheme & Scotia Water Reticulation 2020A | LebP Construction and Projects | MIG | R 20 080 271,10 | 19-Feb-20 | 36 Months | R 20 080 271,10 | 35% | Ongoing project- delayed by C19 | Excellent | |
| 62 | DM-2019/02 | RASTRUCT | Thabina Regional Water Scheme 2020A | Selby Construction | MIG | R 48 490 516,32 | 19-Feb-20 | 36 Months | R 48 490 516,32 | 65% | No Challenge as the project is progressing well | Excellent | |
| 63 | DM-2019/03 | RASTRUCT | Makhushane Water Scheme | Moepeng Trading 40CC | MIG | R 46799 474,37 | 07-Feb-20 | 36 Months | R 46799 474,37 | 42% | Progress on site is moving very slow due to excessive hard rock | Average | |
| 64 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Giyani Municipality | Xakambetse Group | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Excellent | |
| 65 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Giyani Municipality | Thumba Consulting | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Excellent | |
| 66 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Giyani Municipality | Swadawane Trading And Projects | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory | |
| 67 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Giyani Municipality | Shibhakuza General Trading cc | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory | |
| 68 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Giyani Municipality | Sasy Trading Enterprise (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory | |
| 69 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Giyani Municipality | Pakani Trading Enterprise | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory | |

| No | Project/contract number | Directorate | Project name | Name of service provider | Source of Funding | Contract Amount | Start Date | TERM OF CONTRACT | BUDGET | PROGRESS TO DATE | CHALLENGES | ASSESSMENT |
|----|-------------------------|-------------|--|---|-------------------|-----------------|------------|------------------|----------------|------------------|---------------------|--------------|
| 70 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Giyani Municipality | Muhlaba Trading And Projects (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 71 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Giyani Municipality | Mikadee Holdings | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 72 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Giyani Municipality | Good Profile Trading & Projects | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 73 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Giyani Municipality | Fahlaza Investment Holdings (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 74 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Giyani Municipality | Chesterbury Trading & Projects | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 75 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Giyani Municipality | Che Cheza General Trading | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 76 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Giyani Municipality | BSK Construction | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 77 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Giyani Municipality | BFS And NM General Trading | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 78 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Giyani Municipality | Theuwedu Trading Enterprise | MIG | R 9 670 500,00 | 09-Jan-20 | 12 months | R 9 670 500,00 | 100% | Project is complete | Satisfactory |
| 79 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Letaba Municipality | Firsthand Projects | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 80 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Letaba Municipality | Greenpeace Trading Enterprise | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 81 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Letaba Municipality | John JNR Enterprise | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 82 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Letaba Municipality | Kingbee Technology | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 83 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Letaba Municipality | Lekanti Construction and General Services | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 84 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Letaba Municipality | Maekus (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 85 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Letaba Municipality | MLE 7786 Enterprise | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 86 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Letaba Municipality | MOD J Projects (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 87 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Letaba Municipality | Mofmah ETM Trading Enterprise | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 88 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Letaba Municipality | Mothapedi Trading Enterprise | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 89 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Letaba Municipality | MSR Business & Projects | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 90 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Letaba Municipality | Omohle Group of Companies (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |



| No | Project/contract/Item number | Directorate | Project name | Name of service provider | Source of Funding | Contract Amount | Start Date | Term of Contract | Budget | Progress to Date | Challenges | Assessment |
|----|------------------------------|-------------|---|---|-------------------|-----------------|------------|------------------|----------------|------------------|--|--------------|
| 91 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Letaba Municipality | Sarathi Trading Enterprise | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 92 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Letaba Municipality | Soboke Business Enterprise (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 93 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Letaba Municipality | Sekwedza Trading Enterprise | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 94 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Letaba Municipality | Telgoplex Trading (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 95 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Letaba Municipality | Therabo Infrastructures | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 96 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Letaba Municipality | Moswobi Building Construction | MIG | R 9 670 500,00 | 09-Jan-20 | 12 months | R 9 670 500,00 | 100% | Contractor is busy with the last 186 VIP Units | Poor |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | Erol Matome Projects | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | High Performance Trading | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | Khaninamba General Trading | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | LHM Holdings | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | Makoronya General Trading | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | Maseko Civil Construction & Projects | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | Mavutana Construction | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | Molalehaka Investment | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | Muvuti Projects cc | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | Ndumikamanda Trading Enterprise (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | Nkemanema Trading Enterprise | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | Nkumani Multi Projects (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | Nobelo Trading Enterprise (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | Phadani Developers (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | Rhulam & Xoliswa Enterprise | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |

| No | Project/contract/Item number | Directorate | Project name | Name of service provider | Source of Funding | Contract Amount | Start Date | TERM OF CONTRACT | BUDGET | PROGRESS TO DATE | CHALLENGES | ASSESSMENT |
|----|------------------------------|-------------|---|--|-------------------|-----------------|------------|------------------|----------------|------------------|--|--------------|
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | Zwakala Ngakithi Trading | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | PG Industries | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | Tsogang Mohake and Sons | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | Big L Civil Engineering | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Greater Tzaneen Municipality | Bukuta BK cc | MIG | R 9 670 500,00 | 09-Jan-20 | 12 months | R 9 670 500,00 | 100% | The project is at Practical Completion | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Ba-Phalaborwa Municipality | Anshika Holdings (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Ba-Phalaborwa Municipality | FC Humana Trading (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Ba-Phalaborwa Municipality | Hulelasi Construction (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Ba-Phalaborwa Municipality | Kanyingi Trading Enterprise (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Ba-Phalaborwa Municipality | Khujay Solutions (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Ba-Phalaborwa Municipality | Kolobe Projects (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Ba-Phalaborwa Municipality | Koshline Multi Trading | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Ba-Phalaborwa Municipality | Malambule Trading Enterprise (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Ba-Phalaborwa Municipality | Mandiwanda and Family (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Ba-Phalaborwa Municipality | Motshany Trading | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20-B | RASTRUCT | Construction of VIP toilets in Ba-Phalaborwa Municipality | Paulmaria Projects | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20-B | RASTRUCT | Construction of VIP toilets in Ba-Phalaborwa Municipality | RM Mashaba Projects | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20-B | RASTRUCT | Construction of VIP toilets in Ba-Phalaborwa Municipality | Tyhocode (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20-B | RASTRUCT | Construction of VIP toilets in Ba-Phalaborwa Municipality | Uncle Happy & Ouma (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20-B | RASTRUCT | Construction of VIP toilets in Ba-Phalaborwa Municipality | Mvevhe Civils | MIG | R 9 670 500,00 | 09-Jan-20 | 12 months | R 9 670 500,00 | 100% | Project is complete | Average |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Manuleng Municipality | Thato le Thabo Construction And Projects | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |

| No | Project/contract/ tender number | Directorate | Project name | Name of service provider | Source of Funding | Contract Amount | Start Date | TERM OF CONTRACT | BUDGET | PROGRESS TO DATE | CHALLENGES | ASSESSMENT |
|----|---------------------------------|----------------|--|-------------------------------|-------------------|-----------------|------------|------------------|----------------|------------------|--|--------------|
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Maruleng Municipality | Tebogo Wa Mokone | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Maruleng Municipality | Striving Mind Trading | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Maruleng Municipality | Slaves Solutions | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Maruleng Municipality | seopa Oben Project (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Maruleng Municipality | Sekwal Construction cc | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Maruleng Municipality | Rooriv Construction | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Maruleng Municipality | Perfect Zone | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Maruleng Municipality | PCK Trading and Projects cc | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | ASTRACT | Construction of VIP toilets in Maruleng Municipality | Najesta Business Enterprise | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Maruleng Municipality | Mokbelo Sepele Trading | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Maruleng Municipality | Mavone Skills Development | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Maruleng Municipality | Maneya Construction (Pty) Ltd | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Maruleng Municipality | Fish of 1331 cc | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Maruleng Municipality | CJM Construction And Projects | MIG | R 475500,00 | 09-Jan-20 | 12 months | R 475500,00 | 100% | Project is complete | Satisfactory |
| 97 | M-2019/20- | RASTRUCT | Construction of VIP toilets in Maruleng Municipality | Hlekhabo Trading Enterprise | MIG | R 9 670 500,00 | 09-Jan-20 | 12 months | R 9 670 500,00 | 49% | The contractor is behind schedule due to cash flow | Average |
| 97 | PANNEL | RASTRUCT | . Electrical works/Services in | Panelists | IG/WSIG/RB | Ad hoc | 09-Dec-19 | 12 Months | Ad hoc | N/A | THIS IS A PANEL FOR 36 MONTHS | N/A |
| 97 | PANNEL | RASTRUCT | Panel of Contractors for the civil, Mechanical, Electrical works/Services in MDW 36 Months Contract CDB Grading 4-6 | Panelists | IG/WSIG/RB | Ad hoc | 10-Dec-19 | 36 Months | Ad hoc | N/A | THIS IS A PANEL FOR 36 MONTHS | N/A |
| 97 | PANNEL | INFRASTRUCTURE | Panel of Contractors for the civil, Mechanical, Electrical works/Services in MDW 12 Months Contract CDB Grading 7-9 | Panelists | IG/WSIG/RB | Ad hoc | 11-Dec-19 | 36 Months | Ad hoc | N/A | THIS IS A PANEL FOR 36 MONTHS | N/A |
| 97 | PANNEL | INFRASTRUCTURE | Panel of Accounting service provider to assist Mopani District Municipality with the preparation of annual financial statements and assets management for a period of 36 months. | Panelists | IG/WSIG/RB | Ad hoc | 06-Feb-19 | 36 Months | Ad hoc | N/A | THIS IS A PANEL FOR 36 MONTHS | N/A |

2019/20 CAPITAL WORKS PLAN SUMMARY OF CAPITAL PROJECTS PER FOR THE YEAR

| Strategic Objective | Programme | Projects description | Project Name | Start Date | Completion date | Project Owner | Source of funding | Original Budget | Adjusted Budget | Annual Target | Annual Actual | Evidence required |
|---|------------------------|---|--|------------|-----------------|--------------------|-------------------|-----------------|-----------------|--|--|------------------------|
| Democratic society and sound governance | Administration | To install new Telephone systems in the municipal offices by 30 June 2010 | Telephone PABX System (Giyani offices, Disaster centre, Fire stations) | 2019/07/01 | 2020/06/30 | Corporate Director | MDM | R900 000,00 | R400 000,00 | Project for installation of new Telephone systems complete | Project for installation of new Telephone systems complete | Completion Certificate |
| Democratic society and sound governance | Information Technology | To Purchase & Deliver Computers by 30 June 2020 | Computers | 2019/07/01 | 2020/06/30 | Corporate Director | MDM | R725000,00 | R525000,00 | Computers purchased & delivered | Computers purchased & delivered | Delivery note |
| Democratic society and sound governance | Information Technology | To Purchase & Deliver Servers by 30 June 2020 | Servers | 2019/07/01 | 2020/06/30 | Corporate Director | MDM | R575,00 | R575000,00 | Servers purchased & delivered | Servers not purchased | Delivery note |

BASIC SERVICE DELIVERY PROJECTS

| Strategic Objective | Programme | Projects description | Project Name | Start Date | Completion date | Project Owner | Source of funding | Original Budget | Adjusted Budget | Annual Target | Annual Actual | Evidence required |
|---|-----------|---|---|------------|-------------------------|------------------------------|-------------------|-----------------|-----------------|--|---------------|------------------------|
| To have integrated infrastructure | Water | Construction of Hoedspruit 1 Bulk Water Supply | Hoedspruit Bulk Water Supply | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R1 072 186,64 | R4828 587,00 | Construction at 100% (Project completed) | 92,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Water Reticulation at Jopie, Mawa & Ramotshinyadi | Jopie Mawa- Ramotshinyadi | 2019/07/01 | 2020 development /06/30 | Water & Engineering Director | MIG | R43033060,19 | R12078 785,00 | Construction at 100% (Project completed) | 97,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Luikani Water Scheme | Luikani Water Scheme | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R4385509,00 | R4385509,00 | Construction at 100% (Project completed) | 15,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Lephaphane Bulk Water | Lephaphane Bulk Water | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R6500 000,00 | R6500 000,00 | Construction at 100% (Project completed) | 98,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Tours Water Reticulation | Tours Water Reticulation | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R14000 000,00 | R14000 000,00 | Construction at 100% (Project completed) | 97,00% | Completion certificate |
| To have integrated infrastructure development | Water | Upgrading of Tours Water Scheme | Tours Bulk Water Scheme | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R20 407 707,76 | R12800 464,00 | Construction at 100% (Project completed) | 82,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Water Reticulation at Sefofose to Disthosini Bulk Water supply | Sefofose to Disthosini Bulk Water Supply(Bellevue, Sefofose) | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R43060 013,14 | R517 13891,00 | Construction at 100% (Project completed) | 82,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Selwane Bulk Water Supply | Selwane Water Phase 2 | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R13540 513,01 | R13540 513,00 | Construction at 100% (Project completed) | 6,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Bulk Water Supply & Water Reticulation and extension at Thapane | Thapane Water supply scheme - Upgrading and extension | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R57 217 835,23 | R46594022,00 | Construction at 100% (Project completed) | 100,00% | Completion certificate |
| To have integrated infrastructure development | Water | Designs development & Refurbishment of existing boreholes & Water Reticulation | Thapane Water supply scheme - Upgrading of Water Reticulation and extension | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R25810 819,06 | R19 4 14039,00 | Construction at 100% (Project completed) | 0,00% | Completion certificate |
| To have integrated infrastructure development | Water | Design development of pumps & construction of reservoirs | Kampersrus Bulk Water Reticulation and Scotia Water reticulation | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R15123400,33 | R15123400,00 | Construction at 100% (Project completed) | 25,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of water reticulation at Middle Letaba Water Scheme Cluster 6 | Water Reticulation infrastructure at Middle Letaba Water Scheme Cluster 6 | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R9 106833,54 | R9 106834,00 | Construction at 100% (Project completed) | 75,00% | Completion certificate |
| To have integrated infrastructure development | Water | Refurbishment of Middle Letaba water treatment plant works and with the existing boreholes. | Refurbishment & Upgrading of Middle Letaba WTW Scheme- Cluster 7 | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R1115557,88 | R1155578,00 | Construction at 100% (Project completed) | 70,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Riawi 2 Water Scheme Supply | Riawi 2 Water Scheme | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R22500 000,00 | R22500 000,00 | Construction at 100% (Project completed) | 45,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Thabina to Lenyeye Bulk Water Supply | Thabina to Lenyeye Bulk Water Supply | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R25781899,80 | R33554803,00 | Construction at 100% (Project completed) | 40,00% | Completion certificate |

| Strategic Objective | Programme | Projects description | Project Name | Start Date | Completion date | Project Owner | Source of funding | Original Budget | Adjusted Budget | Annual target | Annual Actual | Evidence required |
|---|-----------|--|--|------------|-----------------|------------------------------|-------------------|-----------------|-----------------|--|---------------|------------------------|
| To have integrated infrastructure development | Water | Construction of Sekgosese Water Scheme supply and Borehole equipment | Sekgosese Water Scheme | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R20 000 000,00 | R35313323,00 | Construction at 100% (Project completed) | 23,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Makhushane Water Scheme | Makhushane Water Scheme | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R12526069,82 | R17 526070,00 | Construction at 100% (Project completed) | 52,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of 1686 VIP toilets units | Rural Household Sanitation (GGM) | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R20 318 926,72 | R20 326927,00 | Construction at 100% (Project completed) | 68,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of 1686 VIP toilets units | Rural Household Sanitation (GTM) | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R20 318 926,72 | R20 326927,00 | Construction at 100% (Project completed) | 70,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of 1686 VIP toilets units | Rural Household Sanitation (GLM) | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R20 318 926,72 | R20 326927,00 | Construction at 100% (Project completed) | 64,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of 1686 VIP toilets units | Rural Household Sanitation (BPM) | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R20 318 926,72 | R20 326927,00 | Construction at 100% (Project completed) | 79,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of 1686 VIP toilets units | Rural Household Sanitation (M LM) | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R20 318 926,72 | R20 326927,00 | Construction at 100% (Project completed) | 40,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Kampenus Bulk water supply | Kampenus Bulk Water Scheme & Scolia Water Reticulation - Covid 19 | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R8 800 000,00 | R8 800 000,00 | Construction at 50% (Project completed) | 15,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Selwane water PHS | Selwane Water PHS 2 - Covid 19 | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R3286530,00 | R3286530,00 | Construction at 50% (Project completed) | 15,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of lulekani Water scheme | Lulekani Water Scheme(Benfar m) - Covid 19 | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R6165000,00 | R6165000,00 | Construction at 50% (Project completed) | 15,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Ritawi 2 Water Scheme | Ritawi 2 Water Scheme (Sub-Scheme 1) - Covid 19 | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R4000 000,00 | R4 000 000,00 | Construction at 50% (Project completed) | 15,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Thabina Water Scheme | Thabina Regional Water Scheme (The Resizing & Replacement of Bulk Water Pipeline from Thabina to Lenyenyane - Covid 19 | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R5350 000,00 | R5350 000,00 | Construction at 50% (Project completed) | 24,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Lephephane Bulk Water Supply | Lephephane Bulk Water - Covid 19 | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R5105000,00 | R5105000,00 | Construction at 50% (Project completed) | 45,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Tours Reticulation | Tours Water Reticulation - Covid 19 | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R10 915000,00 | R10 915000,00 | Construction at 50% (Project completed) | 15,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Sekgopo water supply | Sekgopo Water Supply (Drilling of boreholes and Linking to Storage Reservoirs) - Covid 19 | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R5500 000,00 | R5500 000,00 | Construction at 50% (Project completed) | 15,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Modjadjali water scheme | Modjadjali Water Scheme (Groundwater Augmentation) - Covid 19 | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R9 200 000,00 | R9 200 000,00 | Construction at 50% (Project completed) | 15,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Nkambako WTW | Nkambako WTW (Linking Boreholes to Bulk to boost bulk water supply) - Covid 19 | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R4800 000,00 | R4800 000,00 | Construction at 50% (Project completed) | 15,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Sefofose Dilshosini Bulk Water supply | Sefofose to Dilshosine Bulk Water Supply (Ramoroka Village) - Covid 19 | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R10 650 000,00 | R10 650 000,00 | Construction at 50% (Project completed) | 15,00% | Completion certificate |
| To have integrated infrastructure development | Water | Refurbishment of Kgapanane water Plant | Refurbishment of Kgapanane Wastewater Treatment Plant - Covid 19 | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R4279 500,00 | R4279 500,00 | Construction at 50% (Project completed) | 71,00% | Completion certificate |
| To have integrated infrastructure development | Water | Augmentation of Maruleng Water | Maruleng LM Ground Water Augmentation | 2019/07/01 | 2020/06/30 | Water & Engineering Director | MIG | R5700 000,00 | R5700 000,00 | Construction at 50% (Project completed) | 15,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of New boreholes | Borehole Development | 2019/07/01 | 2020/06/30 | Water & Engineering Director | WSIG | R80 000 000,00 | R80 000 000,00 | Construction at 100% (Project completed) | 68,00% | Completion certificate |

| Strategic Objective | Programme | Projects description | Project Name | Start Date | Completion date | Project Owner | Source of funding | Original Budget | Adjusted Budget | Annual target | Annual Actual | Evidence required |
|---|-----------|--|---|------------|-----------------|------------------------------|-------------------|-----------------|-----------------|--|---------------|------------------------|
| To have integrated infrastructure development | Water | Refurbishment of existing borehole and water reticulation at Dzingidzigi by 30 June 20 | Dzingidzigi Refurbishment | 2019/07/01 | 2020/06/30 | Water & Engineering Director | WSIG | R7 800 000,00 | R7 800 000,00 | Construction at 100% (Project completed) | 100,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Mapupe Bulkline & Internal reticulation with house connections | Mapupe Refurbishment | 2019/07/01 | 2020/06/30 | Water & Engineering Director | WSIG | R2327 710,00 | R2327 710,00 | Construction at 100% (Project completed) | 100,00% | Completion certificate |
| To have integrated infrastructure development | Water | Upgrading of Mageva Internal water reticulation | Mageva Water Scheme pipeline | 2019/07/01 | 2020/06/30 | Water & Engineering Director | WSIG | R1609 192,00 | R1609 192,00 | Construction at 100% (Project completed) | 100,00% | Completion certificate |
| To have integrated infrastructure development | Water | Refurbishment of package plant and raw water pipeline | Zava water reticulation | 2019/07/01 | 2020/06/30 | Water & Engineering Director | WSIG | R1411244,00 | R1411244,00 | Construction at 100% (Project completed) | 97,00% | Completion certificate |
| To have integrated infrastructure development | Water | Upgrading of water reticulation at Dzumeni water scheme | Dzumeni water reticulation | 2019/07/01 | 2020/06/30 | Water & Engineering Director | WSIG | R735992,00 | R735992,00 | Construction at 100% (Project completed) | 100,00% | Completion certificate |
| To have integrated infrastructure development | Water | Upgrading of Makgakga patase Internal Water Reticulation | Makgakgapatase Water Reticulation | 2019/07/01 | 2020/06/30 | Water & Engineering Director | WSIG | R1757 465,00 | R1757 465,00 | Construction at 100% (Project completed) | 100,00% | Completion certificate |
| To have integrated infrastructure development | Water | Replacement of Resizing of Asbestos cement pipes | Lulekani/Nama kgale Water Scheme (Lulekani) | 2019/07/01 | 2020/06/30 | Water & Engineering Director | WSIG | R1205030,00 | R1205030,00 | Construction at 100% (Project completed) | 100,00% | Completion certificate |
| To have integrated infrastructure development | Water | Replacement and Resizing of Water storage tank (2ml concrete reservoir) | Mapikirin Replacements & Pipes | 2019/07/01 | 2020/06/30 | Water & Engineering Director | WSIG | R1785048,00 | R1785048,00 | Construction at 100% (Project completed) | 85,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Sewer Emergency Dam at Tshelang - Cape Sewer Booster Station and Upgrading of the outfall sewer pipeline | Tshelang - Cape Sewer Emergency Dam & Sewer Booster Station | 2019/07/01 | 2020/06/30 | Water & Engineering Director | WSIG | R3376976,00 | R3376976,00 | Construction at 100% (Project completed) | 80,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Bulk water supply | Thabana to Lenyenye Bulk Water Supply | 2019/07/01 | 2020/06/30 | Water & Engineering Director | WSIG | R5200 000,00 | R5200 000,00 | Construction at 100% (Project completed) | 100,00% | Completion certificate |
| To have integrated infrastructure development | Water | Upgrading of internal reticulation | Makhubidung Refurbishment | 2019/07/01 | 2020/06/30 | Water & Engineering Director | WSIG | R3732272,00 | R3732272,00 | Construction at 100% (Project completed) | 100,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of 381 VIP toilets units at Molalane, Fina le | Maruleng VIP toilets (Molalane, Fina le) | 2019/07/01 | 2020/06/30 | Water & Engineering Director | WSIG | R614371,00 | R614371,00 | Construction at 100% (Project completed) | 100,00% | Completion certificate |
| To have integrated infrastructure development | Water | Construction of Bulk line supply at Khujwana | Khujwana Refurbishment | 2019/07/01 | 2020/06/30 | Water & Engineering Director | WSIG | R3874609,00 | R3874609,00 | Construction at 100% (Project completed) | 100,00% | Completion certificate |
| To have integrated infrastructure development | Water | Extraction of sand water at Greater Glyani Municipality | Sand Water Extraction (Glyani) | 2019/07/01 | 2020/06/30 | Water & Engineering Director | WSIG | R2983726,00 | R2983726,00 | Construction at 100% (Project completed) | 0,00% | Completion certificate |

MUNICIPAL FINANCIAL VIABILITY

| Strategic Objective | Programme | Projects description | Project Name | Start Date | Completion date | Project Owner | Source of funding | Original Budget | Adjusted Budget | Annual target | Annual Actual | Evidence required |
|---------------------------------|-----------|---|------------------|------------|-----------------|---------------|-------------------|-----------------|-----------------|--|---------------|-------------------|
| To promote and sound governance | Finance | To purchase Office Furniture for Finance Office | Office Furniture | 2019/07/01 | 2020/06/30 | CFO | MDM | 200 000 | 231600 | Develop Specifications and submit to SCM | | Delivery note |

COMPONENT A: BASIC SERVICES

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

INTRODUCTION

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

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Note: Recent legislation includes the Water Services Act 1997 and the General Enabling Act 2005.

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

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

There are over 20 (small and large) dams in the district with 9 being used for primary consumption (domestic, industrial and commercial) and most of the other dams are used for irrigation purposes. Some private small dams also exist and are used for irrigation purpose as well. The total yield from the dams for primary usage is 273 million m³ per annum. The agricultural sector uses the greatest portion of the available yield in the district, which is estimated at 70%, leaving 30 % for the other water users.

Bulk water supply in Mopani is characterised by numerous surface water schemes in various stages of full development to all consumer points. Water supply scheme clusters are well defined and the service area boundaries are well established.

Major upgrading and refurbishment are needed at most localities. The Middle Letaba Sub Scheme area and Modjadji areas are in need of extensions to the existing bulk supply systems. In general, Mopani District is well provided with bulk water supply infrastructure. However, the reason why the supply of water is below the RDP level

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.

(25 litres per person per day) is the shortage of pipeline reticulation within villages.

MDM gets bulk water from the Lepelle Northern Water Board, treat the water and channel that to reservoirs in villages/ settlements in the five local municipalities. Local municipalities are responsible for reticulation in villages. MDM operates 21 water schemes, 62 pump stations, 19 water treatment works, over 1400km min pipelines, over 500 reservoirs and thousands of boreholes. Further analysis of water sources is depicted in the following table, with numbers of households benefitting

Ba-Phalaborwa municipality has adequate reticulation system, followed by Greater Tzaneen Municipality, Greater Letaba Municipality and then Greater Giyani Municipality. The limited availability of infrastructure in Greater Giyani is attributed to the fact that the villages in the Greater Giyani area are spatially scattered, resulting in difficult and expensive processes to provide water supply pipelines in the villages. It is also deduced that the major factor contributing to shortage of water is related to social aspects.

These aspects are mainly vandalism of infrastructure, especially communal boreholes, lack of willingness from the consumers to pay for their water services and illegal (unauthorized) connections of pipelines by communities. These problems are usually prevalent in rural areas than urban areas. Over- usage of water is generally observed in most of the areas, amounting to more than 150 litres per person per day in both towns and villages. Communities are yet to do more to save the already scarce water.

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

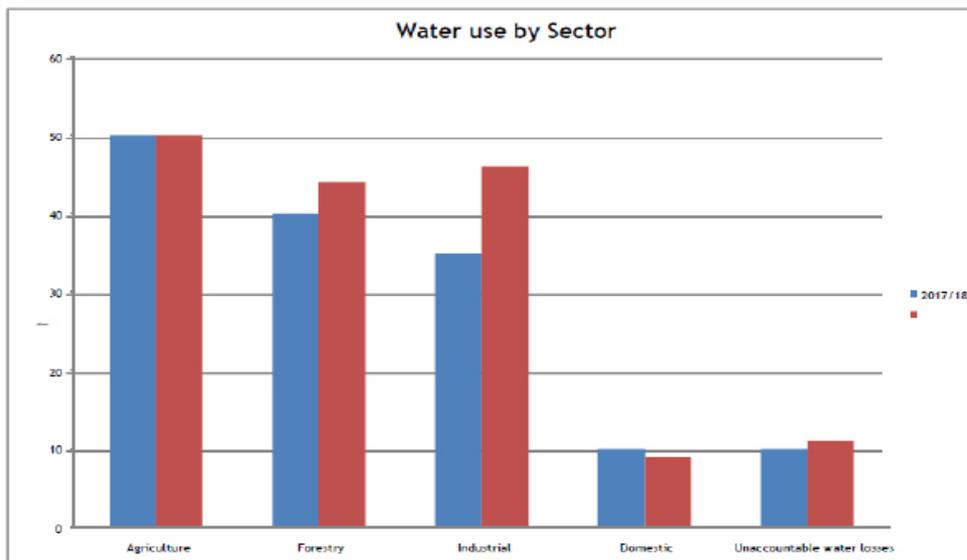
All municipalities in the district are providing free basic water to some extent (6000 litres per household per month) with almost none providing free basic waste removal. To eradicate the water backlog, Mopani district as the water services authority has prioritized water services as the first service among all the other services. The Department of

Water Affairs (DWA) have completed the establishment/ construction of the N'wamitwa Dam and the raising of the wall of the Tzaneen Dam to address the water shortage problem in the district.

Source :IDP 18/19

| TOTAL USE OF WATER BY SECTOR (CUBIC METERS) | | | | | |
|---|-------------|----------|------------|----------|----------------------------|
| | Agriculture | Forestry | Industrial | Domestic | Unaccountable water losses |
| 2018/19 | 51 200 | 44 830 | 26 380 | 15 000 | 16 000 |
| 2019/20 | 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 2017/18 and 2019/20 remains relatively the same. Use in the Forestry and Industrial sector has increased in 2019/20 when compared

to 2018/19. Water supply for domestic use has also increased in 2019/20 compared to 2018/19. The increase in usage is as a result of increased access to water supply through completed infrastructure projects, refurbishment and drilling of boreholes in areas experiencing shortages in water supply.

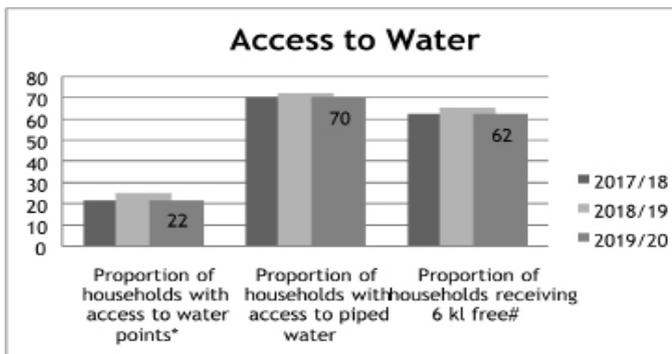
| HOUSEHOLDS | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Description | 2016/17 Actual No. | 2017/18 Actual No. | 2018/19 Actual No. | 2019/20 Actual No. |
| Water: (above min level) | | | | |
| <i>Piped water inside dwelling</i> | 49 923 | 51 674 | 51 674 | 52 966 |
| <i>Piped water inside yard (but not dwelling)</i> | 99 434 | 72 754 | 72 754 | 74 572 |
| <i>Using public tap (stand pipes)</i> | 57 534 | 109 341 | 109 341 | 91 898 |
| <i>Other water supply (within 200m)</i> | 0 | 29 218 | 29 218 | 29 948 |
| <i>Minimum service level and above sub-total</i> | 206 891 | 262 987 | 262 987 | 249 384 |
| Minimum service level and above percentage Water; (below min level) | 72% | 100% | 100% | 84.16% |
| <i>Using public tap (more than 200m from dwelling)</i> | 33 773 | | | |
| <i>Other water supply (more than 200m from dwelling)</i> | 46 935 | | 2 303 | 36 921 |
| <i>No water supply</i> | 80 708 | | 2 303 | 10 014 |
| <i>Below minimum service level sub-total</i> | 28% | | 1% | 15.84% |
| <i>Below minimum service level percentage</i> | | 262 987 | | |
| Total number of households* | 287 599 | | 265 290 | 96 319 |
| <i>To include informal settlements</i> | | | | |

T3.1.3

APR18/19

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

| HOUSEHOLDS – WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM | | | | | | HOUSEHOLDS |
|---|----------------|----------------|----------------|---------------------|---------------------|----------------|
| Description | 2016/17 | 2017/18 | 2018/19 | 2019/20 | | Actual No. |
| | Actual No. | Actual No. | Actual No. | Original Budget No. | Adjusted Budget No. | |
| Formal Settlements | 262 987 | 265 290 | 265 290 | 296 319 | 296 319 | 296 319 |
| Total households | 262 987 | 265 290 | 265 290 | 249 319 | 249 319 | 249 319 |
| Households below minimum service level Proportion of households below minimum service level | 206 891 | 265 290 | 265 290 | 249 384 | 249 384 | 249 384 |
| Informal Settlements | | | | | | |
| Total households | 80 708 | 0 | 0 | 46 935 | 46 935 | 46 935 |
| Households below minimum service level Proportion of households below minimum service level | 80 708 | 0 | 0 | 46 935 | 46 935 | 46 935 |
| APR 18/19. Mtef 18/19 | | | | | | T3.1.4 |



* 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

T3.1.5

| WATER SERVICE POLICY OBJECTIVES TAKEN FROM IDP | | | | | | | | | |
|--|---|----------------------|--------|--------------------|--------------------|---------|----------------------|--------------------|---------------------|
| Service Objective | Outline service targets (ii) | 2016/17 | | 2017/18 | | 2018/19 | | 2020/21 | |
| | | Target | Actual | Target | Actual | Target | Actual | Target | Actual |
| Service indicators (i) | | *previous year (iii) | (iv) | *previous year (v) | *current year (vi) | (vii) | *current year (viii) | *current Year (ix) | *following year (x) |
| Water Provision | Additional households provided with minimum water supply during the year (No. of HH) without supply at year end) | 5000 | 20 344 | 20 344 | 1 627 | 21 9 71 | 10 400 | 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% |
| Water Provision | Reduce unaccountable water levels compared to the baseline of 2018/19 (16000 kiloliters (Kls) unaccounted for during the year | 5000 | 20 344 | 20 344 | 1 627 | 21 9 71 | 10 400 | 32 371 | 34 967 |

3.2. WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION TO WATER PROVISION

Provide brief introductory comments on your strategy for the provision of Sanitation Services and progress being to redress any shortfall in basic standards of service provision by 2012 and with particular reference to progress made in 2018/19 (include your top 3 service delivery priorities and the impact you have had on them during the year).

Set out measures taken to improve performance and the major efficiencies achieved by your service during

the year. Indicate how your municipality identifies and responds to those communities that are living in poverty and are deficient in this basic service.

Give the name and extent of service provision of any municipal entity(ies) responsible for rendering Sanitation Services within the municipality. Comment on trends in Sanitation provision as reflected below and on more specific issues concerning Sanitation Service and demand as appropriate.

T3.2.1

| SANITATION SERVICE DELIVERY LEVELS | | | | |
|---|----------------|----------------|----------------|--------------------|
| Description | 2016/17 | 2017/18 | 2018/19 | Households |
| | Outcome No. | Outcome No. | Outcome No. | 2019/20 Actual No. |
| Sanitation/sewerage; (above minimum level) | 60 516 | 60 516 | 60 516 | 60 516 |
| Flush toilet (connected to sewerage) | | | | |
| Flush toilet (with septic tank) | | | | |
| Chemical toilet | | | | |
| Pit toilet (ventilated) | | | | |
| Other toilet provisions (above min. service level) | 187 168 | 188 968 | 188 968 | 188 868 |
| Minimum service level and above sub-total | 247 684 | 249 384 | 249 384 | 249 284 |
| Minimum service level and above percentage | 83.6% | 84% | 84% | 84% |
| Sanitation/sewerage; (below minimum level) | 48 635 | 46 935 | 46 935 | 46 935 |
| Bucket toilet | | | | |
| Other toilet provisions (below min service level) | | | | |
| No toilet provisions | | | | |
| Below Minimum service level sub-total | 48 635 | 46 935 | 46 935 | 46 935 |
| Below Minimum service level percentage | 16.4% | 16% | 16% | 16% |
| Total Households | 296 319 | 296 319 | 296 319 | 296 319 |
| *total number of households including informal settlements | | | | T3.2.3 |

| HOUSEHOLDS; SANITATION SERVICE DELIVERY LEVELS BELOW THE MINIMUM | | | | | | |
|--|----------------|----------------|----------------|---------------------|-----------------------|--------------|
| Description | 2016/17 | 2017/18 | 2018/19 | 2019/20 | | Households |
| | Actual No. | Actual No. | Actual No. | Original Budget No. | Adjustment Budget No. | Actual No. |
| Formal Settlements | 296 319 | 296 319 | 296 319 | 16 700 000 | 16 700 000 | 1 075 |
| Total Households | | | | | | |
| Households below minimum service level | | | | | | |
| Proportion of households below minimum Service level | | | | | | |
| Informal Settlements | | | | | | |
| Total Households | 293 319 | 296 319 | 296 319 | 16 700 000 | 16 700 000 | 1 075 |
| Households below minimum service level | | | | | | |
| Proportion of households below Minimum service level | | | | | | |
| T3.2.4 | | | | | | |

SANITATION SERVICES PERFORMANCE OVERALL:

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

At least Greater Letaba has a backlog of 1.4% without sanitation services. The municipality that has the highest backlog is Greater Giyani Municipality with 8.2%. The municipality that has the lowest is Greater Letaba with 1.4% followed by Greater Tzaneen with 1.7%.

T3.2.10

3.3. ELECTRICITY

INTRODUCTION TO 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 enable 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. Mopani District Municipality has a role of providing bulk electricity to the local municipalities.

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.

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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.

3.4. WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

In the Mopani District, all local municipalities are responsible for their own land fill sites and waste management services. T3.4.1

3.5. FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Not applicable to the District

T3.6.6

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

INTRODUCTION TO ROAD TRANSPORT

This component is not applicable in the district.

T3.7.0

3.6. ROADS

INTRODUCTION TO ROADS

This component is not applicable in the district.

T3.7.1

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

Mopani District Municipality (MDM)'s Vision is: 'To be the food basket of Southern Africa and to be the' tourism destination of choice'. It is therefore necessary to give attention to the four key sectors (Agriculture, Mining, Tourism, Trade and Manufacturing) which contribute towards the achievement of the MDM Vision.

The following are among the opportunities identified during quarterly stakeholder's discussions that resonate within the District:

- The Development of an integrated GIS which will enable the District and its locals to depict and share planning information.
- The rich cultural diversity, which if fully tapped into, could turn the District into the destination of choice.
- The District has a huge potential on the Agricultural and Mining value chain. Particularly if the potential is

linked to the plans of Revitalisation of Industrial Parks Plans.

- The above can be attained through the identified strategies of determining market gaps, Institutional Capacity building and organisational support as well as Production and supplier development for SMMEs and Partnerships.

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

3.7. 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.

3.7.1. 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.

3.7.2. 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 2019/20 the

municipality supported Ba-Phalaborwa municipality supported on land use scheme development.

3.7.3. 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.

3.7.4 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 finalisation of this milestone will enable depiction and sharing of planning information within Mopani District Municipality and the Local Municipalities within the District. GIS is not popularly known as a career, awareness campaigns were conducted in secondary schools to help the teachers and learners in understanding the concept of GIS since it was recently introduced in their syllabus.

3.8. LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND 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 2019/20 through, among others, the quarterly sessions with LED practitioners in the form of HOD/Technical committees, LED Fora, Mining Indaba, Tourism events including exposing SMMEs at Durban Indaba, training for SMMEs and discussions with different partners with the intention of future signing of MOUs.

T3.11.1

LOCAL JOB OPPORTUNITIES

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

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

and implementation.

The District Municipality has through the Tourism trade shows exposed SMMEs from all the five local Municipalities to the market whereby exhibition facilities were procured, and transportation was arranged for the selected SMMEs. 212 SMMEs were supported during the 2019/20 Financial year

T3.11.4



JOB CREATION THROUGH EPWP* PROJECTS

| Details | EPWP Projects No. | Jobs created through EPWP projects No. |
|------------------|-------------------|--|
| 2017/18 | 2 | 683 |
| 2018/19 | 3 | 1912 |
| 2019/20 | 4 | 2775 |
| *EPWP | | |
| Source APR 18/19 | | T3.11.6 |

The Planning and Development Directorate brought in a number of initiatives, which lead to the achievement of a number of LED initiatives and strengthened partnership in 2018/19. The LED forum was established, and LED Fora were coordinated successfully, the District Economic Summit was successfully coordinated and held, LED Strategy successfully aligned with the IDP during Stakeholder sessions, coordination of trainings and promotion of SMMEs and trade shows were successful without hindrance. A conducive environment for EPWP

coordination was created through the establishment of MDM EPWP Steering committee.

Trainings conducted in collaboration with Seda

- LED Fora Minutes and Attendance Registers,
- the Mining Indaba report
- Stakeholder Engagements report
- Trade Shows Reports
- EPWP Coordination Processes which include internal and district wide sessions

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.

3.9. CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The Special Programmes unit is a Societal or community bases unit that promote Social Cohesion and address different humanities and abilities in the society. The unit focus on developing, coordinate plans and programmes for special focus groups. Implement programmes aimed at supporting and empowering the Traditional Leaders, youth, elderly, women, children and disable persons as well as Gender.

and the district , to raise awareness, advocate and lobby for special programmes and projects of the special groups, develop, review and implement socio-economic development policies and programmes in the Special Programmes also to ensure special programmes mainstreaming, Establishment of special programmes forums that are functional to Promote relations between the Government and community for better participation for these groups on Government Programs. Monitor and maintain the youth and children's advisory councils and HIV and Aids structures Perform any related tasks, activities and assignments as may be delegated by the constitution of South Africa

To provide technical assistance to special groups. monitor and maintain good relationship between communities

T3.56.1

PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL

In the 19/20 financial year the municipality had the aged function. Gender meetings, children's parliament and disability forum meetings.

T3.56.7

COMPONENT E: ENVIRONMENTAL PROTECTION

INTRODUCTION TO ENVIRONMENTAL PROTECTION

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

T3.59.0

3.10. 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.

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

T3.59.1

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.

T3.59.2

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:

The municipality managed to monitor all water sources by taking water samples (300) to confirm quality standards, and forms of pollution. Faecal pollution (i.e human faeces) is the dominant source of pollution in our rivers and streams. Moor pads were laid for Cholera and Typhoid monitoring. 18 inspections were conducted at sewage treatment plants and 6 were compliant while 12 were

noncompliant. 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.

T3.59.7

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.

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.

A simplified calculation of the number of people per

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

T.62.0

3.12. HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC 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 T3.64.7

COMPONENT G: SECURITY AND SAFETY

3.12. FIRE

INTRODUCTION TO FIRE SERVICES The District Municipality is allocated an operational Fire station in the following areas: Tzaneen, Giyani, Modjadjiskloof, Phalaborwa and Hoedspruit.

substance, aircrafts & train incidents)

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,

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.

T3.66.1

METROPOLITAN FIRE SERVICE DATA

| Details | 2017/18 | 2018/19 | | 2019/20 |
|--|------------|--------------|------------|--------------|
| | Actual No. | Estimate No. | Actual No. | Estimate No. |
| 1 Total fires attended in the year | 470 | 1227 | 1300 | 1116 |
| 2 Total of other incidents attended in the year | 920 | 994 | 1050 | 988 |
| 3 Average turnout time – urban areas | 3 Min | 3 min | 3 min | 3 min |
| 4 Average turnout time – rural areas | 30 Min | 30 min | 30 min | 30 Min |
| 5 Fire fighters in post at year end | 74 | 86 | 86 | 94 |
| 6 Total fire appliances at year end | 38 | 36 | 36 | 33 |
| 7 Average number of appliance off the road during the year | 30 | 35 | 35 | 36 |

Concerning T3.66.2

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

The prioritised Disaster Management projects includes Vehicle Tracking System, Upgrading of Command Vehicles and the Upgrading of the Communication Centre.

T3.66.7

3.14. OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

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

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL

Our prioritised Disaster Management projects includes Vehicle Tracking System, Upgrading of Command Vehicles and the Upgrading of the Communication Centre. The total budget for management of disasters was R23 671 715. The total Capital budget for the projects is R3 600 000; and we managed to meet our set targets.

T3.67.7

COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.15. TO EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councillors; and municipal manager).

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 resources 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.

3.16. FINANCIAL SERVICES

INTRODUCTION TO 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.

T3.70.1



3.17. HUMAN RESOURCE 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 were at advanced stage and middle of completion.

T3.71.1

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

T3.71.2

| HUMAN RESOURCE SERVICES POLICY OBJECTIVES TAKEN FROM IDP | | | | | | | | | |
|--|------------------------------------|-------------------------|--------|-----------------------|-----------------------|---------|-------------------------|-----------------------|------------------------|
| Service Objectives Service indicators (i) | Outline service targets (ii) | 2016/17 | | 2017/18 | | 2018/19 | | 2019/20 | |
| | | Target | Actual | Target | Actual | Target | | | |
| | | *Previous year (iii) | (iv) | *Previous year (v) | *Current year (vi) | (vii) | *Current year (viii) | *Current year (ix) | *following year (x) |
| To promote democracy and sound governance | | | | | | | | | |
| Employee performance assessment below senior managers conducted ytd | 4 | 0 | 0 | 0 | 0 | 0 | 4 | 2 | 2 |
| Number of existing policies reviewed and ready for adoption by Council structure ytd | 12 | 12 | 12 | 12 | 12 | 16 | 12 | 12 | 12 |
| Percentage of women recruited according to recruitment plan ytd | 8 | 8 | 8 | 8 | 8 | 32.50 | 8 | 8 | 8 |
| Percentage of people with disability recruited ytd | 4 | 4 | 4 | 4 | 4 | 1.70 | 2 | 2 | 2 |
| Percentage of posts filled timeously ytd | 100 | 100 | 10 | 100 | 100 | 95 | 100 | 100 | 100 |
| Number of attitude and moral survey conducted ytd | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 |
| Percentage progress with the review and approval of the Organogram by Councilor 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 |

| EMPLOYEES: HUMAN RESOURCE SERVICES | | | | | |
|------------------------------------|---------------|-----------|---------------|--------------------------------------|-------------------------------------|
| Job level | 2017/18 | | 2018/19 | | |
| | Employees No. | Posts No. | Employees No. | Vacancies (fulltime-equivalents) No. | Vacancies (as a % of total posts) % |
| 0-3 | 1 | 1 | 1 | 1 | 1 |
| 4-6 | 4 | 4 | 1 | 6 | 6 |
| 7-9 | 10 | 10 | 13 | 9 | 0.69 |
| 10-12 | 3 | 3 | 9 | 4 | 0.44 |
| 13-15 | 6 | 6 | 2 | 12 | 6.00 |
| 16-18 | 33 | 33 | | | - |
| 19-20 | 0 | 0 | 0 | 0 | - |
| Total | 57 | 57 | 26 | 32 | 1.23 |

Totals should equate to those included in the chapter 4 total employee schedule. Employees and posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustment budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.71.4

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

The human resource office had a review of the organogram 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.

T3.71.7

3.18. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

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

SERVICE STATISTICS FOR ICT SERVICES

| ICT SERVICES POLICY OBJECTIVES TAKEN FROM IDP | | | | | | | | | |
|--|---------------------------------------|-----------------------------------|----------------|---------------------------------|---------------------------------|-----------------|-------------------------|-----------------------|------------------------|
| Service Objectives Service indicators (i) | Outline service targets (ii) | 2016/17 | | 2017/18 | | 2018/19 | | 2019/20 | |
| | | Target *Previous year (iii) | Actual (iv) | Target *Previous year (v) | Actual *Current year (vi) | Target (vii) | *Current year (viii) | *Current year (ix) | *following year (x) |
| To strengthen record keeping & knowledge management | | | | | | | | | |
| Percentage of completion of development of the DRP ytd | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Percentage of completion of development of the MSP ytd | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Source: IDP18/19 | | | | | | | | | T3.72.3 |



FINANCIAL PERFORMANCE 2019/20: ICT SERVICES
R`000

| Details | 2018/19 | | 2019/20 | |
|--|---------------|-----------------|-------------------|---------------|
| | Actual | Original budget | Adjustment budget | Actual |
| Total operational revenue (excluding tariffs) | | | | |
| Expenditure: | 25 244 | | | |
| Other Employees | 1 423 | | | |
| Repairs & Maintenance | 18 | | | |
| Other | 21 900 | | | |
| Total operational expenditure | 22 879 | 24 173 | 23 000 | 22 879 |
| Net operational (service) expenditure | | | | |
| <i>Source : Budget 18/19</i> | | | | T3.72.5 |

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

During the period under review only two major capital projects we planned and achieved, namely Giyani Server Room Designed and Construction and Server Room Equipment. The two projects were aimed at attaining the strategic objective "Manage through Information".

The project for equipping the server room was attained within allocated capital budget, however the server room design and construction had a budget overrun of 15 percent due to a one percentage increase in the rate of value added tax and the variation in the technical specifications due to the fact that the room which was to be utilised had not been appropriately prepared by the landlord for use as the server room.

T3.72.7

3.19. PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

The contracts for all service providers were signed to avoid risks on all procurement of services.

T3.73.1

PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES POLICY OBJECTIVES TAKEN FROM IDP

| Service Objectives Service indicators (i) | Outline service targets (ii) | 2016/17 | | 2017/18 | | 2018/19 | | 2019/20 | |
|---|---------------------------------------|-------------------------|--------|-----------------------|-----------------------|---------|-------------------------|-----------------------|------------------------|
| | | Target | Actual | Target | Actual | Target | Actual | Target | Actual |
| | | *Previous year (iii) | (iv) | *Previous year (v) | *Current year (vi) | (vii) | *Current year (viii) | *Current year (ix) | *following year (x) |
| To promote democracy and Sound Governance | | | | | | | | | |
| Percentage of reported cases of Fraud and corruption resolved ytd | 100 | 100 | 0 | 100 | 100 | 0 | 100 | 100 | 100 |
| Risk assessment report submitted to Council by 30 May | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Risk committee resolutions implemented ytd | 100 | 100 | 100 | 100 | 100 | 90 | 100 | 100 | 100 |
| Number of Risk monitoring reports submitted to Council ytd | 4 | 4 | 4 | 4 | 4 | 2 | 4 | 4 | 4 |
| Number Strategic Risks mitigated ytd | 10 | 10 | 10 | 10 | 10 | 5 | 10 | 10 | 10 |
| Number of Risk Management workshops conducted ytd | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 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 |
| <i>Source: APR 18/19</i> | | | | | | | | | T3.73.3 |

| Details | 2018/19 | | 2019/20 | | |
|---|---------|-----------------|-------------------|--------|--------------------|
| | Actual | Original budget | Adjustment budget | Actual | Variance to budget |
| Total operational revenue (excluding tariffs) | 1 985 | 1 925 | 1 879 | 1 985 | -106 |
| Expenditure: | 1 985 | 1 925 | 1 879 | 1 985 | -106 |
| Other Employees | 1 985 | 1 952 | 1 879 | 1 985 | -106 |
| Repairs & Maintenance | - | - | - | - | - |
| Other | 12 840 | 5 783 | 13 253 | 12 840 | 413 |
| Total operational expenditure | 14 825 | 7 735 | 15 132 | 14 825 | 307 |
| Net operational (service) expenditure | | | | | |
| | | | | | T3.73.5 |

COMMENT ON THE PERFORMANCE OF PROPERTY SERVICES OVERALL

In the 2019/20 financial year, MDM has managed to connect more than 10400 new households to the water system. Previously the households had to fetch water from a distance over 200m from their households.

COMPONENT I: 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

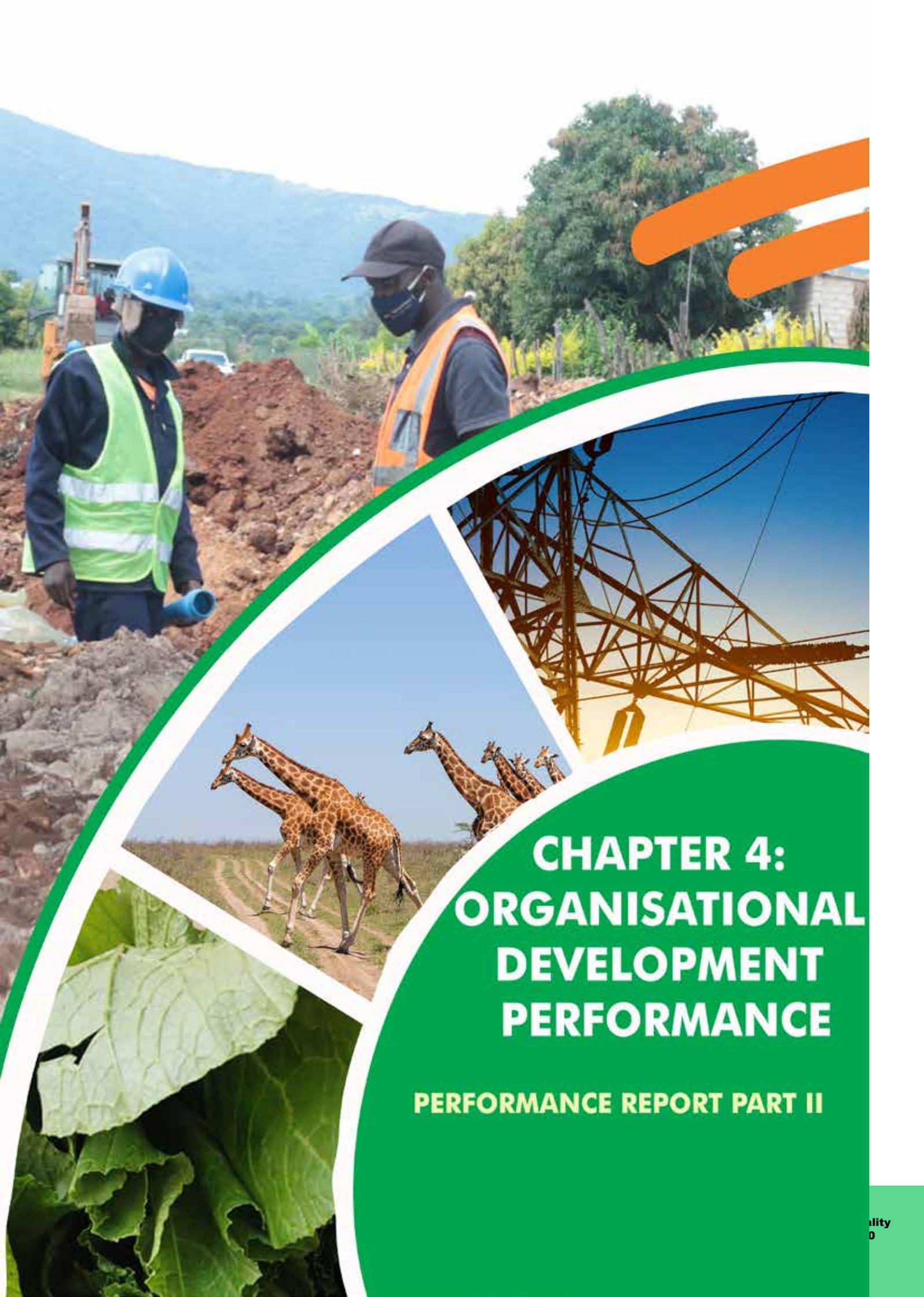
Hoedspruit airport was originally and solely used by military air force. It is now commercial, and it caters for airlines from Hoedspruit to Gauteng and Cape Town and is used by public and also game hunting tourists.

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 J: ORGANISATIONAL ANNUAL PERFORMANCE REPORT FOR 2019/20 FINANCIAL YEAR

SEE ATTACHED ANNEXURE



CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

PERFORMANCE REPORT PART II

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:

| | |
|------------------------------------|---------------------|
| 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

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Supply the 18/19 figures

The Municipality employed 720 people during the 2019/20 financial year. It incurred 60% vacancy rate with the post of a permanent Corporate Services Director being vacant.

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.
- There are over 600 staff members transferred from DWA. The challenge is that operational cost to MDM has risen and will impact on means for service delivery.
- MDM do not have full spread of racial diversities. There are largely Ba-pedi, Va-tsonga, Va- Venda and some few Afrikaans. This is informed proportionally by the racial spread of the District. There are also those cases of people who would prefer to work in an urban environment rather than rural area (Giyani) where Mopani District Head office is located.¹

¹Source: 18/19 MDM IDP



4.2. POLICIES

| HR POLICIES & PLANS | | | | |
|---------------------|--|-------------|------------|--------|
| | Name of Policy | Completed % | Reviewed % | YES/NO |
| 1 | Affirmative Action | | 95 | YES |
| 2 | Attraction & Retention | | 85 | YES |
| 3 | Code of conduct for employees | 100 | | YES |
| 4 | Delegations, Authorisation & responsibility | | 90 | YES |
| 5 | Disciplinary Code & Procedures | 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 | | YES |
| 11 | HIV/AIDS | 100 | | YES |
| 12 | Human Resource & Development | 100 | | YES |
| 13 | Information Technology | 100 | | YES |
| 14 | Job Evaluation | 100 | | YES |
| 15 | Leave | 100 | | YES |
| 16 | Occupational Health & Safety | | 95 | NO |
| 17 | Official Housing | | 80 | NO |
| 18 | Official Journeys | 100 | | NO |
| 19 | Official Transport to attend funerals | 100 | | NO |
| 20 | Official working hours and overtime | 100 | | NO |
| 21 | Organisational rights | 100 | | NO |
| 22 | Payroll Deductions | 100 | | NO |
| 23 | Performance Management & Development | | 95 | YES |
| 24 | Recruitment, selection & Appointments | 100 | | YES |
| 25 | Remuneration Scales & Allowances | | 85 | NO |
| 26 | Resettlement | 100 | | YES |
| 27 | Sexual Harassment | | 80 | YES |
| 28 | Skills development | 100 | | YES |
| 29 | Smoking | | 80 | YES |
| 30 | Special skills | 100 | | NO |
| 31 | Work Organisation | | 85 | YES |
| 32 | Uniforms & protect clothing | | 90 | YES |
| 33 | Other | | | |
| | Use name of local policies if different from above and at any other HR policies not listed | | | T4.2.1 |

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 Councillor components and were en route to Council for adoption. This review and development of these policies were performed with the assistance of both CoGHSTA and SALGA.

T4.2.1.1

4.3. INJURIES, SICKNESS AND SUSPENSIONS

T4.3.3

COMMENT ON INJURY AND SICK LEAVE:

The Municipality is currently at a moderate level of 20% rate with regard to reduction of Occupational Injury incidents, and in relation to sick leave, HR records reflect the total of 284 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 cases and also by circulating Injury on Duty reporting procedures 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 of suspension | Details of disciplinary action taken or status of case and reasons why not finalized | Date finalized |
| Deputy CFO | Gross dishonesty | October 2019 | Suspended, charged, hearing conducted, settlement proposal | September 2020 |
| Deputy Director Expenditure | Gross dishonesty | October 2019 | Suspended, charged, hearing conducted, settlement proposal | July 2020 |
| Deputy Director Supply Chain Management | Gross dishonesty | October 2019 | Dismissed, employee appealed | Still ongoing |
| | | | | T4.3.5 |

| DISCIPLINARY ACTION TAKEN ON CASES OF FINANCIAL MISCONDUCT | | | |
|--|---|--|----------------|
| Position | Nature of alleged misconduct and rand value of any loss to the municipality | Disciplinary action taken | Date finalized |
| Deputy CFO | Gross dishonesty | Suspended, charged, hearing conducted, settlement proposal | September 2020 |
| Deputy Director Expenditure | Gross dishonesty | Suspended, charged, hearing conducted, settlement proposal | July 2020 |
| Deputy Director Supply Chain Management | Gross dishonesty | Dismissed, employee appealed | Not finalized |
| | | | T4.3.6 |

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.

T4.3.7

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The total approved posts of the municipality are 984 for which 605 posts were filled during the reporting period and 327 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 18 employees have gone out of the system.

The total number of Councillor's for the municipality is 50 and 1 passed on. Municipal Organogram was reviewed for 2019/20 Financial year.



4.4. SKILLS DEVELOPMENT AND TRAINING

| SKILLS MATRIX 2019/20 | | | | | | | | | | | | | | |
|--|--------|---------------------------------------|------------------------|-----------------------|---------------|---|-----------------------|---------------|-------------------------|-----------------------|---------------|------------------------|-----------------------|-----|
| Management level | Gender | Employee's in post as at 30 June 2019 | Learnerships | | | Skills programmes & other short courses | | | Other forms of training | | | Total | | |
| | | | 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 | No. | 0 | 0 | 0 | 1 | 1 | 1 | | | | 1 | 1 | 1 |
| | Male | | 0 | 0 | 2 | 3 | 3 | 4 | | | | 3 | 3 | 6 |
| Councillors, senior officials and managers | Female | | 28 | 28 | 40 | 13 | 10 | 10 | | | 14 | 58 | 52 | 64 |
| | Male | | 33 | 27 | 27 | 21 | 27 | 30 | | | 11 | 63 | 65 | 67 |
| Technicians and associate professionals* | Female | | 41 | 30 | 30 | 18 | 21 | 25 | | | 10 | 72 | 64 | 65 |
| | Male | | 15 | 14 | 15 | 7 | 7 | 10 | | | 9 | 31 | 28 | 34 |
| Professionals | Female | | 18 | 16 | 20 | 4 | 3 | 3 | | | 16 | 33 | 35 | 39 |
| | Male | | 21 | 17 | 20 | 9 | 7 | 15 | | | 9 | 42 | 33 | 44 |
| Sub total | Female | | 87 | 74 | 64 | 39 | 35 | 39 | | | 40 | 157 | 152 | 143 |
| | Male | | 57 | 68 | 82 | 40 | 44 | 49 | | | 29 | 127 | 139 | 160 |
| Total | | 0 | 144 | 142 | 146 | 79 | 79 | 88 | | | 69 | 284 | 291 | 303 |

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

T 4.5.1

COMPETENCY LEVELS FOR THE OTHER EMPLOYEES

| CFO'S OFFICE | | | | | | | |
|--------------|--------------------|--------|---|--------------------|-----------------------|--------------------------|--------------------------|
| NO | NAME | GENDER | | DESIGNATION | QUALIFICATION | MFMF COMPLAINT | |
| | | M | F | | | YES | NO |
| 1 | Q KGATLA | M | | ACTING MM | BCOM | | <input type="checkbox"/> |
| 2 | NL MASHAO | M | | DEPUTY CFO | BCOM | <input type="checkbox"/> | |
| 3 | K MATODZI | M | | TRAINEE ACCOUNTANT | ND FINANCE MANAGEMENT | | <input type="checkbox"/> |
| 4 | K MATHEBULA | M | | TRAINEE ACCOUNTANT | BCOM | | <input type="checkbox"/> |
| 5 | HF NKUNA | | F | TRAINEE ACCOUNTANT | BCOM | | <input type="checkbox"/> |
| 6 | O MHANGWANA | M | | TRAINEE ACCOUNTANT | ND FINANCE MANAGEMENT | | <input type="checkbox"/> |
| 7 | NT MAVANGWA | | F | TRAINEE ACCOUNTANT | BCOM | | <input type="checkbox"/> |
| 8 | NR MANGANYI | | F | SECRETARY | | | <input type="checkbox"/> |

| BUDGET & REPORTING | | | | | | | |
|--------------------|------------|--------|---|-----------------------------------|---------------|--------------------------|----|
| NO | NAME | GENDER | | DESIGNATION | QUALIFICATION | MFMF COMPLAINT | |
| | | M | F | | | YES | NO |
| 1 | R POOTONA | | F | DEPUTY MANAGER: BUDGET & REPING | BCOM | <input type="checkbox"/> | |
| 2 | NE MOLETE | | F | ACCOUNTANT; BUDGET & CONTROL | BCOM | <input type="checkbox"/> | |
| 3 | MT MONAIWA | | F | ASS. ACCOUNTANT; BUDGET & CONTROL | BCOM | <input type="checkbox"/> | |

| EXPENDITURE MANAGEMENT | | | | | | | |
|------------------------|---------------|--------|---|-----------------------------|---------------|--------------------------|--------------------------|
| NO | NAME | GENDER | | DESIGNATION | QUALIFICATION | MFMF COMPLAINT | |
| | | M | F | | | YES | NO |
| 1 | TT MAHUMANI | M | | DEPUTY MANAGER: EXPENDITURE | BCOM | <input type="checkbox"/> | |
| 2 | T MKHABELA | | F | SUB-ACCOUNTANT CREDITORS | LGAC L2 | <input type="checkbox"/> | |
| 3 | MMJ MOTHIBI | | F | ACCOUNTANT EXPENDITURE | BCOM | <input type="checkbox"/> | |
| 4 | ME THOBAKGALE | | F | ASS. ACCOUNTANT EXPENDITURE | LGAC L3 | <input type="checkbox"/> | |
| 5 | SS RIKHOTSO | M | | DATA CAPTURER | | <input type="checkbox"/> | |
| 6 | GT MATHEBULA | | F | ASS. ACCOUNTANT PAYROLL | LGAC L2 | | <input type="checkbox"/> |
| 7 | NC MAKHUVELE | | F | ADMIN CLERK EXPENDITURE | | | <input type="checkbox"/> |
| 8 | MS SHAI | | F | ADMIN CLERK | | | <input type="checkbox"/> |

| SUPPLY CHAIN MANAGEMENT(SCM) | | | | | | | |
|------------------------------|--------------|--------|---|---------------------------|---------------|--------------------------|--------------------------|
| NO | NAME | GENDER | | DESIGNATION | QUALIFICATION | MFMF COMPLAINT | |
| | | M | F | | | YES | NO |
| 1 | O HLAISI | M | | DEPUTY MANAGER: SCM | BCOM | <input type="checkbox"/> | |
| 2 | SA NDLHOVU | | F | ACCOUNTANT SCM | BCOM | | <input type="checkbox"/> |
| 3 | JM MOJELA | M | | ACCOUNTANT D&A MANAGEMENT | BCOM | | <input type="checkbox"/> |
| 4 | RB SEKGOBELA | M | | ASS ACCOUNTANT D&A | BCOM | <input type="checkbox"/> | |
| 5 | SP MASONTA | | F | ASS ACCOUNTANT D&A | BCOM | <input type="checkbox"/> | |
| 6 | H MATHONSI | | F | ASS. ACCOUNTANT D&A | BCOM | <input type="checkbox"/> | |
| 7 | MM HLONGWANI | M | | ADMINISTRATOR | GRADE 12 | | <input type="checkbox"/> |

| OTHER EMPLOYEES & COUNCILLORS | | | | | | | |
|-------------------------------|---------------|--------|---|------------------------------|--|--------------------------|----|
| NO | NAME | GENDER | | DESIGNATION | | MFMF COMPLAINT | |
| | | M | F | | | YES | NO |
| 1 | LETSOALO Q | | F | DEPUTY MANAGER: SPORTS | | <input type="checkbox"/> | |
| 2 | MALATJI KP | M | | DEPUTY MANAGER: LED | | <input type="checkbox"/> | |
| 3 | NGOVENI TR | M | | DEPUTY MANAGER: PLANNING | | <input type="checkbox"/> | |
| 4 | MABULANE T | M | | DEPUTY MANAGER: ENGINEERING | | <input type="checkbox"/> | |
| 5 | MANDIWANA M | M | | DEPUTY MANAGER: PMU | | <input type="checkbox"/> | |
| 6 | MATHEBULA ES | | F | DEPUTY MANAGER: SPECIAL PROG | | <input type="checkbox"/> | |
| 7 | MAIFALA MJ | M | | DEPUTY MANAGER: IDP | | <input type="checkbox"/> | |
| 8 | SEKGALAKANE S | | F | INTERNAL AUDIT | | <input type="checkbox"/> | |
| 9 | SHAI M | M | | INTERNAL AUDIT | | <input type="checkbox"/> | |
| 10 | MUEDI L | M | | INTERNAL AUDIT | | <input type="checkbox"/> | |
| 11 | MOKGOLA T | | F | INTERNAL AUDIT | | <input type="checkbox"/> | |



| ASSET MANAGEMENT | | | | | | | |
|------------------|------------|--------|---|------------------------|---------------|--------------------------|--------------------------|
| NO | NAME | GENDER | | DESIGNATION | QUALIFICATION | MFMF COMPLAINT | |
| | | M | F | | | YES | NO |
| 1 | S MANGENA | M | | DEPUTY MANAGER: ASSETS | BCOM | <input type="checkbox"/> | |
| 2 | AM MAKGOBA | M | | ACCOUNTANT ASSET | BCOM | | <input type="checkbox"/> |
| 3 | IM LEDWABA | M | | ASS. ACCOUNTANT ASSET | BCOM | <input type="checkbox"/> | |

| REVENUE MANAGEMENT | | | | | | | |
|--------------------|---------------|--------|---|-------------------------|---------------|--------------------------|--------------------------|
| NO | NAME | GENDER | | DESIGNATION | QUALIFICATION | MFMF COMPLAINT | |
| | | M | F | | | YES | NO |
| 1 | NT KGABI | | F | DEPUTY MANAGER: REVENUE | BCOM | <input type="checkbox"/> | |
| 2 | P MABOTJA | M | | ACCOUNTANT REVENUE | BCOM | <input type="checkbox"/> | |
| 3 | MM MAHOLOBELA | | F | ADMINISTRATOR | LGAC L2 | | <input type="checkbox"/> |

SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.5. MUNICIPAL WORKFORCE EXPENDITURE

Disclosure regarding the 2019/20 remuneration packages for the Executive Mayor, Councillors and Section 57 Managers were as follows:

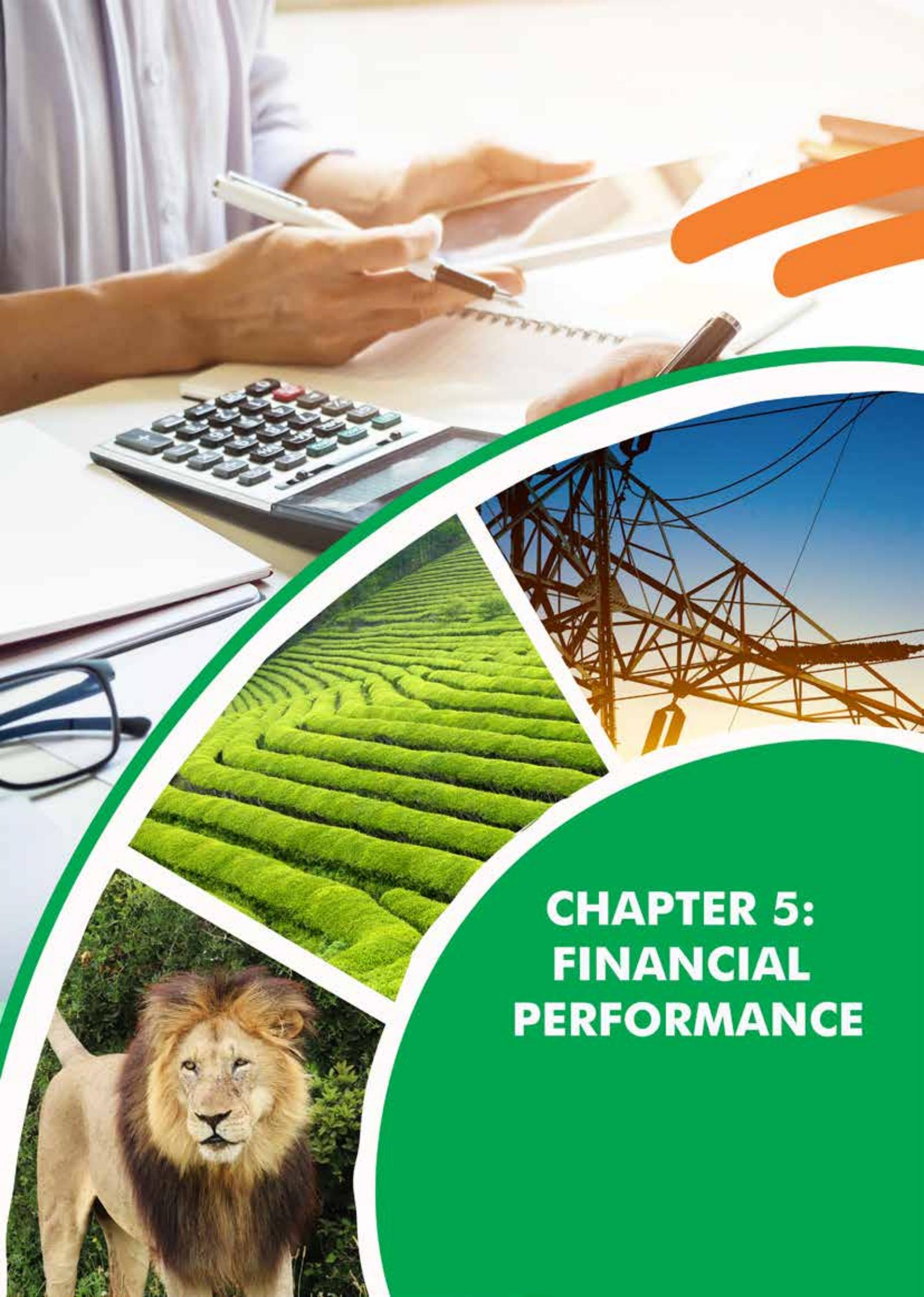
Table 4.3: Remuneration packages- 2018 /19

| DESIGNATION | TOTAL SALARIES & WAGES |
|--|------------------------|
| EXECUTIVE MAYOR | R934 650 |
| FULL-TIME COUNCILLOR-SPEAKER | R 755 878 |
| FULL-TIME COUNCILLOR-CHIEF WHIP | R 711 187 |
| EXECUTIVE COUNCILLORS | R 711 187 |
| COUNCILLORS | R323 670 |
| MUNICIPAL MANAGER | R 617 485 |
| CHIEF FINANCIAL OFFICER | R 1 155 170 |
| WATER & ENGINEERING DIRECTOR | R 1 337 123 |
| CORPORATE SERVICES DIRECTOR | R 1 414 064 |
| COMMUNITY SERVICES DIRECTOR | R 1 370 214 |
| PLANNING & DEVELOPMENT DIRECTOR | R 1 334 372 |
| DIRECTOR OFFICE OF THE EXECUTIVE MAYOR | R 402 267 |

| DESIGNATION | TOTAL SALARIES & WAGES |
|--|------------------------|
| COMMUNITY SERVICES DIRECTOR | R 1 331 482 |
| PLANNING & DEVELOPMENT DIRECTOR | R 1 230 488 |
| DIRECTOR OFFICE OF THE EXECUTIVE MAYOR | R 928 534 |

OTHER EMPLOYEES

| DESIGNATION | TOTAL SALARIES & WAGES |
|-----------------------------|------------------------|
| Employee related costs | R389 571 228 |
| Remuneration of Councillors | R 13 223 521 |



**CHAPTER 5:
FINANCIAL
PERFORMANCE**

INTRODUCTION

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

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. GRANT

The municipality was able to spend on all the conditional grants except for the Water Services Infrastructure Grant. The municipal infrastructure grant was the second lowest at 92%. All the other grants were fully spent including the equitable shares.

For 2018/19 financial year, the municipality performed as follows:

- (a) MIG – 73%
- (b) WSIG – 57%
- (c) RRAMS -70%

T5.2.2

5.3. ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Effective management of infrastructure and community facilities is central to the municipality providing an acceptable standard of services to the community. Infrastructure impacts on the quality of the living environment and 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 on behalf of the public of infrastructure assets, the replacement value of which amounts to several hundred million Rand.

Key themes introduced in the latest generation of national legislation relating to municipal infrastructure management include:

- long-term sustainability and risk management;

- service delivery efficiency and improvement;
- performance monitoring and accountability;
- community interaction and transparent processes;
- priority development of minimum basic services for all; and
- provision of financial support from central government in addressing the needs of the poor.

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

There is a need to direct limited resources to address the most critical needs, to achieve a balance between maintaining and renewing existing infrastructure whilst

also addressing backlogs in basic services and facing ongoing changes in demand. Making effective decisions on service delivery priorities requires a team effort, with inputs provided by officials from all departments of the municipality.

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

Accordingly, the asset register adopted by a municipality must meet not only financial compliance requirements, but also set a foundation for improved infrastructure asset management practice.

The Municipal Manager, being the accounting officer of the municipality, is responsible for the following in terms of section 63 of the Municipal Finance Management Act (Act No. 56 of 2003):

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

The Municipal Manager shall ensure that:

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

| TREATMENT OF THE THREE LARGEST ASSETS | | | | |
|--|--|----------------|----------------|----------------|
| Assets 1 | | | | |
| Name | Jopie Mawa – Block 12 Ramotshinyadi Bulk line and Reticulation | | | |
| Description | Construction of bulk line and reticulation | | | |
| Asset Type | Infrastructure Asset – Bulk supply | | | |
| Key staff involved | Project Management Unit | | | |
| Staff responsibilities | Management and Monitoring of projects | | | |
| Asset Value | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
| Capital implications | Budget allocation for refurbishment and maintenance of the asset | | | |
| Future purpose of asset | Bulk Water Supply to the community | | | |
| Describe key issues | Access to basic service and Job creation | | | |
| Policies in place to manage asset | Asset Management Policy | | | |

| TREATMENT OF THE THREE LARGEST ASSETS | | | | |
|--|--|----------------|----------------|----------------|
| Assets 2 | | | | |
| Name | Sefototse to Ditshosini Bulk Water Supply (Bellevue, Sefototse) | | | |
| Description | Construction of bulk water supply pipeline | | | |
| Asset Type | Infrastructure Asset – Bulk supply | | | |
| Key staff involved | Project Management Unit | | | |
| Staff responsibilities | | | | |
| Asset Value | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
| | 6 000 000 | 46 438 419.98 | 97 865 256.72 | - |
| Capital implications | Budget allocation for refurbishment and maintenance of the asset | | | |
| Future purpose of asset | Bulk Water Supply to the community | | | |
| Describe key issues | Access to basic service and Job creation | | | |
| Policies in place to manage asset | Asset Management Policy | | | |



TREATMENT OF THE THREE LARGEST ASSETS

Assets 3

| | | | | |
|--|--|----------------|----------------|----------------|
| Name | Thapane Water Supply Scheme – Upgrading and Extension | | | |
| Description | Upgrading and extension of water treatment plant | | | |
| Asset Type | Infrastructure Asset - Water Treatment | | | |
| Key staff involved | Project Management Unit | | | |
| Staff responsibilities | Management and Monitoring of projects | | | |
| Asset Value | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
| | 6 000 000 | 46 438 419.98 | 97 865 256.72 | - |
| Capital implications | Budget allocation for refurbishment and maintenance of the asset | | | |
| Future purpose of asset | Bulk Water Supply to the community | | | |
| Describe key issues | Access to basic service and Job creation | | | |
| Policies in place to manage asset | Asset Management Policy | | | |

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.

- management strategies for the long-term;
- providing a defined level of service and monitoring performance
- understanding and meeting the impact of growth through demand management and infrastructure investment;
- managing risks associated with asset failures
- sustainable use of physical resources; and
- continuous improvement in asset management practices.

The core principles are:

- taking a life-cycle approach developing cost-effective **MBRR Table A9** T5.3.3

| REPAIR AND MAINTENANCE EXPENDITURE 2019/20 | | | | |
|--|-----------------|-------------------|-------------|-----------------|
| | | | | R' 000 |
| | Original budget | Adjustment budget | Actual | Budget variance |
| Repairs and maintenance expenditure | 180 000 000 | 189 431 256 | 179 193 731 | 10 237 525 |
| | | | | 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

INTRODUCTION TO ASSET MANAGEMENT

| Ratio | Basis of calculation | 17/18 | 18/19 | 19/20 |
|--------------------------------|--|-------|-------|-------|
| O/S Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 272.6 | 285.7 | 264,9 |

COMMENT ON FINANCIAL RATIOS

Delete Directive note once comment is complete.- Comment on the financial health of the municipality / municipal entities revealed by the financial ratios set out above. These ratios are derived from table SA8 of the MBRR.

Liquidity ratio

The municipality has invested more cash resources in debtors that are difficult to collect and this put the liquidity position of the municipality at risk.

| 2019 | |
|---------------------|---------------|
| Current Assets | 1 744 430 879 |
| Current Liabilities | 1 133 515 004 |
| Liquidity Ratio | |

Solvency ratio

Generally the municipality total debt exceed its assets mainly due to significant water board debts.

Current ration

Current assets exceed current liabilities mainly due to an increasing debt book. The municipality must put in efforts to collect debts as this will improve liquidity and provide a more informative current ratio position.

Creditors payment period

The creditors payment period more than 365 days due to the expensive repayment terms on water boards debts.

Debtors payment period

The debtors book is growing on an annual basis and currently sitting at more than 365 days. This is due to weak debt collection mechanisms.

T5.4.9

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

The municipality makes use of both conditional (MIG and WSIG) and unconditional grants (Equitable shares) to purchase and/ or acquire its capital assets. The largest projects are in the forms of the capital expenditures include water and sanitation infrastructure assets in various villages in the district. Other capital expenditure include office furniture and equipment.

T5.5.0

5.5. CAPITAL EXPENDITURE

5.6. SOURCES OF FINANCE

The variances above 10% were as a result of employee related costs on the operational expenditure budget, and on the water and sanitation related projects on the capital expenditure budget.

T5.6.1.1

5.7. CAPITAL SPENDING ON 5 LARGEST PROJECTS

COMMENT ON CAPITAL PROJECTS

Capital projects which incurred the highest expenditure includes the Jopie Mawa, Sefototse to Dishosine bulk water supply and reticulation, Hoedspruit Bulk Water Supply. Tours treatment works was budgeted R17m, due to challenges experienced on the project the budget was reduced

T5.7.1.1

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 zaneen with 1,7%.

T5.8.1



SERVICE BACKLOGS AS AT 30 JUNE 2020

| | *service level above minimum standard | | **service level below minimum standard | |
|------------------|---------------------------------------|-------|--|-------|
| | No. HHs | %HHs | No. HHs | %HHs |
| Water | 249 925 | 84.3% | 46 395 | 15.7% |
| Sanitation | 251 976 | 85% | 44 344 | 15.7% |
| Electricity | 257 798 | 87% | 38 522 | 13% |
| Waste management | 53 300 | 18.7% | 241 020 | 81.3% |
| Housing | 271 518 | 91.6% | 24 802 | 8.4% |

% HHs are the service above/below minimum standard as a proportion of total HHs. 'housing' refers to *formal and ** informal settlements

COMMENT ON BACKLOGS

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

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

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

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

The cash flow management of the municipality is critically importance given the current weaknesses on debt collection mechanisms. Own revenue billed is not collected.

The municipality adopted the cost containment measures 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.

T5.9.0

5.9. CASH FLOW

COMMENT ON CASH FLOW OUTCOMES

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 on water boards debts.

Cash flows from operating activities

| CASH FLOWS NFROM OPERQATIONG ACTIVITIES | |
|---|---------------|
| Services charges | 367 087 |
| Grants | 1 355 384 064 |
| Interest income | 19 508 932 |
| Other receipts | 1 126 673 |
| VAT refund | 107 716 966 |
| PAYMENTS | |
| Employee costs | 455 981 978 |
| Suppliers | 499 874 720 |
| Finance costs | 53 928 932 |

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.

T5.10.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.11. SUPPLY CHAIN MANAGEMENT

INTRODUCTION TO SUPPLY CHAIN MANAGEMENT

MDM had review the SCM policy in financial 2019/20 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

5.12. GRAP COMPLIANCE

The municipality obtained a Qualified 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

The municipality received a Qualified audit opinion from the Auditor-General, refer to the audit opinion below.

T6.0.1

SEE ATTACHED AG REPORT

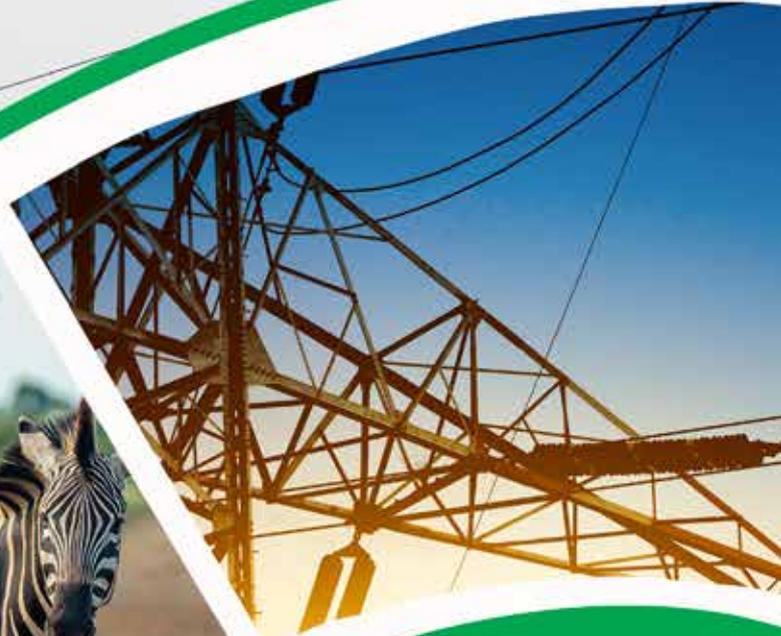


Tax Incentives

Personal Details

Your first name and initial

Nationality



CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

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

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Mopani District Municipality set out on pages 11 to 11, which comprise the statement of financial position as at 30 June 2020, 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 the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Mopani District Municipality as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with Standards of General Recognised Accounting Practice (Standards of GRAP), Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2019 (Act No. 16 of 2019) (DoRA).

Basis for qualified opinion

Property, plant and equipment

3. The municipality did not recognise all items of property, plant and equipment in accordance with GRAP 17, Property, plant and equipment. Completed infrastructure assets available for use amounting to R66 882 153 (2019: R40 464 254) were incorrectly classified as work-in-progress. Consequently, work in progress stated at R1 646 544 714 (2019: R1 387 999 417) in note 3 to financial statements was overstated by R66 882 153 (2019: R40 464 254) and completed infrastructure assets understated by the same amount. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.
4. I identified infrastructure assets amounting to R26 226 475 that were recognised at fair value in the absence of actual cost information. These assets were previously omitted from the accounting records. I was unable to obtain sufficient appropriate evidence for the valuation of these assets as I was not provided with the assumptions used to determine the fair value. I was unable to test the fair value by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to infrastructure assets stated at R3 932 024 850 (2019: R4 044 402 322) in note 3 to the financial statements.

Ba-Phalaborwa local municipality's receivables

5. 2019, I identified journal entries amounting to R42 101 459 that were recorded against the Ba-Phalaborwa local municipality's receivables in the accounting records. The journals processed were not adequately supported by the underlying records. My audit opinion on the financial statements for the period ended 30 June 2019 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the receivables for the current period.
6. The municipality did not establish adequate internal controls to reconcile its receivables. I have identified an unexplained difference of R126 994 180 on the Ba-Phalaborwa local municipality's receivables between the district's records and Ba-Phalaborwa local municipality's records. I was unable to audit the difference by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the BaPhalaborwa local municipality's receivables stated at R296 041 711 (2019: R258 580 460) in note 7 to the financial statements.



Value added tax (VAT)

7. The municipality did not implement adequate internal control systems to reconcile its year-end VAT receivable balance amounting to R55 065 203 (2019: R80 809 661). I identified a difference of R94 268 062 (2019: R76 411 691) between the amount as disclosed in note 7 to the financial statements and the underlying records. Consequently, VAT receivable stated at R55 065 203 (2019: R80 809 661) is understated by R94 268 062 (2019: R76 411 691). I was unable to determine the effect of this understatement on other account balances and classes of transactions as it was impracticable to do so.
8. In addition, I was unable to obtain sufficient appropriate evidence for journals processed against the VAT receivable in the accounting records. The municipality did not provide the journals amounting to R81 933 326. I was unable to audit the journals by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to VAT receivable stated at R55 065 203 in note 7 to the financial statements.

Service Charges

9. The municipality recognised revenue contrary to the requirements of GRAP 9, Revenue from exchange transactions. GRAP 9 requires that revenue be recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. The municipality recognised revenue for sale of water amounting to R50 793 979 at year end for customers that were not billed during the period. The revenue was immediately impaired as management assessed the probability of an inflow of economic benefits as low. Consequently, service charges stated at R254 636 679 in note 14 to the financial statements was overstated by R50 793 979.
10. I was unable to obtain sufficient appropriate audit evidence for inventories amounting to R14 205 188 due to the status of the accounting records. In terms of the municipality's accounting policy, the cost of inventories is assigned using the weighted average cost formula. The municipality did not have adequate systems of internal control to determine the weighted average cost of inventories at year end. I could not confirm the value of inventories by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to inventories stated at R14 324 723 as per note 6 in the financial statements.

Current liabilities

11. Current liabilities were materially misstated by R13 482 612 due to the cumulative effect of individually immaterial uncorrected misstatements in current liabilities:
 - Trade creditors at local municipalities stated at R1 314 640 was understated by R9 485 502
 - Retentions stated at R81 717 668 was understated by R1 405 971
 - Greater Giyani local municipality's payables stated at R20 953 844 was understated by R578 801
 - Other payables stated at R5 286 608 was understated by R1 894 557.

In addition, I was unable to obtain sufficient appropriate audit evidence to confirm current liabilities by alternative means:

- Other payables of R5 286 608 as included in the disclosed balance of payables from exchange transactions of R1 693 364 547
- Unspent conditional grants of R5 741 921 as included in the disclosed balance of R174 188 026.

Material losses

12. I was unable to obtain sufficient appropriate evidence for water losses stated at R62 026 428 (2019: R100 615 985) due to weaknesses in the systems implemented to identify losses. There were no adequate systems in place to determine water losses that occurred during distribution. I was unable

to verify the water distribution losses by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the distribution losses for the current and prior year as disclosed in 34 to the financial statements.

Commitments

13. The municipality did not have adequate systems in place for accounting for capital commitments. I identified a number of contracts which were still effective as at 30 June 2020 that were not disclosed as commitments in the financial statements. I have further identified differences between commitments as per the commitments register and the underlying records. Consequently, commitments stated at R474 513 127 in note 27 to the financial statements (2019: R170 278 287) is understated by R131 696 896.

Context for the opinion

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

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

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

Material uncertainty relating to going concern/ financial sustainability

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

18. I draw attention to note 30 to the financial statements, which indicated that the municipality's current liabilities exceeded its current assets by R1 146 395 168 as stated in note 30. Furthermore, the municipality is experiencing challenges of collecting own revenue from water and sanitation. These events or conditions, along with other matters as set forth in note 30, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

Restatement of corresponding figures

20. As disclosed in note 42 to the financial statements, some corresponding figures for 30 June 2019 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2020.

Uncertainty relating to the future outcome of exceptional litigation

21. With reference to note 28 to the financial statements, the municipality is currently involved in litigation with various third parties. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result was made in the financial statements.



Events after the reporting date

22. I draw attention to note 44 in the financial statements, which deals with subsequent events and specifically possible effects of the implications of covid-19 on the municipality's future prospects, performance and cash flows. My opinion is not modified in respect of this matter. 4statements section of this auditor's report.

Other matters

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

Unaudited supplementary schedules

24. 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

25. 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

26. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the DoRA, and for such internal controls 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.

27. 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

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

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

Report on the audit of the annual performance report

Introduction and scope

30. 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.

31. 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/measures included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to 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.
32. 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 2020:

| Development priorities | Pages in the annual performance report |
|---|--|
| Development priority - Basic service delivery | 46 - 47 |

33. 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.
34. The material findings in respect of the usefulness and reliability of the selected development priorities are as follows:

Development priority - Basic service delivery

Number of households with access to water

35. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information, method of collection or that related systems and processes were established to enable consistent measurement and reliable reporting of the actual achievement for the indicator. This was due to insufficient measurement definitions and processes. I was unable to test whether the indicator was well-defined and verifiable by alternative means. As a result, I was unable to audit the reliability of the achievement of 63 715 households provided with access to water reported against a target of 16 000 in the annual performance report.

Number of quarterly MIG reports submitted to the department of Cooperative Governance Human Settlements and Traditional Affairs (CoGHSTA)

36. I was unable to obtain sufficient appropriate audit evidence for the achievement of one quarterly Municipal Infrastructure Grant (MIG) report submitted to CoGHSTA reported against a target of four quarterly reports 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.

Number of households with access to sanitation

37. The achievement of 5 172 households with access to sanitation was reported against a target of 16 000 in the annual performance report. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of 5 819.



Other matter

38. I draw attention to the matters below.

Achievement of planned targets

39. 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 usefulness and reliability of the reported performance information in paragraphs 35 to 37 of this report.

Report on the audit of compliance with legislation

Introduction and scope

40. 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.

41. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements and performance report

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

Expenditure management

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

44. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the payment of funds, as required by section 65(2)(a) of the MFMA.

45. Reasonable steps were not taken to prevent irregular expenditure amounting to R270 295 172, as disclosed in note 33 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by noncompliance with supply chain management (SCM) laws and regulations.

46. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R62 770 140, as disclosed in note 32 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by penalties due to non-payment of bulk water purchases from the department of water and sanitation.

47. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R191 195 254, as disclosed in note 31 to the financial statements in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed unauthorised expenditure was caused by exceeding the approved budget in several votes.

Procurement and contract management

48. Some of the goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.
49. The preference point system was not applied to some of the procurement of goods and services above R30 000 as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000).
50. Awards were made to providers who were in the service of other state institutions, in contravention of MFMA 112(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).
51. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.

Revenue management

52. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

Consequence management

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

Strategic planning and performance management

54. 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).

Asset management

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

Other information

56. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
57. 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.
58. 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.

59. 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

60. 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 qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

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

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

63. Consequence management was not adequately implemented to deter non-performance and promote clean administration.

64. The basic accounting principles of daily and monthly accounting and reconciling of transactions was not adequately implemented and monitored.

65. The financial statements and the annual performance report are not reviewed for accuracy and completeness by the accounting officer.

66. The accounting officer does not effectively manage and monitor the water and sanitation functions delegated to the local municipalities.

67. Finance officials lack necessary skills and competencies to fulfil their duties, resulting in the excessive use of consultants.

68. 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.

Other reports

69. 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.

70. 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.

71. The municipality appointed an external firm to probe issues of unauthorised, irregular, fruitless and wasteful expenditure contained in the investigation report of the Municipal Public Accounts Committee (MPAC). The firm was further engaged to probe standing time incurred on certain projects. The investigation was concluded during the year and the accounting officer is in the process of implementing the recommendations made therein.

Auditor-General

Polokwane

17 December 2019



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure - Auditor-general's responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

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

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment.

To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality.

While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the 12 months to 30 June 2020 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future. Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's internal auditors. The internal auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 7 to 91, which have been prepared on the going concern basis, are approved by the accounting officer on 31 August 2019 and were signed by:

Accounting Officer
Kgatla Q (Acting Municipal Manager)





GLOSSARY



APPENDICES

APPENDIX A–COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

| COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE | | | | | | |
|--|-----------------------|----------------------------------|---|---------------------------------------|----------------------------|---|
| No | Council Members | Full Time/ Part Time FT/PT | Committee Allocated | *Ward and/ or Party Represented | Number of meetings # | Percentage apologies for non- attendance % |
| 1 | Cllr PJ Shayi | FT | MAYCO | ANC | 8/8 | 100 |
| 2 | Cllr WD Sedibeng | FT | Council | ANC | 8/8 | 100 |
| 3 | Cllr MN Maswanganyi | FT | Council | ANC | 8/8 | 100 |
| 4 | Cllr Modjadji GD | FT | MAYCO | ANC | 5/8 | 62 |
| 5 | Cllr Baloyi NN | FT | MAYCO | ANC | 5/8 | 62 |
| 6 | Cllr Maake MD | FT | MAYCO | ANC | 5/8 | 62 |
| 7 | Cllr Mohale MC | FT | MAYCO | ANC | 4/8 | 50 |
| 8 | Cllr Sefufi MH | FT | MAYCO | ANC | 6/8 | 75 |
| 9 | Cllr Malatji GH | FT | MAYCO | ANC | 6/8 | 75 |
| 10 | Cllr EJ Mathonsi | FT | MAYCO | ANC | 6/8 | 75 |
| 11 | Cllr MA Mathaba | PT | MAYCO | ANC | 6/8 | 75 |
| 12 | Cllr MI Shimange-Fazi | FT | MAYCO | ANC | 5/8 | 62 |
| 13 | Cllr ML Maloko | PT | Committee of Chairs Chair | ANC | 7/8 | 87 |
| 14 | Cllr MC Nkhwashu | PT | Chairperson MPAC | ANC | 6/8 | 75 |
| 15 | Cllr KJ Malepe | PT | Chair: Sports, Arts & Culture | ANC | 6/8 | 75 |
| 16 | Cllr SJ Nkuna | PT | Chair: Roads & Transport | ANC | 5/8 | 62 |
| 17 | Cllr ML Mokgobi | PT | Chair : Agriculture | ANC | 6/8 | 75 |
| 18 | Cllr PT Malatji | PT | Chair: Water Services | ANC | 4/8 | 50 |
| 19 | Cllr FM Moroatshehla | PT | Chair: Community Development | ANC | 5/8 | 62 |
| 20 | Cllr GA Maluleke | PT | Chair: Governance & Shared Services Ethics | ANC | 7/8 | 87 |
| 21 | Cllr MR Makasela | PT | LED & Water Services | ANC | 6/8 | 75 |
| 22 | Cllr TC Zitha | PT | MPAC | ANC | 7/8 | 87 |
| 23 | Cllr KI Rapatsa | PT | MPAC Ethics | ANC | 6/8 | 75 |
| 24 | Cllr NA Sono | FT | MAYCO | ANC | 5/8 | 62 |
| 25 | Cllr MA Helm | PT | Governance & shared services | DA | 5/8 | 62 |
| 26 | Cllr Hlungwana I | PT | MPAC | EFF | 4/7 | 57 |
| 27 | Cllr MO Maswanganyi | PT | Sports, Arts & Culture Infrastructure | ANC | 3/8 | 37 |
| 28 | Cllr CM Ramathoka | PT | Finance & Agriculture Ethics | EFF | 5/8 | 62 |
| 29 | Cllr GJ Mashele | PT | Chair: Finance | ANC | 5/8 | 62 |
| 30 | Cllr Maluleke MPT | PT | MPAC | DA | 3/8 | 37 |
| 31 | Cllr MR Chauke | PT | Community Development | EFF | 1/8 | 12 |
| 32 | Cllr SC Makwala | PT | Sports, Arts & Culture Infrastructure | ANC | 5/8 | 62 |
| 33 | Cllr MM Makwela | PT | Road & Transport | ANC | 4/8 | 50 |
| 34 | Cllr D Malemela | PT | Roads & Transport | EFF | 5/8 | 62 |
| 35 | Cllr MM Makwala | PT | Infrastructure | ANC | 5/8 | 62 |
| 36 | Cllr Maake MJ | PT | Finance | DA | 2/2 | 100 |
| 37 | Cllr CT Shisinga | PT | LED | EFF | 4/8 | 50 |
| 38 | Cllr Zandamela NH | PT | MPAC | ANC | 5/8 | 62 |
| 39 | Cllr MMA Mathebula | PT | Finance | ANC | 6/8 | 75 |
| 40 | Cllr MB Ramothwala | PT | LED | DA | 7/8 | 87 |
| 41 | Cllr MD Popela | PT | LED | ANC | 6/8 | 75 |
| 42 | Cllr MF Madike | PT | Governance & Shared Services and Water Services | EFF | 6/8 | 75 |
| 43 | Cllr TN Mthombeni | PT | Sports, Arts & Culture | ANC | 6/8 | 75 |

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

| No | Council Members | Full Time/ Part Time FT/PT | Committee Allocated | *Ward and/ or Party Represented | Number of meetings # | Percentage apologies for non- attendance % |
|----|-------------------------------|----------------------------------|--|---------------------------------------|----------------------------|---|
| 44 | Cllr Sekgobela RM | PT | MPAC | EFF | 2/2 | 100 |
| 45 | Cllr T Makhubela | PT | Finance | Cllr T Makhubela | 6/8 | 75 |
| 46 | Cllr XJ Valoyi | PT | Community Development | ANC | 6/8 | 75 |
| 47 | Cllr TJ Senyolo | PT | Finance | COPE | 4/8 | 50 |
| 48 | Cllr MR Maake | PT | Governance & Shared Services | ANC | 6/8 | 75 |
| 49 | Cllr MV Mangoro | PT | Agriculture | ANC | 6/8 | 75 |
| 50 | Cllr MB Mathedimosa | PT | Community Development | ANC | 6/8 | 75 |
| 51 | Cllr Moshole SP | PT | MPAC | ANC | ½ | 50 |
| 52 | Cllr Machethe | PT | Governance & Shared Services and Water Services | ANC | ½ | 50 |
| 53 | Cllr Ramalobela | PT | MPAC | DA | ½ | 50 |
| 54 | Cllr MF Manyama (DECEASED) | PT | Chair: Agriculture | ANC | 3/5 | 60 |
| 55 | Cllr RE Pohl | PT | Finance | DA | 2/6 | 33 |

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 | Mr Q Kgatla | |
| | Muedi LT - Chief Risk Officer | |
| | Mphahlele MF- Manager Internal Audit | |
| | Motau TL-Specialised Audit Deputy Manager | |
| | Maifala M.J - Manager IDP | |
| | Tshikhovhi H-Manager Legal | |
| | Malungane RS – Deputy Manager Performance Management | |
| Corporate Services | Lebepe N.G- Senior Manager Corporate Services - Vacant | |
| | Malwandla NJ- Deputy Manager Administration | |
| | Rasekgala MJ – Deputy Manager IT | |
| | Lebadika P – Deputy Manager Human Resources | |
| | Mkhari – Deputy Manager Administration | |
| Budget and Treasury | Mangena S- Acting Chief Financial Officer (July 20 – October 20) | |
| | Mogano J Chief Financial Officer | |
| | Hlaisi O- Deputy Manager Supply Chain | |
| | Mashao N.L Deputy CFO | |
| | Pootona MR - Deputy Manager Budget & Control | |
| | Kgabi NT – Deputy Manager - Revenue | |
| | Mahumani T - Deputy Manager- Expenditure | |
| | Mangena S- Deputy Manager Asset Management | |
| | Office of the Executive Mayor | Twala P- Senior Manager Office of the Executive Mayor |
| | | Mukhumbi F.T Excecutive Mayor `s Personal Assistant |
| Seshoene E - Deputy Manager MPAC | | |
| Mathebula ES- Deputy Manager Special Programmes | | |
| Tiva W- Manager Communication | | |
| Assistant Director Events Management - Mavunda NC | | |
| Community Services | Mr Shitlhangu D.D. – Senior Manager Community Services | |
| | Ntimbane C – Senior Manager Community | |
| | Letsoalo QHM – Deputy Manager Sports Arts and Culture | |
| | Mudau NR – Deputy Manager Environment and Waste Management | |
| | Visser DJ - Chief Fire Officer | |
| | Masedi KS -Chief Traffic Officer | |
| | Steyn JJ -Head of the Centre. | |
| Water Services | Shilowa P – Senior Manager Engineering Services | |
| | Rammalo AM – Deputy Manager Maintenance and operations Services | |
| | Chavalala R.S –Deputy Manager Water Quality | |
| Technical Services | Mahayi L – Senior Manager Technical services | |
| | M Mandiwana - PMU Manager | |
| | Masipa MK Deputy Manager Infrastructure Planning | |
| | Mabulane TJ Deputy Manager Energy | |
| Planning and Development | 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 | |
| (T2.2.2). | T C | |

APPENDIX D–FUNCTIONS OF MUNICIPALITY / ENTITY

| MUNICIPAL/ENTITY FUNCTIONS | | |
|---|---|--|
| Municipal Functions | Function applicable to Municipality (Yes/No)* | Function applicable to Entity (yes/no) |
| Constitution schedule 4, Part B functions | | |
| Air Pollution | Yes | n/a |
| Building Regulations | No | n/a |
| Child Care facilities | No | n/a |
| Electricity and gas reticulation | Yes | n/a |
| Firefighting services | Yes | n/a |
| Local tourism | Yes | n/a |
| Municipal airports | Yes | n/a |
| Municipal planning | Yes | n/a |
| Municipal Health Services | Yes | n/a |
| Municipal Public Transport | Yes | n/a |
| Municipal Public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this constitution or any other | No | n/a |
| Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related | No | n/a |
| Storm water management systems in built up areas | No | n/a |
| Trading regulations | | n/a |
| Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal systems | Yes | n/a |
| Constitution schedule 5, Part B Functions: | | |
| Beaches and amusement facilities | No | N/A |
| Billboards and the display of advertisements in public places | No | N/A |
| Cemeteries, funeral parlours and crematoria | Yes | N/A |
| Cleansing | No | N/A |
| Control of public nuisance | No | N/A |
| Control of undertakings that sell liquor to the public | Yes | N/A |
| Facilities for the accommodation, care and burial of animals | No | N/A |
| Fencing and fences | No | N/A |
| Licensing of dogs | No | N/A |
| Licensing and control of undertakings that sell food to the public | No | N/A |
| Local amenities | No | N/A |
| Local sport facilities | No | N/A |
| Markets | No | N/A |
| Municipal abattoirs | Yes | N/A |
| Municipal parks and recreation | No | N/A |
| Municipal roads | No | N/A |
| Noise pollution | Yes | N/A |
| Pounds | No | N/A |
| Public places | No | N/A |
| Refuse removal, refuse dumps and solid waste disposal | No | N/A |
| Street trading | Yes | N/A |
| Street lighting | No | N/A |
| Traffic and parking | No | N/A |
| *if municipality: indicate (yes or No); * if entity: provide name of entity | | TD |



APPENDIX F— WARD REPORTING

CCAPITAL PROJECTS: SEVEN LARGEST IN 2019/20 (FULL LIST AT APPENDIX N)

R'000

| Ward No | Project Name & Detail | Start Date | End Date | Total Value |
|---------|--|--------------|---------------|---------------|
| GTM | Jopie, Mawa & Ramotshinyadi water supply & reticulation | 10 July 2018 | 31 Jan 2020 | R 164 135 702 |
| GTM | Thapane regional water scheme & upgrading & extension | 26 Sept 2017 | 30 June 2020 | R 139 000 000 |
| GLM | Sefofotse to Ditshosine bulk water supply / Ramahlatsi bulk & reticulation | 18 Oct 2018 | 30 March 2020 | R 125 023 952 |
| MLM | Mametja Sekororo bulk water scheme | 15 Oct 17 | 30 March 2020 | R 70 000 000 |
| GTM | Tours water scheme bulk lines refurbishment & reticulation | 5 Sept 2017 | 30 March 2020 | R 57 548 609 |
| GGM | Dzingidzingi & Bode water reticulation | 08 June 2018 | 30 May 2019 | R 12 715 866 |
| MLM | Hoedspruit bulk water scheme | 02 Feb 2018 | 30 June 2020 | R 12 011 601 |

We are pleased to present our report for the financial year ended 30 June 2020. 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 2019/20 the Audit Committee managed to fulfil its obligations.

The meetings were held as follows:

| Name of Member | Number of quarterly meetings attended |
|-----------------------------|--|
| Mr TC Modipane(Chairperson) | 4 |
| Mr TG Nevhutalo | 4 |
| Ms JM Mabuza | 4 |
| Mr SAB Ngobeni | 4 |

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 the municipality.

There was slight improvement in the system of internal control of the municipality to reduce adverse issues raised from previous year. There were several deficiencies in the system of internal control and or deviations that were reported by the internal auditors and the Auditor- General. In most instances, the matters reported previously have not been fully and satisfactorily addressed.

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

The Audit Committee is not satisfied with quality of monthly and quarterly reporting system to Council as required by the Municipal Finance Management Act (MFMA). There were incomplete, inaccurate and inadequate financial reports that were submitted quarterly to council.

PERFORMANCE MANAGEMENT

The Audit Committee is not further satisfied with the functionality of the performance management system and it appears not to be fully functional. There were incomplete, inaccurate and inadequate financial reports that were submitted quarterly to council.

RISK MANAGEMENT

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

INFORMATION TECHNOLOGY

The Audit committee is not satisfied with the effectiveness of municipality information systems



COMPLIANCE WITH LAWS AND REGULATIONS

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

MANAGEMENT REPORT AND AUDIT REPORT

The Audit Committee:

- Had an opportunity to discuss the draft management report with Auditor General
- Has discussed the draft Audit Report with Auditor General.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee:

- Had an opportunity to review and discuss the annual financial statements prepared by the municipality before submission to the Auditor-General South Africa for audit,
- **Had an 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 Auditor General 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 Auditor General**

EVALUATION OF DRAFT PERFORMANCE REPORT

The Audit Committee:

- Had an opportunity to review and discuss the annual performance report prepared by the municipality before submission to the Auditor-General South Africa for audit.
- Had an opportunity to review the reasons provided by management for material deviations from the planned targets.
- Had an opportunity to 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 Auditor General on the Annual Performance Report and is of an opinion that the Annual Performance Report be accepted and read together with the Report of Auditor General

CONCLUSION

The Audit Committee wishes to 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 contribution.

**MR. TC MODIPANE (CASA)
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 2019/20)

| 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 Attorneys | Appointment of Panel of Attorneys | 1-May-18 | 30-Apr-21 | Municipal Manager | Rates |
| MC Rathelele Attorneys | 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 |
| 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 |
| 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 |
| 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 |
| Koepfu Business Enterprise | Civil; Mechanical & Electrical work | 08 Dec 2017 | 07 Dec 2020 | Engineering | Rates |
| Cerimece Costruction | Civil; Mechanical & Electrical work | 08 Dec 2017 | 07 Dec 2020 | Engineering | Rates |



LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO 2019/20)

| Name of service provider (entity of municipal department) | Description of services rendered by the service provider | Start date of contract | Expiry date of contract | Project Manager | Contract Value |
|---|---|---------------------------|----------------------------|-----------------|-------------------|
| Rekhuditse Construction | Civil; Mechanical & Electrical work | 08 Dec 2017 | 07 Dec 2020 | Engineering | Rates |
| Vharanani Properties | Civil; Mechanical & Electrical work | 08 Dec 2017 | 07 Dec 2020 | Engineering | Rates |
| Matshelane Trading | Civil; Mechanical & Electrical work | 08 Dec 2017 | 07 Dec 2020 | Engineering | Rates |
| Soaring Summits Developers | Civil; Mechanical & Electrical work | 08 Dec 2017 | 07 Dec 2020 | Engineering | Rates |
| 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 2019/20.

APPENDIX J — DISCLOSURES OF FINANCIAL INTERESTS

| DISCLOSURES OF FINANCIAL INTERESTS | | |
|------------------------------------|-----------------------|---|
| Period 1 July 2019 to 30 June 2020 | | |
| 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 | NIL |
| | Cllr Sono NA | NIL |
| | Cllr Maloko ML | Marylouie Trading (Trust) Marylouie Brick yard (other Financial interest) |
| | Cllr Mohale MC | M20C trading (Directorship) Mokhanyammele Logistics |
| | Cllr Zandamela NH | Phuthuma Nathi ABSA Investment |
| | Cllr Modjadji GH | MTN VEXLOTRIX (PTY) Ltd Mamokobe Lodge & Entertainment (PTY) Ltd |
| | Cllr Maswanganyi MO | Giyani College of Tech & Management Soyrex Investment Holdings Loan Shark |
| | Cllr Maake MD | NIL |
| | Cllr Baloyi NN | African Pride Holding Financial Services |
| | Cllr PT Malatji | NIL |
| | Cllr Maluleke GA | GA Mamluleke Driving School GA Maluleke Attorneys GA Maluleke Trust |
| | Cllr Mokgobi ML | NIL |
| | Cllr Moroasehla FN | NIL |
| | Cllr Nkwashu MC | NIL |
| | Cllr Nkuna SJ | NIL |
| | Cllr Ramathoka CM | CEM R |
| | Cllr Rapatsa KI | NIL |
| | Cllr Ramothwala B | NIL |
| | Cllr Sefufi MH | Poultry Farms (selling chickens) Liquor Rest |
| | Cllr Senyolo TJS | SASSA Manager |
| | Cllr Shimange-Fazi MI | NIL |
| | 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 | NIL |
| | 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 |
| Councillors | | |
| | Cllr Moroatshehla FM | NIL |
| | Cllr Malepe KJ | NIL |
| | Cllr Shimange Fazi MI | NIL |
| | Cllr Pohl RE | Old Mutual |
| | Cllr Sefufi MH | Nil |
| | Cllr Hlungwana | YES |
| | Cllr Chauke MR | NIL |
| | Cllr Maake MR | NIL |
| | 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 | Network Marketing Alliance in motion global |
| | Cllr Mangoro MV | NIL |
| | Cllr Mashele JG | NIL |
| Municipal Manager | VACANT | |
| Chief Financial Officer | Mr Q Kgatla | Mining R 63 000 |
| Director: Community Services | Mr DD Shitlhangu | House (Nkowankowa) R 800 000 House Tzaneen R 1 400 000 |
| Director Corporate Services | Mr Lebepe NG | NIL |
| Water & Engineering Services | Mr Shilowa P | |
| Director Planning & Development | Ms Maboya F | Shares SASOL Justine & Avon (commission based) Rental of units 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

APPENDIX K(i) — REVENUE COLLECTION PERFORMANCE BY VOTE

| REVENUE COLLECTION PERFORMANCE BY VOTE | | | | | | |
|--|------------------|----------------------|-----------------|---------|-----------------|--------------------|
| | | | | | | R'000 |
| Vote Description | 2018/19 | Current Year 2019/20 | | 2019/20 | | Variance |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Budget and Treasury | 1 268 336 | | | | | |
| Water Distribution | 165 532 | | | | | |
| Waste Water Management | 40 527 | | | | | |
| | 1 621 367 | | | | | |
| Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3 | | | | | | TK.1 |

APPENDIX K(ii) — REVENUE COLLECTION PERFORMANCE BY SOURCE



APPENDIX L — CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

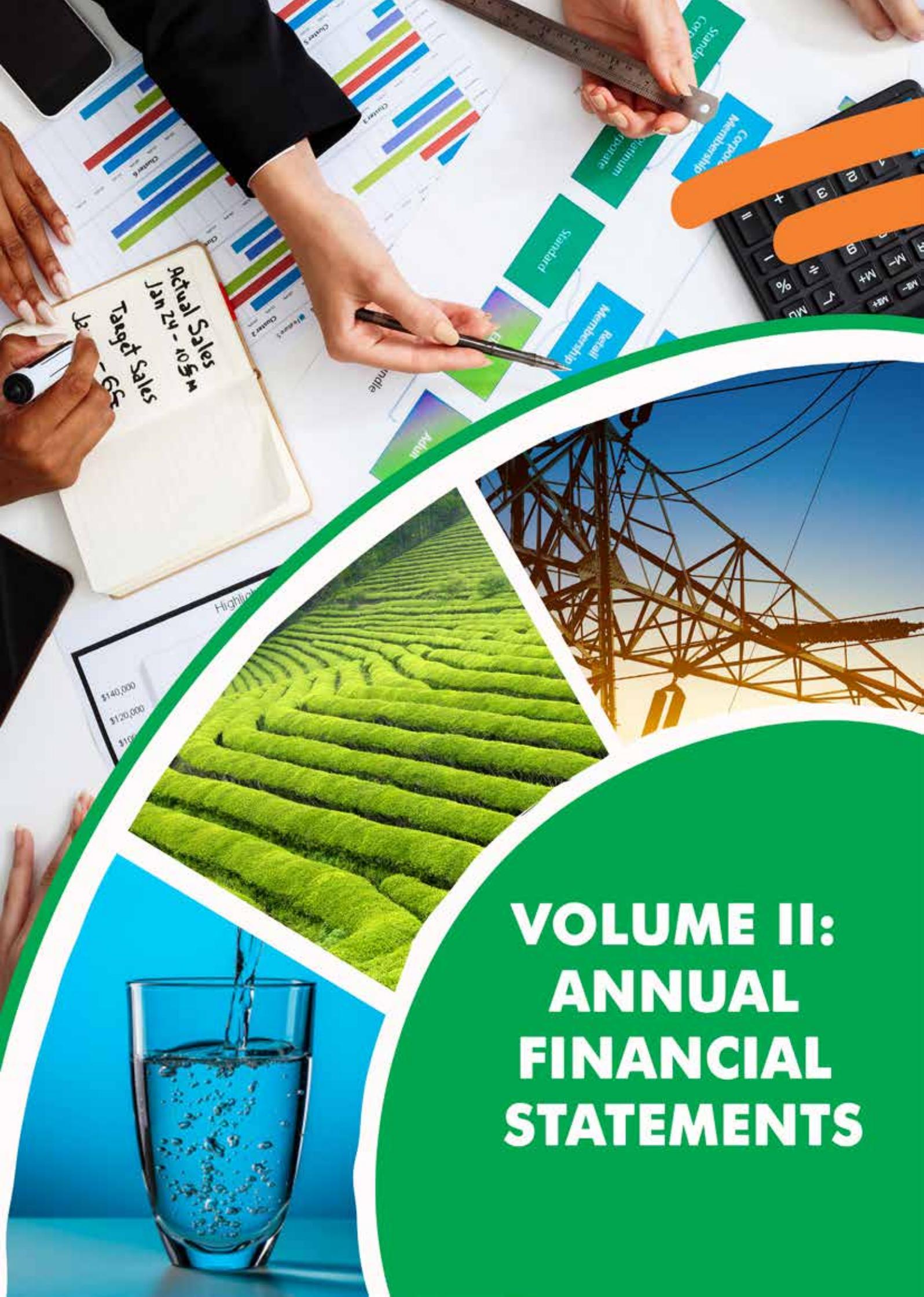
| Details | Budget | Adjustment Budget | Actual | Variance Budget | Adjustment Budget |
|---|----------------|-------------------|---------------|-----------------|-------------------|
| WSIG | 18 246 | 95 000 | 58 757 | 61.8% | 61.8% |
| RRAMS | 1 370 | 1 370 | 1 370 | 100% | 100% |
| FMG | 2 330 |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

APPENDIX O — CAPITAL PROGRAMME BY PROJECT BY WARD 2019/20

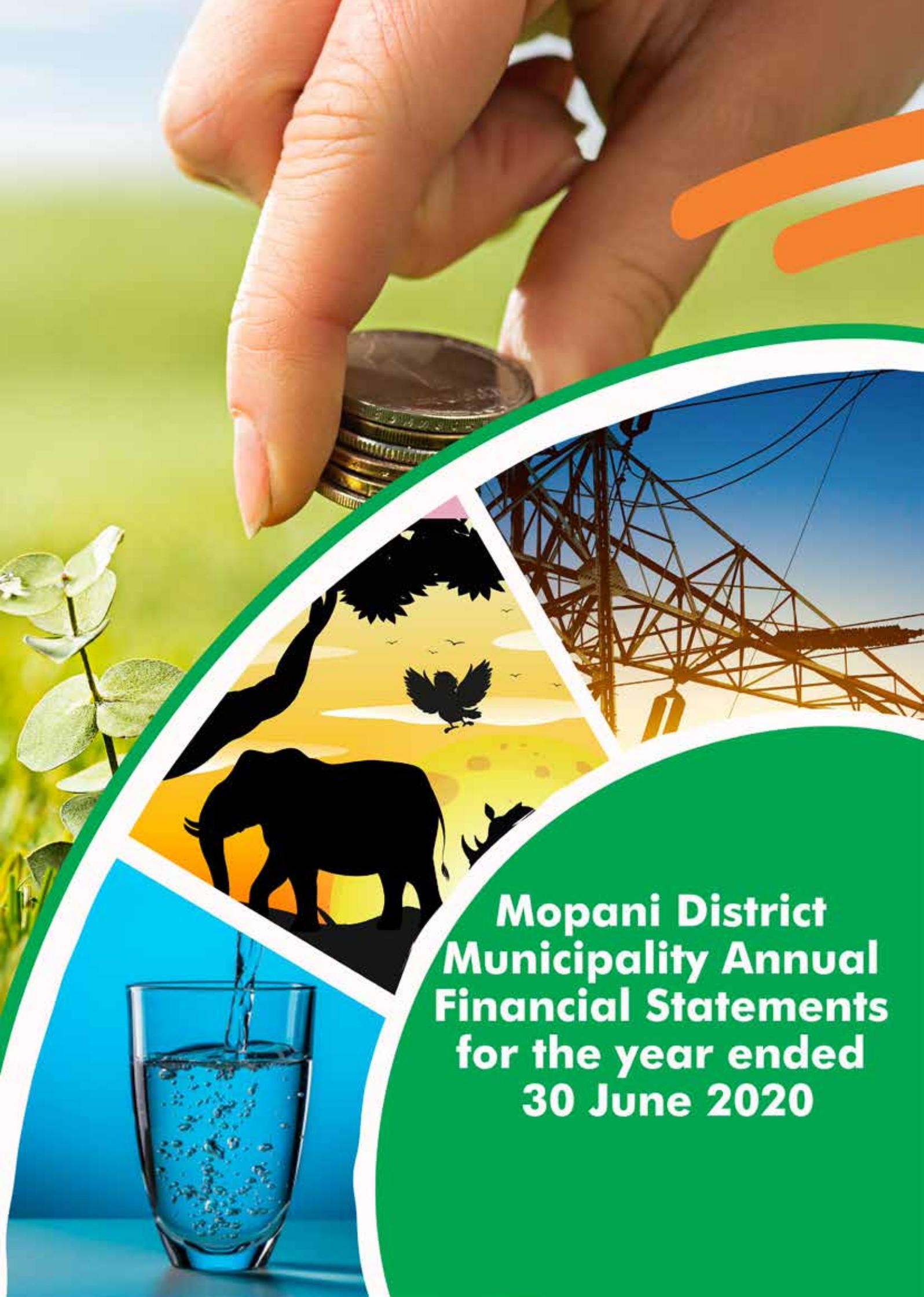
Wards do not apply to the Mopani District Municipality.

APPENDIX P — DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

All section 71 reports were submitted to treasury within 10 working days.



VOLUME II: ANNUAL FINANCIAL STATEMENTS



**Mopani District
Municipality Annual
Financial Statements
for the year ended
30 June 2020**

| General Information | |
|--|---|
| Legal form of entity | Local Government |
| Nature of business and principal activities | <ul style="list-style-type: none"> • 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 a safe and healthy environment; and • Encourage the involvement of communities and community organisations in the matters of Local Government in the Mopani District |
| Executive Mayor | Councillor Shayi P.J |
| Speaker | Councillor Sedibeng D.W |
| Chief Whip | Councillor Maswanganyi N.K |
| Mayoral Committee | Councillor Baloyi N.N (Sports, Arts and Culture) Councillor Maake M.D (Governance and Shared Services) Councillor Mohale M.C (Economic Development) Councillor Sefufi M.H (Water Services) Councillor Modjadji G.H (Finance) Councillor Malatji G.M (Infrastructure) Councillor Mathonsi E.J (Roads and Transport) Councillor Shimange-Fazi M.I (Agriculture) Councillor Mathaba M.A (Community Development) |
| MPAC Chairperson | Councillor Nkwashu M.C |
| Other Councillors | Councillor Malepe K.J Councillor Malatji P.T Councillor Nkuna S.J Councillor Helm M.A Councillor Ramathoka C.M Councillor Chauke M.R Councillor Makwela M.M Councillor Rapatsa K.I Councillor Mahasha N.M Councillor Malemela D Councillor Shisinga C.T Councillor Pohl R.E Councillor Makwala M.M Councillor Mashele J.G Councillor Makwala S.C Councillor Madike M.F Councillor Popela M.D Councillor Maluleke G.A Councillor Makasela R Councillor Mathebula M.M.A Councillor Ramothwala B Councillor Morwasetla M.F Councillor Mthombeni T.N Councillor Valoyi X.J Councillor Zitha T.C Councillor Makhubele T Councillor Manganyi S.V Councillor Maenetja M.B Councillor Maake M.R Councillor Mangoro M.V Councillor Mathedimosa M.B Councillor Senyolo T.J Councillor Hlungwana I |



| General Information | |
|-----------------------------------|--|
| Grading of local authority | 4 |
| Accounting Officers | Mr Kgatla Q |
| Chief Finance Officer | Mr Mangena S (Acting) |
| Accounting Officers | Mr Kgatla Q |
| Registered office | Government Building Main Road Giyani 0826 |
| Business address | Government Building Main Road Giyani 0826 |
| Postal address | Private Bag X9687 Giyani 0826 |
| Website | www.mopani.gov.za |
| Currency | South African Rands |
| Rounding off | Nearest Rand |
| Telephone | 015 811 6300 |
| Bankers | ABSA |
| Auditor | Auditor - General of South Africa |
| Audit Committee | Mr Modipane T.C CA(SA) (Chairperson) |
| | Mrs Mabuza JM |
| | 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 |
| | Sefalafala Attorneys |
| | SML Matsaung Attorneys |
| | Talane & Associates |
| | T.J Machete Attorneys |
| | Verveen Attorneys |

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

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| | |
|----------------|--|
| CFO | Chief Financial Officer |
| CoGHSTA | Cooperative Governance Human Settlement and Traditional Affairs |
| DWS | Department of Water and Sanitation |
| EPWP | Extended Public Works Programme |
| FIFO | First-in-first-Out |
| FMG | Finance Management Grant |
| GRAP | Generally Recognised Accounting Practice |
| CIGFARO | Chartered Institute of Government Finance, Audit and Risk Officers |
| IT | Information Technology |
| LP | Limpopo Province |
| LG SETA | Local Government Sector Education and Training Authority |
| LNW | Lepelle Northern Water |
| LMs | Local Municipalities |
| LSA | Long Service Award |
| MDM | Mopani District Municipality |
| AC | Accounting Officer |
| WSIG | Water Service Infrastructure Grant |
| PMDS | Performance Management and Development System |
| PPE | Property, Plant and Equipment |
| PAYE | Pay As You Earn |
| SDL | Skills Development Levy |
| SALGBC | South African Local Government Bargaining Council |
| SALGA | South Africa Local Government Bargaining Council |
| UIF | Unemployment Insurance Fund |
| VAT | Value Added Tax |
| WSA | Water Service Authority |
| WSOG | Water Service Operating Grant |

Accounting Officer's Responsibilities and Approval

The Accounting Officer 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 Officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The Accounting Officer 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 Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer 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 Officer have reviewed the municipality's cash flow forecast for the year to 30 June 2021 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 Officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's internal auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

National Treasury granted municipalities extension of two months for submission of the Unaudited Financial Statement from the initial legislated date of the 31st August 2020. The annual financial statements set out on pages 8 to 100, which have been prepared on the going concern basis, are approved by the accounting officers on 31 October 2020 and were signed by:

Accounting Officer
Kgatla Q (Municipal Manager)

Accounting Officer's Report

The accounting officers submit their report for the year ended 30 June 2020.

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 mopani district and operates principally in South Africa.

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

The municipality is engaged in provision of service delivery 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; promoting a safe and healthy environment; and encourage the involvement of communities and community organisations in the matters of local government in the Mopani District Area and operates principally in South Africa.

Net surplus of the municipality was R 30 457 767 (2019: surplus R 389 174 521).

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 budget of Mopani District Municipality for the 2019/20 financial year has been approved by Council on the 28th June 2019 for implementation from the 01st July 2019, and the adjustment budgets for the financial year were approved as follows:

- 11 November 2019; Special Adjustment budget
- 28 February 2020; Adjustment budget
- 14 June 2020: Special Adjustment budget

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligation.

Realisation of assets

The assets of the district are liquid and can be realised for market value as and when the need arises. This is a positive on the going concern assessment.

Contingent Obligations

The municipality does not have equivalent cash reserves to honour the contingent obligations should they fall due. This has a negative impact on the going concern assessment.

Commitments

Commitments are mainly for work in progress projects that have ring fenced funding available for the project lifespan. This is a positive on the going concern assessment.

Further to confirm positive assessment of going concern, users are advised to take cognisance of the motivations below:

- a) There is a commitment from National Treasury to fund the operations of the municipality through equitable share and

Accounting Officer's Report

conditional grants. This is substantiated by past practice and gazettes issued by National Treasury for the MTREF period under consideration.

b) There is no change in the legislation that impact on the municipality's ability to continue as a going concern.

c) There are plans to ensure that there is effective spending of funds.funding from National Treasury. These obligations include Lepelle Northern Water at R570 813 221, Department of Water Affairs at R379 465 465, as well as litigations and claims amounting to R347 641 239.

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 2019 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.

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:

As at 30 June, the municipality's current liabilities exceed the current assets by R1 037 417 325 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.

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.

3. SUBSEQUENT EVENTS

The Municipality has changed its banking facility from ABSA Bank to First National Bank in the month of July 2020.

The Board of Lepelle Northern Water (LNW) has considered the request by MDM and undertook a decision to write off debt owed by Mopani District Municipality (MDM) amounting to R160 942 117.74 in August 2020. Subsequently a revised repayment agreement was signed in October 2020. This amount is made up of 15% of outstanding debt amounting to R61 516 348.31 and interest amount to R99 425 769.23 dating back from 2002 financial year.

4. THE EFFECT OF THE COVID-19 PANDEMIC

The Municipality was adversely affected by the declaration of the State of National Disaster in March 2020, due to the Covid 19 pandemic.

This was followed by stringent lockdown lockdown announcements spanning several months.This had a direct and negative impact on the business of the Municipality, in the following key areas:

- Revenue collection



Accounting Officer's Report

- Service delivery to the general public
- Planned projects, targets and set time frames
- the ability of staff to perform effectively and work from their designated workstations
- Staff morale was hugely impacted, most of our key and senior staff members were compelled to adjust their working arrangements for safety reasons.

National Treasury, specifically issues an annexure to MFMA Circular No 99, dated 08 April 2020 which prescribed special budgetary and resource allocation and alignment for Municipality.

Mopani District Municipality benefited from the Disaster Relief Fund allocation from National Treasury to the amount of R 2 384 000. The Municipality has fully complied with the conditions set by National Treasury regarding the utilisation of the Fund, further details are to be found under Note 17.

5. ACCOUNTING POLICIES

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

5. ACCOUNTING POLICIES

The accounting officers of the municipality during the year and to the date of this report are as follows: Mr Q Kgatla performed the duties Acting Municipal Manager from 01 August 2019 until his permanent appointment by council.

| | | |
|-----------------|--------------|----------------------------------|
| Mr Q Kgatla | South Africa | Appointed Monday, 02 March 2020 |
| Mr S.R Monakedi | South Africa | Resigned Wednesday, 31 July 2019 |

7. BANKER

The District Municipality primarily banks in the 2019/2020 financial year was ABSA Bank.

8. AUDITOR

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

Kgatla Q (Municipal Manager)

Statement of Financial Position as at 30 June 2020

| Figures in Rand | Note(s) | 2020 | 2019 Restated |
|---|---------|----------------------|----------------------|
| Assets | | | |
| Current Assets | | | |
| Inventories | 6 | 14 324 723 | 17 034 228 |
| Receivables from exchange transactions | 7 | 524 001 015 | 479 656 684 |
| Cash and cash equivalents | 9 | 216 772 059 | 161 636 209 |
| | | 755 097 797 | 658 796 635 |
| Non-Current Assets | | | |
| Property, plant and equipment | 3 | 5 750 292 797 | 5 609 598 485 |
| Intangible assets | 4 | 7 963 130 | 6 339 017 |
| Heritage assets | 5 | 432 000 | 432 000 |
| Assets held for sale | | - | - |
| | | 5 758 687 927 | 5 616 369 502 |
| Total Assets | | 6 513 785 724 | 6 275 166 137 |
| Liabilities | | | |
| Current Liabilities | | | |
| Finance lease obligation | 37 | 29 373 381 | 21 350 537 |
| Payables from exchange transactions | 11 | 1 693 364 547 | 1 545 114 380 |
| Consumer deposits | 12 | 4 567 011 | 4 770 697 |
| Unspent conditional grants and receipts | 10 | 174 188 026 | 95 166 964 |
| | | 1 901 492 965 | 1 666 402 578 |
| Non-Current Liabilities | | | |
| Finance lease liability | 37 | 19 936 330 | 39 741 378 |
| Employee benefit obligation | 36 | 70 717 956 | 76 478 363 |
| Provision for landfill site | 38 | 12 510 196 | 13 873 305 |
| | | 103 164 482 | 130 093 046 |
| Total Liabilities | | 2 004 657 447 | 1 796 495 624 |
| Net Assets | | 4 509 128 277 | 4 478 670 513 |
| Accumulated surplus | | 4 509 128 272 | 4 478 670 512 |

Statement of Financial Performance

| Figures in Rand | Note(s) | 2020 | 2019 Restated |
|---|---------|------------------------|------------------------|
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Service charges | 14 | 254 636 679 | 196 384 816 |
| Agency Services | | 1 642 968 | 1 704 556 |
| Interest on overdue accounts | 15 | 52 554 855 | 48 902 215 |
| Other income | 15 | 19 298 173 | 13 200 187 |
| Interest received - investment | 16 | 1 021 352 | 783 077 |
| Actuarial gains | | 12 220 441 | 24 413 128 |
| Total revenue from exchange transactions | | 341 374 468 | 285 387 979 |
| Revenue from non-exchange transactions | | | |
| Transfer revenue | | | |
| Government grants & subsidies | 17 | 1 276 363 002 | 1 449 369 827 |
| Total revenue | 13 | 1 617 737 470 | 1 734 757 806 |
| Expenditure | | | |
| Employee related costs | 18 | (443 598 855) | (398 555 696) |
| Remuneration of councillors | 18 | (13 097 905) | (12 389 641) |
| Depreciation and amortisation | 19 | (191 929 714) | (178 189 323) |
| Impairment and write off - assets | 40 | (14 165 704) | (45 763 307) |
| Finance costs | 20 | (66 797 509) | (63 779 700) |
| Debt Impairment | 21 | (177 400 121) | (160 201 925) |
| Bulk purchases | 22 | (187 486 441) | (172 661 418) |
| Contracted services | 23 | (49 223 800) | (47 589 408) |
| Transfers and Subsidies | 39 | (2 415 339) | (421 016) |
| Repairs and maintenance | | (200 671 177) | (207 952 667) |
| Loss on disposal of assets | | - | (415 450) |
| Inventories losses/write-downs | | (745 497) | - |
| General Expenses | 24 | (239 747 641) | (178 229 966) |
| Total expenditure | | (1 587 279 703) | (1 466 149 517) |
| Surplus for the year | | 30 457 767 | 268 608 289 |

Statement of Changes in Net Assets

| Figures in Rand | Accumulated surplus | Total net assets |
|---|----------------------|----------------------|
| Opening balance as previously reported | 4 078 425 585 | 4 078 425 585 |
| Adjustments | | |
| Correction of errors | 131 636 638 | 131 636 638 |
| Balance at 01 July 2017 as restated* | 4 210 062 223 | 4 210 062 223 |
| Profit for the year | 268 608 289 | 268 608 289 |
| Total changes | 268 608 289 | 268 608 289 |
| Restated* Balance at 01 July 2018 | 4 478 670 505 | 4 478 670 505 |
| Surplus for the year | 30 457 767 | 30 457 767 |
| Total changes | 30 457 767 | 30 457 767 |
| Balance at 30 June 2019 | 4 509 128 272 | 4 509 128 272 |

Statement of Cashflow

| Figures in Rand | Note(s) | 2020 | 2019 Restated |
|---|-----------|------------------------|----------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Service charges | | 367 087 | 325 830 |
| Grants | | 1 355 384 064 | 1 450 242 323 |
| Interest income | | 19 508 932 | 12 958 310 |
| Other receipts | | 1 126 673 | 964 269 |
| VAT refund | | 107 716 966 | 153 293 808 |
| | | 1 484 103 722 | 1 617 784 540 |
| Payments | | | |
| Employee costs | | (455 981 978) | (402 480 941) |
| Suppliers | | (499 874 720) | (484 682 972) |
| Finance costs | | (53 928 932) | (52 843 611) |
| | | (1 009 785 630) | (940 007 524) |
| Net cash flows from operating activities | 26 | 474 318 092 | 677 777 016 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 3 | (389 247 148) | (638 827 770) |
| Proceeds from sale of property, plant and equipment | 3 | - | 785 165 |
| Purchase of other intangible assets | | (2 875 000) | - |
| Net cash flows from investing activities | | (392 122 148) | (638 042 605) |
| Cash flows from financing activities | | | |
| Finance lease payments | | (27 060 088) | (9 401 861) |
| Net increase/(decrease) in cash and cash equivalents | | 55 135 856 | 30 332 548 |
| Cash and cash equivalents at the beginning of the year | | 161 636 209 | 131 303 661 |
| Cash and cash equivalents at the end of the year | 9 | 216 772 065 | 161 636 209 |

The accounting policies on pages 18 to 43 and the notes on pages 44 to 100 form an integral part of the annual financial statements.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final and budget and actual | Ref. |
|--|------------------------|------------------|------------------------|------------------------------------|--|------|
| Statement of Financial Performance Revenue | | | | | | |
| Revenue from exchange transactions | | | | | | |
| Service charges - Water revenue | 157 238 604 | - | 157 238 604 | 221 317 355 | 64 078 751 | A |
| Service charges - Sanitation revenue | 30 400 164 | - | 30 400 164 | 33 319 324 | 2 919 160 | B |
| Agency services | - | - | - | 1 642 968 | 1 642 968 | C |
| Interest on outstanding debtors | 38 791 007 | - | 38 791 007 | 52 554 855 | 13 763 848 | D |
| Other income | 3 940 000 | - | 3 940 000 | 1 021 352 | (2 918 648) | E |
| Interest received - investment | 13 000 000 | - | 13 000 000 | 19 298 173 | 6 298 173 | F |
| Total revenue from exchange transactions | 243 369 775 | - | 243 369 775 | 329 154 027 | 85 784 252 | |
| Revenue from non-exchange transactions | | | | | | |
| Transfer revenue | | | | | | |
| Government grants & subsidies | 925 159 000 | 2 384 000 | 927 543 000 | 928 151 067 | 608 067 | G |
| Total revenue | 1 168 528 775 | 2 384 000 | 1 170 912 775 | 1 257 305 094 | 86 392 319 | |
| Expenditure | | | | | | |
| Employee related costs | (391 716 874) | 6 494 942 | (385 221 932) | (443 598 855) | (58 376 923) | H |
| Remuneration of councillors | (14 011 205) | (1 301 257) | (15 312 462) | (13 097 905) | 2 214 557 | I |
| Debt impairment | (61 339 909) | - | (61 339 909) | (177 400 121) | (116 060 212) | J |
| Depreciation and amortisation | (178 067 165) | - | (178 067 165) | (191 929 714) | (13 862 549) | K |
| Impairment loss and write off | - | - | - | (14 165 704) | (14 165 704) | L |
| Finance costs | (466 085) | - | (466 085) | (66 797 509) | (66 331 424) | M |
| Bulk purchases | (225 662 900) | 40 000 000 | (185 662 900) | (187 486 441) | (1 823 541) | O |
| Contracted Services | (95 320 500) | (12 369 840) | (107 690 340) | (49 223 800) | 58 466 540 | P |
| Transfers and subsidies | - | - | - | (2 415 339) | (2 415 339) | Q |
| Repairs and maintenance | (94 266 407) | (38 025 009) | (132 291 416) | (200 671 177) | (68 379 761) | R |
| General Expenses | (128 791 002) | 6 241 041 | (122 549 961) | (239 747 641) | (117 197 680) | S |
| Total expenditure | (1 189 642 047) | 1 039 877 | (1 188 602 170) | (1 586 534 206) | (397 932 036) | |
| Operating deficit | (21 113 272) | 3 423 877 | (17 689 395) | (329 229 112) | (311 539 717) | |
| Actuarial gains/losses | - | - | - | 12 220 441 | 12 220 441 | T |
| Inventories losses/write-downs | - | - | - | (745 497) | (745 497) | U |
| Transfer Recognised - Capital | 496 633 000 | - | 496 633 000 | 348 211 935 | (148 421 065) | V |
| | 496 633 000 | - | 496 633 000 | 359 686 879 | (136 946 121) | |
| Surplus before taxation | 475 519 728 | 3 423 877 | 478 943 605 | 30 457 767 | (448 485 838) | |
| Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | 475 519 728 | 3 423 877 | 478 943 605 | 30 457 767 | (448 485 838) | |

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final and budget and actual | Ref. |
|-----------------|-----------------|-------------|--------------|------------------------------------|--|------|
|-----------------|-----------------|-------------|--------------|------------------------------------|--|------|

Statement of Financial Position Assets

Current Assets

| | | | | | | |
|--|--------------------|--------------------|----------------------|--------------------|----------------------|---|
| Receivables from exchange transactions | 482 785 308 | 915 537 360 | 1 398 322 668 | 381 297 504 | (1 017 025 164) | W |
| Inventory | 16 357 274 | - | 16 357 274 | 14 324 723 | (2 032 551) | X |
| Consumer debtors | 314 104 773 | - | 314 104 773 | 142 703 511 | (171 401 262) | Y |
| Cash and cash equivalents | 15 646 164 | - | 15 646 164 | 216 772 059 | 201 125 895 | Z |
| | 828 893 519 | 915 537 360 | 1 744 430 879 | 755 097 797 | (989 333 082) | |

Non-Current Assets

| | | | | | | |
|-------------------------------|----------------------|--------------------|----------------------|----------------------|----------------------|----|
| Property, plant and equipment | 5 594 185 740 | - | 5 594 185 740 | 5 750 292 797 | 156 107 057 | AA |
| Intangible assets | 10 774 539 | - | 10 774 539 | 7 963 130 | (2 811 409) | AB |
| Heritage assets | 454 464 | - | 454 464 | 432 000 | (22 464) | AC |
| | 5 605 414 743 | - | 5 605 414 743 | 5 758 687 927 | 153 273 184 | |
| Total revenue | 6 434 308 262 | 915 537 360 | 7 349 845 622 | 6 513 785 724 | (836 059 898) | |

Liabilities

Current Liabilities

| | | | | | | |
|---|----------------------|--------------------|----------------------|----------------------|--------------------|----|
| Finance lease obligation | 1 116 260 | (1 116 260) | - | 29 373 381 | 29 373 381 | AD |
| Payables from exchange transactions | 1 128 597 255 | - | 1 128 597 255 | 1 693 364 547 | 564 767 292 | AE |
| Consumer deposits | 4 917 749 | - | 4 917 749 | 4 567 011 | (350 738) | AF |
| Unspent conditional grants and receipts | - | - | - | 174 188 026 | 174 188 026 | AG |
| | 1 134 631 264 | (1 116 260) | 1 133 515 004 | 1 901 492 965 | 767 977 961 | |

Non-Current Liabilities

| | | | | | | |
|-----------------------------|----------------------|--------------------|----------------------|----------------------|------------------------|----|
| Finance lease obligation | 5 878 896 | (5 878 896) | - | 19 936 330 | 19 936 330 | AH |
| Employee benefit obligation | 60 949 469 | - | 60 949 469 | 70 717 956 | 9 768 487 | AI |
| Landfill site | - | - | - | 12 510 196 | 12 510 196 | AJ |
| | 66 828 365 | (5 878 896) | 60 949 469 | 103 164 482 | 42 215 013 | |
| Total Liabilities | 1 201 459 629 | (6 995 156) | 1 194 464 473 | 2 004 657 447 | 810 192 974 | |
| Net Assets | 5 232 848 633 | 922 532 516 | 6 155 381 149 | 4 509 128 277 | (1 646 252 872) | |

Net Assets Attributable to Owners of Controlling Entity Reserves

| | | | | | | |
|---------------------|---------------|-------------|---------------|---------------|-----------------|--|
| Accumulated surplus | 5 232 848 633 | 922 532 516 | 6 155 381 149 | 4 509 128 277 | (1 646 252 872) | |
|---------------------|---------------|-------------|---------------|---------------|-----------------|--|

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final and budget and actual | Ref. |
|---|----------------------|--------------------|----------------------|------------------------------------|--|------|
| Cash Flow Statement | | | | | | |
| Cash flows from operating activities | | | | | | |
| Receipts | | | | | | |
| Service charges | 214 293 000 | - | 214 293 000 | 367 087 | (213 925 913) | AL |
| Government - operating | 858 918 000 | - | 858 918 000 | 850 137 000 | (8 781 000) | AM |
| Government - capital | 553 699 000 | 101 600 000 | 655 299 000 | 505 247 064 | (150 051 936) | AN |
| Interest income | - | - | - | 19 508 932 | 19 508 932 | AO |
| Other receipts | 87 336 000 | 70 000 | 87 406 000 | 1 126 674 | (86 279 326) | AP |
| VAT Refund | - | - | - | 107 716 966 | 107 716 966 | |
| | 1 714 246 000 | 101 670 000 | 1 815 916 000 | 1 484 103 723 | (331 812 277) | |
| Payments | | | | | | |
| Suppliers and employee costs | (1 016 060 000) | (40 744 000) | (1 016 060 000) | (1 009 785 631) | 6 274 369 | AQ |
| Net cash flows from operating activities | 698 186 000 | 60 926 000 | 799 856 000 | 474 318 092 | (325 537 908) | |
| Cash flows from investing activities | | | | | | |
| Purchase of property, plant and equipment | (569 480 000) | - | (569 480 000) | (389 247 148) | 180 232 852 | AR |
| Purchase of other intangible assets | - | - | - | (2 875 000) | (2 875 000) | AS |
| Net cash flows from investing activities | (569 480 000) | - | (569 480 000) | (392 122 148) | 177 357 852 | |
| Cash flows from financing activities | | | | | | |
| Finance lease payments | - | - | - | (27 060 088) | (27 060 088) | AT |
| Net increase/(decrease) in cash and cash equivalents | 128 706 000 | 60 926 000 | 230 376 000 | 55 135 856 | (175 240 144) | |
| Cash and cash equivalents at the end of the year | 128 706 000 | 60 926 000 | 230 376 000 | 55 135 856 | (175 240 144) | |

Accounting Policies

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

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

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

1.1 PRESENTATION CURRENCY

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

1.2 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 the 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.

Allowance for slow moving, damaged and obsolete stock

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.

Accounting Policies

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.

The carrying amount of available-for-sale financial assets would be an estimated R - lower or R - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

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 - 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 36.

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.

Cash and Cash equivalents

Cash and Cash equivalents are measured at cost.

Cash includes cash on hand cash 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 call with banks



Accounting Policies

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 or 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.

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 subsequently carried at cost less accumulated depreciation and any impairment losses, except land which is not depreciated.

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

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

Accounting Policies

| Item | Average useful life |
|----------------------------------|---------------------|
| Land | Indefinite |
| Buildings | 10 - 30 years |
| Plant and machinery | 4 - 10 years |
| Furniture and fixtures | 5 - 7 years |
| Motor vehicles | 7 - 15 years |
| Information Technology Equipment | 4 years |
| Speciliased vehicles | 15 years |
| Water reservoir reticulation | 5 - 60 years |
| Sewerage purification | 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 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.

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 statement of financial position.

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.



Accounting Policies

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

Intangible assets are identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets

Initial recognition

- Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.
- Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

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.

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

| Item | Useful life |
|-------------------------|-------------|
| Licenses and franchises | 5 years |
| Computer software | 5 years |
| Blyde Water Utility | 20 years |

Accounting Policies

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of intangible assets is determined as the difference between the net disposal proceeds and the carrying value. Such difference is recognised in surplus or deficit when the intangible asset is derecognised.

1.8 HERITAGE ASSETS

Assets are resources controlled by a 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.

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.

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.

Derecognition

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

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

1.9 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:

Accounting Policies

- 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:

| Class | Category |
|--|--|
| Cash and cash equivalents | Financial asset measured at fair value |
| Receivables from exchange transactions | Financial asset measured at fair value |

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

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

Initial recognition

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

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

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

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

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

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Fair value measurement considerations

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

Accounting Policies

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Receivables from exchange transactions

Trade and other receivables are initially designated at fair value

Short-term receivables with no stated interest is to be measured at the original invoice amount if the effect of discounting is immaterial

Payables from exchange transactions

Financial liabilities consist of trade payables. They are categorised as financial liabilities held at fair value

Short-term payables with no stated interest rate is to be measured at the original invoice amount if the effect of discounting is immaterial

Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash and cash equivalents are short term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less that 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, deposits held on call accounts with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

Reclassification

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in net surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Impairment and uncollectability of financial assets:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in net surplus or deficit. Objective evidence that a financial asset or group of assets is impaired can be as a result of the occurrence of one or more of the following:

- (a) Significant financial difficulty experienced by the borrower/debtor
 - Delay in payments (including interest payments) or failure to pay/defaults
 - It is probable that the borrower/debtor will enter sequestration (bankruptcy) or the financial reorganisation;
 - The disappearance of an active market for that financial asset because of financial difficulties; or
 - Observable data, for example historical data, indicating that there is a decrease in the estimated future cash flows that



Accounting Policies

will be received (which can be measured reliably), from a group of financial assets (financial assets with similar credit risk characteristics grouped together) since the initial recognition of those assets. The decrease may not yet be identified for the individual financial assets in the group. These can include:

- The payment status of borrowers/debtors in the group has deteriorated (e.g an increased number of delayed payments); or
- National or local economic conditions that are in line with non-payments in the group (e.g an increase in the unemployment rate in the geographical area of the borrowers/debtors, or adverse changes in the market conditions that affect the borrowers/debtors in the group).
- For economic or legal reasons, allowing disadvantaged customers who are experiencing financial difficulties to pay as and when they can afford to pay. The municipality would not otherwise have considered this concession. For example, allowing disadvantaged customers to pay their account when they can due to the fact that water supply is a basic human right.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in net surplus or deficit.

Derecognition

Financial assets

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

If the municipality has not transferred substantially all of the risks and rewards of ownership of the financial asset, it should continue to recognise the asset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in net surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in net surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

Accounting Policies

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.

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 weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs. After inventory is assessed at the end of the year, obsolete items are written down using the market value of the inventory items.

Water Inventory

Water is regarded as inventory when the Municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the Municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs,

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boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

1.12 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash-generating assets.

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

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

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

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

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Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

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- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.13 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

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

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

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

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

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

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

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

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

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

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, 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.

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An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.14 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.

1.15 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

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

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

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

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees.

The municipality provides retirement benefits to employees and councillors through the contributions made to designated retirement or pension funds

Post-employment benefits: Defined benefit plans

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out by independent qualified actuaries regularly, as may be required for fair presentation.

The municipality provides post employment medical care benefits to retired employees after completion of a minimum service period. The expected cost of these benefits is accrued over the life expectancy of the retired employees.

The Municipality has an obligation to provide Long-service Allowance Benefits to all of its employees.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

The municipality has no plan assets against the defined benefit obligation..

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- actuarial gains and losses;

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- past service cost;

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method prescribed by GRAP 25.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Accumulated leave days

Accumulated leave benefit accrues to employees up to maximum of 48 leave days, any excess days are forfeited. The benefits are paid in the events of death, disability, retrenchment or/and retirement.

The liability is recognised as an accrual in the statement of financial position Bonus Accrual

The Municipality recognises bonuses that have accrual to employees when there is a present legal or constructive obligation to make such payment and a reliable estimate can be made at reporting date

1.16 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.



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

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of 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 28.

Environmental Rehabilitation Provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

1.17 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.

1.18 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.

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

Measurement

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

Sale of goods

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

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

Service charges

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced.

Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers on all developed property, using the tariffs approved by Council and are levied monthly.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined to the extent expenditure incurred is recoverable.

Interest income

Revenue arising from the use by others of entity assets yielding interest 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.

1.19 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.

Unconditional Grants

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

Conditional Grants

Conditional grants recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

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

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municipality without directly receiving approximately equal value in exchange.

Value Added Tax

The VAT is accounted for on an accrual basis and payable on the cash basis.

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.

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.

1.20 BORROWINGS 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.

1.21 ACCOUNTING BY PRINCIPALS AND AGENTS

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

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

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

Accounting Policies

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

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

Recognition

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

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

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

1.22 COMPARATIVE FIGURES

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

1.23 UNAUTHORISED EXPENDITURE

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25 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), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 TRANSFERS AND SUBSIDIES - NON EXCHANGE EXPENDITURE

The Municipality transfers money to individuals, organisations and other sectors of government from time to time. These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

1.27 BUDGET INFORMATION

Municipality annual budget figures have been prepared in accordance with the GRAP standards, and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments are provided in the notes to the annual financial statements.



Accounting Policies

The approved budget covers the fiscal period from 2019/07/01 to 2020/06/30.

1.28 RELATED PARTIES

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, entities within the National, Provincial and Local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.29 EVENTS AFTER REPORTING DATE

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

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

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

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

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is 01 April 2019.

The municipality has adopted the standard for the first time when the Minister sets the effective date for the standard.

The impact of the standard is not material.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is 01 April 2019.

The municipality has adopted the standard for the first time when the Minister sets the effective date for the standard. The adoption

Accounting Policies

of this standard has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

IGRAP 19: Liabilities to Pay Levies

This Interpretation of the Standards of GRAP provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

To clarify the accounting for a liability to pay a levy, this Interpretation of the Standards of GRAP addresses the following issues:

- What is the obligating event that gives rise to the recognition of a liability to pay a levy?
- Does economic compulsion to continue to operate in a future period create a constructive obligation to pay a levy that will be triggered by operating in that future period?
- Does the going concern assumption imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period?
- Does the recognition of a liability to pay a levy arise at a point in time or does it, in some circumstances, arise progressively over time?
- What is the obligating event that gives rise to the recognition of a liability to pay a levy that is triggered if a minimum threshold is reached?

Consensus reached in this interpretation:

- The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation;
- An entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period;
- The preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period;
- The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time;
- If an obligation to pay a levy is triggered when a minimum threshold is reached, the accounting for the liability that arises from that obligation shall be consistent with the principles established in this Interpretation of the Standards of GRAP; and
- An entity shall recognise an asset, in accordance with the relevant Standard of GRAP, if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The effective date of the interpretation is 01 April 2019.

The municipality has adopted the interpretation for the first time when the Minister sets the effective date for the interpretation.

The impact of the interpretation is not material.

2.2. STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2020 or later periods:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|--|---|--|
| GRAP 104 (amended): Financial Instruments | 01 April 2020 | Unlikely there will be a material impact |
| Guideline: Guideline on Accounting for Landfill Sites | 01 April 2020 | Unlikely there will be a material impact |
| Guideline: Guideline on the Application of Materiality to Financial Statements | 01 April 2020 | Unlikely there will be a material impact |
| IGRAP 20: Accounting for Adjustments to Revenue | 01 April 2020 | Unlikely there will be a material impact |
| GRAP 1 (amended): Presentation of Financial Statements | 01 April 2020 | Unlikely there will be a material impact |
| IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue | 01 April 2020 | Unlikely there will be a material impact |

Notes to the Annual Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

| Figures in Rand | 2020 | | 2020 | | 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 | 152 915 558 | (84 031 793) | 68 883 765 | 152 017 156 | (77 846 364) | 1 387 999 417 |
| Work In Progress | 1 646 544 714 | - | 1 646 544 714 | 1 387 999 417 | - | 1 070 088 351 |
| Infrastructure | 7 640 342 326 | (3 708 317 476) | 3 932 024 850 | 7 626 429 788 | (3 582 027 466) | 4 044 402 322 |
| Other property, plant and equipment | 68 653 790 | (33 235 664) | 35 418 126 | 66 885 584 | (32 357 044) | 34 528 540 |
| Other leased Assets | 68 505 530 | (13 064 964) | 55 440 566 | 59 444 151 | (2 927 513) | 56 516 638 |
| Total | 9 588 942 694 | (3 838 649 897) | 750 292 797 | 9 304 756 872 | (3 695 158 387) | 5 609 598 485 |

Notes to the Annual Financial Statements

| | Opening balance | Additions | Transfers | Write Offs | Other changes, movements | Depreciation | Impairment loss | Total |
|---|----------------------|--------------------|---------------------|---------------------|--------------------------|----------------------|--------------------|----------------------|
| Reconciliation of property, plant and equipment - 2020 | | | | | | | | |
| Land | 11 980 776 | - | - | - | - | - | - | 11 980 776 |
| Buildings | 74 170 792 | 898 402 | - | - | - | (6 185 429) | - | 68 883 765 |
| Work In Progress | 1 387 999 417 | 327 918 270 | (69 372 973) | - | - | - | - | 1 646 544 714 |
| Infrastructure | 4 044 402 322 | 74 425 671 | - | (10 107 383) | (213 035) | (171 483 469) | (4 999 256) | 3 932 024 850 |
| Other property, plant and equipment | 34 528 540 | 4 312 723 | - | (175 678) | - | (3 247 459) | - | 35 418 126 |
| leased Assets | 56 516 638 | 9 061 379 | - | - | - | (10 137 451) | - | 55 440 566 |
| | 5 609 598 485 | 416 616 445 | (69 372 973) | (10 283 061) | (213 035) | (191 053 808) | (4 999 256) | 5 750 292 797 |

| | Opening balance | Additions | Prior year adjustment | Disposals | Transfers | Write Offs | Depreciation | Impairment loss | Total |
|---|----------------------|--------------------|-----------------------|--------------------|---------------------|---------------------|----------------------|---------------------|----------------------|
| Reconciliation of property, plant and equipment - 2019 | | | | | | | | | |
| Land | 11 980 776 | - | - | - | - | - | - | - | 11 980 776 |
| Buildings | 80 496 451 | - | - | - | - | - | (6 325 659) | - | 74 170 792 |
| Work In Progress | 1 070 088 351 | 578 784 166 | (186 754 360) | - | (74 118 740) | - | - | - | 1 387 999 417 |
| Infrastructure | 3 971 273 157 | 79 902 310 | 203 864 686 | - | - | (28 567 915) | (164 874 605) | (17 195 311) | 4 044 402 322 |
| Other property, plant and equipment | 39 162 954 | 555 070 | 126 483 | (1 185 112) | - | - | (4 130 855) | - | 34 528 540 |
| Leased Assets | 6 367 296 | 52 587 988 | - | - | - | - | (2 438 646) | - | 56 516 638 |
| | 5 179 368 985 | 711 829 534 | 17 236 809 | (1 185 112) | (74 118 740) | (28 567 915) | (177 769 765) | (17 195 311) | 5 609 598 485 |

Pledged as security

None of the Property, Plant and Equipment has been pledged as security for any liability.

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|--|-------------------|-------------------|
| Assets subject to finance lease (Net carrying amount) | | |
| Motor vehicles | 51 558 471 | 51 195 399- |
| Photo Copy Machines-Leased | 3 882 095 | 5 321 238 |
| | 55 440 566 | 56 516 637 |

The municipality has entered into an instalment sale agreement with Bertobright for leasing of Fleet to be used by Water Services for a period of 36 Months. The lease started in the financial period under review. At the end of the leased period, the fleet will be transferred to the municipality.

Property, plant and equipment in the process of being constructed or developed**Cumulative expenditure recognised in the carrying value of property, plant and equipment**

| | | |
|-------------------------------------|----------------------|----------------------|
| Buildings | 31 465 684 | 30 032 631 |
| Water infrastructure | 1 389 344 439 | 1 133 512 435 |
| Sewer infrastructure | 224 454 348 | 224 454 348 |
| Other property, plant and equipment | 1 280 242 | - |
| | 1 646 544 713 | 1 070 088 348 |

Included in the WIP is an amount of R22 999 741.54 for giyani sewer works project which MDM is unable capitalise due to additional work done by DWS as part of the ministerial intervention. The plant is currently in operation however MDM is failing to capitalize it as a portion of work was completed by DWS . The municipality is awaiting transfer of work done by DWS to be able to capitalize the project. The depreciated amount for WIP constructed by MDM is estimated to be around R4 500 000. DWS has indicated that the project will only be handed over once the entire programme is complete.

Included in the WIP is an amount of R26 417 899 relating to Nwamitwa Thusong Centre which was constructed by the municipality, The project is complete however its awaiting handover to Greater Tzaneen local municipality.

Included in the work in progress are completed projects which could not be capitalised based on the reason they are awaiting completion of other assets. These completed projects do not meet the recognition criteria until the time related phases are completed the projects are Ungrading of water reticulation Maruleng R45 635 103, Kampersrus Water Supply R32 780 364; Replacement of and resizing of water storage tank - Makhushane R 10 797 969.99 and Refurbishment and Upgrading of Internal Water Network and Development of Mokwasele.

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

| | | |
|--|------------|------------|
| Upgrading of Senwamokgope Sewage Plant | 21 551 662 | 21 551 662 |
| Refurbishment of Nkowankowa Sewer Plant | 16 350 998 | 5 706 000 |
| Refurbishment of Phalaborwa Sewer Plant | 6 083 100 | 6 083 100 |
| Refurbishment of Sewer Sludge Pump | 5 352 985 | 5 352 985 |
| Sekgosese Ground Water Development scheme | 6 781 442 | 6 781 442 |
| Construction of water reticulation in Ga - Wally village | 4 650 971 | 4 650 971 |
| Upgrade of water reticulation GTM | 15 740 464 | 15 740 464 |
| Kampersrus Water Supply | 32 780 364 | 32 780 364 |
| Refurbishment Nkambako Regional water scheme | 17 140 112 | 17 140 112 |
| Refurbishment DWAF | 10 269 856 | 10 269 856 |
| Upgrading of Sasekani Water Reticulation | - | 2 679 764 |
| Nwamitwa MPCC | 26 417 900 | 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 | - |

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|---|--------------------|--------------------|
| Thapane Water Treatment Plant and replacement | 2 156 577 | - |
| Upgrading of Maapane water reticulation network | 1 140 514 | - |
| Borehole Development | 44 983 159 | - |
| | 216 041 073 | 155 154 620 |

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)

Buildings (Mopani Office building)

The municipality abandoned construction of new office building at the Tzaneen Disaster Centre due to termination of service provider (Kgafela Construction) which subsequently led to litigation. The project was impaired to the carrying value of R1.00 in the 2017/18 financial period

Modjadji Royal House Pavilion and extension of fencing.

The municipality abandoned project due to land dispute between the royal household and the municipality. The royal household gave the municipality another site to execute the project other than the initially provided at the beginning of the project. The project was also impaired to the carrying value of R1.00 in the 2017/18 financial period.]

Namakgale Sewerage Project

The municipality abandoned project due to the fact that the municipality terminated contract with consultant responsible for running the project. The project was also impaired to the carrying value of R1.00 in the 2017/18 financial period.]

| | | |
|--|----------|----------|
| | 1 | 1 |
| | 1 | 1 |
| | 1 | 1 |
| | 3 | 3 |

The three projects impaired had a total cost of R54 940 945 in the financial period 2017/2018 when there were impaired.

| | Included within Infrastructure | Included within Community | Included within Other PPE | Total |
|--|--------------------------------|---------------------------|---------------------------|----------------------|
| Reconciliation of Work-in-Progress 2020 | | | | |
| 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) |
| | 1 613 798 786 | 31 465 684 | 1 280 424 | 1 646 544 894 |

Reconciliation of Work-in-Progress 2019

| | Included within Infrastructure | Included within Community | Total |
|--------------------------------|--------------------------------|---------------------------|--------------------|
| Opening balance | 1 039 170 984 | 26 417 901 | 1 065 588 885 |
| Additions/capital expenditure | 573 393 498 | 5 047 781 | 578 441 279 |
| Transferred to completed items | (254 597 699) | (1 433 050) | (256 030 749) |
| | 204 977 694 | 838 692 753 | 070 088 348 |

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.

Notes to the Annual Financial Statements

Figures in Rand

2020

2019

4. INTANGIBLE ASSETS

| Figures in Rand | 2020 | | | 2019 | | |
|-----------------|------------------|---|----------------|------------------|---|----------------|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Blyde Utility | 18 069 134 | (10 106 004) | 7 963 130 | 15 569 114 | (9 230 097) | 6 339 017 |

| | Opening balance | Additions | Amortisation | Total |
|--|-----------------|-----------|--------------|-----------|
| Reconciliation of Intangible 2018 | | | | |
| Blyde Utility | 6 339 017 | 2 500 020 | (875 907) | 7 963 130 |

| | Opening balance | Amortisation | Total |
|--|-----------------|--------------|-----------|
| Reconciliation of Intangible 2018 | | | |
| Blyde Utility | 15 569 126 | (9 230 109) | 6 339 017 |

Pledged as security

Carrying value of intangible assets pledged as security:

The municipality has acquired rights to use a pipeline owned by the Blyde Utility company to convey water from the blyde dam to Hoedspruit. The period of usage will elapse in year 31 March 2028

5. HERITAGE ASSETS

| | 2020 | | | 2019 | | |
|---------------|------------------|-------------------------------|----------------|------------------|-------------------------------|----------------|
| | 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 2020

Mayoral Chain

| Opening balance | Total |
|-----------------|---------|
| 432 000 | 432 000 |

Reconciliation of Heritage assets 2019

Mayoral Chain

| Opening balance | Total |
|-----------------|---------|
| 432 000 | 432 000 |

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|--|-------------------|-------------------|
| 6. INVENTORIES | | |
| Consumable stores | 14 205 188 | 17 426 451 |
| Greater Tzaneen Municipality | 72 683 | 58 042 |
| Greater Letaba Municipality | 46 852 | 19 249 |
| | 14 324 723 | 17 503 742 |
| Inventories recognised as an expense during the year | 22 759 604 | 18 883 098 |

7. RECEIVABLES FROM EXCHANGE TRANSACTIONS

| | | |
|---|--------------------|--------------------|
| Staff Debtors | 4 770 472 | 4 813 575 |
| Service Providers | 14 598 287 | 11 811 366 |
| Interest receivable | 897 080 | 1 107 839 |
| RBIG Project - Mamefja Sekororo | 2 204 761 | 2 712 929 |
| Greater Tzaneen Municipality | 15 400 | 89 662 |
| Ba - Phalaborwa Municipality | 296 041 711 | 258 580 460 |
| VAT Receivables | 55 065 203 | 80 809 661 |
| Eskom - Deposits | 7 704 590 | 7 654 020 |
| Consumer debtors - Water and Sanitation | 142 703 511 | 112 077 172 |
| | 524 001 015 | 479 656 684 |

Principal agent relationship

Mopani District 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 agency fees of 5%, which is disclosed under other income refer to note 16.

The balance of expenditure incurred on behalf of Department of Water and Sanitation but not reimbursed, amount to

Reconciliation: Expenditure incurred

| | | |
|--|--------------|--------------|
| Opening balance | - | 2 578 028 |
| Total paid to contractors | 33 551 873 | 34 498 746 |
| Total received from Department of water and sanitation | (33 551 873) | (37 076 774) |
| | - | - |

Reconciliation: Agency Fees

| | | |
|-------------------------|--------------------|------------------|
| Opening balance | 2 712 928 | 752 688 |
| Agency fees raised | 1 677 594 | 1 960 240 |
| Agency fees paid | (2 185 700) | - |
| | 2 204 822 | 2 712 928 |

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 MDM's gross negligence and not condoned by MDM's council is recoverable by DWS. There are no other benefits in the relationship (except that of commission received.)

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|-----------------|------|------|
|-----------------|------|------|

MDM assumes the risk of managing the contractors and indemnifies DWS against any claims made by the contractor. In terms of the agreement, MDM is liable to reimburse DWS, where DWS is not satisfied with 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 out after 12 months of completion of work, provided the work has no defects.

MDM 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 DWS.

The assets belong to DWS and MDM has no right to benefit from them unless they are transferred to MDM. Variations in the contract amounts are approved by DWS and paid by DWS.

Water Transactions

Mopani District Municipality as the water services 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.

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.

Termination

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 sale of water to residents within the district.

Consumer debtors

Consumer debtors includes water and sewer debtors refer to note 8 below for full disclosure.

8. BREAKDOWN OF CONSUMER DEBTORS FROM NOTE 7

| | | |
|-----------------------------|----------------------|----------------------|
| Gross balances | | |
| Water | 1 169 362 759 | 992 247 971 |
| Sewerage | 224 006 561 | 196 709 068 |
| Total gross balances | 1 393 369 320 | 1 188 957 039 |

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|---|------------------------|------------------------|
| Less: Allowance for impairment | | |
| Water | (1 049 576 509) | (899 033 338) |
| Sewerage | (201 089 301) | (177 846 528) |
| Total allowance for impairments | (1 250 665 810) | (1 076 879 866) |
| Net balance | | |
| Water | 119 786 250 | 93 214 633 |
| Sewerage | 22 917 260 | 18 862 540 |
| Total net balance | 142 703 510 | 112 077 173 |
| Water | | |
| Current (0 -30 days) | 22 222 138 | 27 425 523 |
| 31 - 60 days | 16 020 324 | 15 028 098 |
| 61 - 90 days | 19 495 102 | 12 521 170 |
| 91 - 120 days | 11 991 989 | 10 361 350 |
| 121 - 365 days | 168 376 038 | 151 833 096 |
| > 365 days | 931 254 707 | 775 078 735 |
| Less impairment | (1 049 576 509) | (899 033 338) |
| Total | 119 783 789 | 93 214 634 |
| Sewerage | | |
| Current (0 -30 days) | 3 784 731 | 4 647 898 |
| 31 - 60 days | 2 955 005 | 2 878 917 |
| 61 - 90 days | 3 050 437 | 2 561 039 |
| 91 - 120 days | 2 476 445 | 2 278 959 |
| 121 - 365 days | 33 094 422 | 30 264 629 |
| > 365 days | 178 647 614 | 154 077 626 |
| Less impairment | (201 089 301) | (177 846 528) |
| Total | 22 919 353 | 18 862 540 |
| Reconciliation of allowance for impairment | | |
| Balance at beginning of the year | (1 076 879 867) | (916 677 943) |
| Contributions to allowance | (177 400 121) | (160 201 924) |
| Debt impairment written off against allowance | 3 614 179 | - |
| Total | (1 250 665 809) | (1 076 879 867) |

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates:

Consumer debtors are payable within 30 days. This credit period is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to consumer debtors are limited due to the Municipality's large number of customers.

T

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|--|--------------------|--------------------|
| The Municipality's historical experience in collection of consumer debtors falls within recorded allowances. Due to these factors, management believes that no additional risks beyond amounts provided for collection losses are inherent in the Municipality's consumer debtors. | | |
| Consumer debtors per local municipality | | |
| Maruleng Municipality | 152 000 | 538 895 |
| Ba-Phalaborwa | 40 137 781 | 31 612 876 |
| Greater Tzaneen Municipality | 25 196 453 | 24 670 418 |
| Greater Giyane Municipality | 74 481 429 | 53 636 396 |
| Greater Letaba Municipality | 2 735 847 | 1 618 587 |
| Total | 142 703 510 | 112 077 172 |

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

| | | |
|---------------------|--------------------|--------------------|
| Bank balances | 7 850 963 | 61 309 853 |
| Short term deposits | 208 921 096 | 100 326 356 |
| Total | 216 772 059 | 161 636 209 |

The municipality had the following bank accounts

| Account number/ description | Bank statement balances | | | Cash book balances | | |
|--------------------------------|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 30 June 2020 | 30 June 2019 | 30 June 2018 | 30 June 2020 | 30 June 2019 | 30 June 2018 |
| ABSA BANK - 40-5277-1364 | 7 850 964 | 18 021 112 | 18 021 112 | 7 850 964 | 61 309 853 | 18 021 112 |
| ABSA BANK - 40-8091-1671 | 40 684 580 | 32 405 565 | 32 405 565 | 40 684 580 | 31 108 827 | 32 405 565 |
| ABSA BANK - 40-8091-1613 | 65 090 651 | 80 871 817 | 80 871 817 | 65 090 651 | 69 217 081 | 80 871 817 |
| Growbus -- 40-8937-0832 | 1 973 | 5 502 | 5 502 | 1 973 | 448 | 5 502 |
| ABSA BANK - 9355979404 | 103 143 929 | - | - | 103 143 929 | | |
| Total | 216 772 097 | 131 303 996 | 131 303 996 | 216 772 097 | 161 636 209 | 131 303 996 |

10. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

| | | |
|--------------------------------------|--------------------|-------------------|
| Municipal Infrastructure Grant (MIG) | 110 094 673 | 26 695 309 |
| Rural Transport Grant | 967 963 | |
| Water Services Infrastructure Grant | 50 606 286 | 28 852 551 |
| Drought Relief - WISG | 12 519 104 | 39 619 104 |
| Total | 174 188 026 | 95 166 964 |

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|--|----------------------|----------------------|
| 11. PAYABLES FROM EXCHANGE TRANSACTIONS | | |
| Other payables | 5 286 608 | 1 508 328 |
| Retentions | 81 717 668 | 82 055 385 |
| Trade payables | 100 921 052 | 111 620 106 |
| Leave accrual | 45 870 204 | 44 977 853 |
| Bonus accrual | 8 600 018 | 8 371 504 |
| Agency fees payables | 17 105 574 | 9 651 802 |
| Greater Letaba municipality | 107 329 337 | 83 261 530 |
| Greater Tzaneen municipality | 278 969 870 | 244 202 246 |
| Maruleng municipality | 26 994 124 | 25 093 246 |
| Lepelle Northern Water | 549 251 632 | 500 898 280 |
| Greater Giyani Municipality | 20 953 844 | 16 846 252 |
| Trade creditors at local municipalities | 1 314 640 | 13 828 980 |
| Department of Water and Sanitation | 430 924 911 | 379 465 465 |
| SITA | 2 758 111 | 5 122 482 |
| Eskom Trade payables | 3 450 069 | 4 788 344 |
| Debtors with credit balance | 11 916 885 | 13 422 577 |
| Total | 1 693 364 547 | 1 545 114 380 |

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.

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.

12. CONSUMER DEPOSITS

| | | |
|-------|------------------|------------------|
| Water | 4 567 011 | 4 770 697 |
| | 4 567 011 | 4 770 697 |

13. REVENUE

| | | |
|---------------------------------|----------------------|----------------------|
| Service charges | 254 636 679 | 196 384 816 |
| Agency services | 1 642 968 | 1 704 556 |
| Interest on Outstanding Debtors | 52 554 855 | 48 902 215 |
| Interest received - investment | 19 298 173 | 13 200 187 |
| Other income | 1 021 352 | 783 077 |
| Government grants & subsidies | 1 276 363 002 | 1 449 369 827 |
| | 1 605 517 029 | 1 710 344 678 |

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|---|--------------------|--------------------|
| The amount included in revenue arising from exchanges of goods or services are as follows: | | |
| Service charges | 254 636 679 | 196 384 816 |
| Agency services | 1 642 968 | 1 704 556 |
| Interest on Outstanding Debtors | 52 554 855 | 48 902 215 |
| Other Income | 19 298 173 | 13 200 187 |
| Interest received - investment | 1 021 352 | 783 077 |
| | 329 154 027 | 260 974 851 |

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue**Transfer revenue**

| | | |
|-------------------------------|----------------------|----------------------|
| Government grants & subsidies | 1 276 363 002 | 1 449 369 827 |
| | 1 276 363 002 | 1 449 369 827 |

14. SERVICE CHARGES

| | | |
|---------------------------------|--------------------|--------------------|
| Sale of water | 221 317 355 | 166 835 400 |
| Sewerage and sanitation charges | 33 319 324 | 29 549 416 |
| | 254 636 679 | 196 384 816 |

15. INTEREST AND OTHER INCOME

| | | |
|---------------------------------|-------------------|-------------------|
| Interest on Outstanding Debtors | 52 554 855 | 48 902 215 |
| Interest received - Investment | 19 298 173 | 13 200 187 |
| | 71 853 028 | 62 102 402 |

16. OTHER INCOME

| | | |
|-------------------|------------------|----------------|
| Sundry Income | 319 203 | 149 279 |
| Insurance claims | 1 397 | 168 620 |
| Reconnection fees | 425 219 | 381 199 |
| Tender fees | 275 533 | 83 979 |
| Total | 1 021 352 | 783 077 |

17. GOVERNMENT GRANTS AND SUBSIDIES**Operating grants**

| | | |
|---|--------------------|--------------------|
| Equitable share grant | 919 537 000 | 840 762 000 |
| Disaster relief_Covid 19 relief grant | 2 384 000 | - |
| EPWP grant | 3 292 000 | 1 232 000 |
| Finance Management Grant (FMG) | 2 330 000 | 1 865 000 |
| LP - Health (EHP) | - | 11 294 250 |
| LGW SETA grant | 608 067 | 667 709 |
| Total operating and capital grants | 928 151 067 | 855 820 959 |

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|---|----------------------|----------------------|
| 17. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE) | | |
| Capital grants | | |
| Municipal infrastructure grant (MIG) | 328 595 633 | 439 460 972 |
| Water Services Infrastructure Grant | 18 246 265 | 107 000 000 |
| Rural Roads Asset Management Grant | 1 370 037 | 2 207 000 |
| WSIG Drought Relief | - | 44 880 896 |
| | 348 211 935 | 593 548 868 |
| | 1 276 363 002 | 1 449 369 827 |

Municipal Infrastructure Grant

| | | |
|---|--------------------|-------------------|
| Balance unspent at beginning of year | 26 695 309 | 27 011 629 |
| Current-year receipts | 454 295 000 | 444 492 281 |
| Conditions met - transferred to revenue | (328 595 633) | (439 460 975) |
| Unapproved portion of rollover | (42 300 003) | (5 347 626) |
| Total | 110 094 673 | 26 695 309 |

The purpose of the grant is to improve access to basic service infrastructure for poor communities

Finance management grant

| | | |
|---|-------------|-------------|
| Current-year receipts | 2 330 000 | 1 865 000 |
| Conditions met - transferred to revenue | (2 330 000) | (1 865 000) |
| Total | - | - |

The purpose of this grant is to improve capacity in financial management

Rural transport grant

| | | |
|---|----------------|-------------|
| Current-year receipts | 2 338 000 | 2 207 000 |
| Conditions met - transferred to revenue | (1 370 037) | (2 207 000) |
| Total | 967 963 | - |

The purpose of the grant is to improve data on rural roads to guide infrastructure development.

EHP Grant

| | | |
|---|----------|--------------|
| Current-year receipts | - | 11 294 250 |
| Conditions met - transferred to revenue | - | (11 294 250) |
| Total | - | - |

The purpose of the grant is to subsidise the staff handover process from Department of Health to District Municipality, the staff will be performing duties as health inspectors.

The subsidy relating to the handover process as per arrangement with Department of Health has ended in the financial period 2019. Therefore going forward in financial period 2020 there was no additional funding provided.

Extended public works programme grant

| | | |
|---|-------------|-------------|
| Current-year receipts | 3 292 000 | 1 232 000 |
| Conditions met - transferred to revenue | (3 292 000) | (1 232 000) |
| Total | - | - |

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|--|-----------|-----------|
| The purpose of the grant is to improve opportunities for sustainable employment due to experience and learning gained. | | |
| LGW SETA Grant | | |
| Current-year receipts | 608 067 | 667 709 |
| Conditions met - transferred to revenue | (608 067) | (667 709) |
| | - | - |

The purpose of this grant is to support staff development.

Water Service Infrastructure Grant

| | | |
|---|-------------------|-------------------|
| Balance unspent at beginning of year | 28 852 551 | 65 095 840 |
| Current-year receipts | 40 000 000 | 107 000 000 |
| Conditions met - transferred to revenue | (18 246 265) | (107 000 000) |
| Unapproved rollover | - | (36 243 289) |
| | 50 606 286 | 28 852 551 |

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

Drought relief - WSIG

| | | |
|---|-------------------|-------------------|
| Balance unspent at beginning of year | 39 619 104 | - |
| Current-year receipts | - | 84 500 000 |
| Conditions met - transferred to revenue | - | (44 880 896) |
| Unapproved rollover 2018-19 | (27 100 000) | - |
| | 12 519 104 | 39 619 104 |

Department of water and sanitation did not grant the municipality a grant relating to drought relieve in the financial year under review.

The municipality has restated prior year Drought relief spending from R57 373 268 to R44 880 896 due to double payments that were identified in the year under review.

Disaster relief_Covid 19 relief grant

| | | |
|---|-------------|---|
| Current-year receipts | 2 384 000 | - |
| Conditions met - transferred to revenue | (2 384 000) | - |
| | - | - |

The municipality received a disaster relief grant specifically relating Covid 19. The purpose of the grant was to assist the municipality in providing personal protective equipment for its employees.

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|-------------------------------------|--------------------|--------------------|
| 18. EMPLOYEE RELATED COSTS | | |
| Basic | 240 929 017 | 227 064 724 |
| Bonus | 17 952 057 | 16 787 880 |
| Medical aid - company contributions | 12 727 500 | 11 413 164 |
| UIF | 1 371 677 | 1 506 274 |
| Workman compensation | 886 253 | 2 408 404 |
| SDL | 3 422 162 | 3 233 353 |
| Other allowances and levies | 5 660 012 | 10 159 064 |
| Leave pay provision charge | - | 477 924 |
| Post employments benefits | 204 478 | 639 473 |
| Defined contribution plans | 38 427 836 | 36 205 848 |
| Overtime payments | 70 611 081 | 46 023 537 |
| Long-service awards | (382 275) | 744 189 |
| 13th Cheques | - | 3 688 |
| Car allowance | 36 879 695 | 27 136 944 |
| Housing benefits and allowances | 5 029 549 | 5 280 458 |
| Leave redemption/Reversal | 9 584 841 | 9 404 930 |
| Bargaining council | 190 163 | 16 596 |
| Cellphone allowance | - | 65 684 |
| Pensionable Allowance | 104 809 | 81 765 |
| Termination benefits | - | (98 203) |
| Total | 443 598 855 | 398 555 696 |

Remuneration of municipal manager

| | | |
|---------------------|----------------|------------------|
| Annual Remuneration | 464 272 | 1 237 388 |
| Car Allowance | 136 777 | 325 756 |
| Other | 16 436 | 32 400 |
| Total | 617 485 | 1 595 544 |

Council appointed an acting municipal manager (Kgatla Q.) for the period 01st August 2019 until 28th February 2020 after the departure of the municipal manager (Monakedi S.R). The position was filled permanently by Council on the 01st March 2020.

The municipality has discovered that it incurred an overpayment relating to salary paid to the municipal manager while he was in a position of CFO. The overpayment was as a result of paying a salary above the upper limit scale as per regulation from COGTA.

The total value of overpayment amounts to R38 112. The municipality has started a recovery process relating to this overpayment

Remuneration of Chief Finance Officer

| | | |
|---------------------|------------------|------------------|
| Annual Remuneration | 994 472 | 1 099 335 |
| Car Allowance | 142 727 | 174 000 |
| Other | 17 971 | - |
| Total | 1 155 170 | 1 273 335 |

Council appointed an acting chief financial officer (Mr Mangena S.) for the period 01st August 2019 until 30 June 2020 after the previous chief financial officer was appointed at the position of municipal manager. The position has not been filled as at year end.

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|--|------------------|------------------|
| Remuneration of Director Community Services | | |
| Annual Remuneration | 1 094 568 | 1 110 482 |
| Car Allowance | 240 000 | 174 000 |
| Other | 35 646 | 47 000 |
| Total | 1 370 214 | 1 331 482 |

The municipality has discovered that it incurred an overpayment relating to salary paid to director community services. The overpayment was as a result of paying a salary above the upper limit scale as regulated by COGTA. The total value of overpayment amounts to R51 706. The municipality has initiated a process to recover the related overpayment.

| | | |
|--|------------------|------------------|
| Remuneration of director corporate services | | |
| Annual Remuneration | 1 029 890 | 979 200 |
| Car Allowance | 360 000 | 309 289 |
| Other | 24 174 | 15 000 |
| Total | 1 414 064 | 1 303 489 |

The municipality has discovered that it incurred an overpayment relating to salary paid to director corporate services. The overpayment was as a result of paying a salary above the upper limit scale as regulated by COGTA. The total value of overpayment amounts to R109 221. The municipality has initiated a process to recover the related overpayment.

| | | |
|--|------------------|------------------|
| Remuneration of director planning and development | | |
| Annual Remuneration | 1 250 186 | 1 230 488 |
| Car Allowance | 60 000 | 46 643 |
| Other | 24 186 | 26 000 |
| Total | 1 334 372 | 1 303 131 |

The municipality has discovered that it incurred an overpayment relating to salary paid to director planning and development. The overpayment was as a result of paying a salary above the upper limit scale as regulated by COGTA. The total value of overpayment amounts to R51 707. The municipality has initiated a process to recover the related overpayment.

| | | |
|--|------------------|------------------|
| Remuneration of director water and engineering services | | |
| Annual Remuneration | 1 013 384 | 1 032 691 |
| Car Allowance | 300 000 | 245 000 |
| Other | 23 739 | 27 000 |
| Total | 1 337 123 | 1 304 691 |

The municipality has discovered that it incurred an overpayment relating to salary paid to director water and engineering services. The overpayment was as a result of paying a salary above the upper limit scale as regulated by COGTA. The total value of overpayment amounts to R51 706. The municipality has initiated a process to recover the related overpayment.

| | | |
|---|----------------|------------------|
| Remuneration of former municipal manager | | |
| Annual Remuneration | 104 369 | 1 237 388 |
| Car Allowance | 35 000 | 325 756 |
| Other | 300 958 | 32 400 |
| Total | 440 327 | 1 595 544 |

Municipal manager Mr SR Monakedi resigned in 30 July 2019 was replaced by the CFO Mr Q Kgatla on acting capacity from 01 August until 31 January 2020. The former municipal manager received a leave payout in excess of over R200 000 as a result other figure became higher than normal.

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|---|----------------|----------------|
| Remuneration of director office of the executive Mayor | | |
| Annual Remuneration | 320 335 | 745 146 |
| Car Allowance | 75 000 | 175 388 |
| Other | 6 932 | 8 000 |
| Total | 402 267 | 928 534 |
| Executive Mayor's allowances | | |
| Annual Remuneration | 862 336 | 596 397 |
| Car Allowance | - | 191 454 |
| Other | 72 314 | 37 400 |
| Total | 934 650 | 825 251 |
| The Executive Mayor has been provided with a Council vehicle | | |
| Speaker's allowances | | |
| Annual Remuneration | 689 867 | 491 023 |
| Car Allowance | - | 177 027 |
| Other | 66 011 | 40 800 |
| Total | 755 878 | 708 850 |

Notes to the Annual Financial Statements

| Figures in Rand | | 2020 | | | 2020 |
|---|---------|---------------------|------------------|-------------------|---------|
| Councillor's Names | Salary | Cellphone Allowance | Travel Allowance | Advance/ Pay back | Total |
| Remuneration of councillors 2019 | | | | | |
| Councillor NM Maswanganyi | 471 056 | 40 800 | 157 020 | 16 528 | 685 404 |
| Councillor CN Rakgoale | 574 359 | 37 400 | 191 454 | 22 038 | 825 251 |
| Councillor B Ramothwala | 9 778 | 257 | - | - | 10 035 |
| Councillor CM Ramathoka | 265 016 | 40 800 | - | 6 974 | 312 790 |
| Councillor D Malemela | 16 565 | - | - | 408 | 16 973 |
| Councillor DG Mushwana | 87 176 | 13 600 | - | - | 100 776 |
| Councillor FM Morwasehla | 331 621 | 40 800 | - | 8 950 | 381 371 |
| Councillor GA Maluleke | 331 621 | 40 800 | - | 8 950 | 381 371 |
| Councillor GH Modjadji | 459 613 | 40 800 | 153 206 | 3 921 | 657 540 |
| Councillor GM Malatji | 39 419 | - | - | 5 141 | 44 560 |
| Councillor JG Mashele | 331 621 | 40 800 | - | 8 950 | 381 371 |
| Councillor KI Rapatsa | 35 251 | - | - | 816 | 36 067 |
| Councillor KJ Malepe | 246 423 | 40 800 | 85 198 | 8 950 | 381 371 |
| Councillor M Mathedimo | 9 778 | - | - | 257 | 10 035 |
| Councillor MA Mathaba | 84 846 | - | - | 2 233 | 87 079 |
| Councillor MB Maenetsa | 3 216 | - | - | 161 | 3 377 |
| Councillor MC Mohale | 463 159 | 40 800 | 154 388 | 16 528 | 674 875 |
| Councillor MC Mkwashu | 34 272 | - | - | 734 | 35 006 |
| Councillor MD Maake | 354 204 | 40 800 | - | 8 950 | 403 954 |
| Councillor MD Popela | 9 778 | - | - | 257 | 10 035 |
| Councillor MF Madike | 9 778 | - | - | 257 | 10 035 |
| Councillor MF Manyama | 77 608 | - | - | 2 233 | 79 841 |
| Councillor MH Sefusi | 272 704 | 40 800 | 90 905 | 9 221 | 413 630 |
| Councillor MI Shimangefazi | 117 994 | - | - | 2 233 | 120 227 |
| Councillor ML Maloko | 255 767 | 40 800 | 85 259 | 9 221 | 391 047 |
| Councillor ML Mokgobi | 255 767 | 40 800 | 85 259 | 9 221 | 391 047 |
| Councillor MM Makwela | 18 809 | - | - | 286 | 19 095 |
| Councillor MMA Mathebula | 9 778 | - | - | 257 | 10 035 |
| Councillor MO Maswanga | 255 767 | 40 800 | 85 259 | 9 221 | 391 047 |
| Councillor MR Chauke | 265 016 | 40 800 | - | 6 974 | 312 790 |
| Councillor MR Maake | 9 778 | - | - | 257 | 10 035 |
| Councillor MR Nyakane | 152 558 | 23 800 | - | - | 176 358 |
| Councillor MV Mangoro | 9 778 | - | - | 257 | 10 035 |
| Councillor NA Sono | 446 222 | 40 800 | 148 742 | 16 528 | 652 292 |
| Councillor NH Zandamel | 446 222 | 40 800 | 148 742 | 16 528 | 652 292 |
| Councillor NM Mahasha | 45 737 | - | - | 938 | 46 675 |
| Councillor NN Baloyi | 450 204 | 40 800 | 150 070 | 16 528 | 657 602 |
| Councillor Osi ML Mogob | 30 480 | 10 164 | - | - | 40 644 |
| Councillor Osi SSS Seko | 30 480 | 10 164 | - | - | 40 644 |
| Councillor Osigad MJ Mam | 30 480 | 10 164 | - | - | 40 644 |
| Councillor Osigad MJ Se | 30 480 | 10 164 | - | - | 40 644 |

Notes to the Annual Financial Statements

| Figures in Rand | | 2020 | 2019 | | |
|-------------------------|------------------|---------------------|------------------|-------------------|-------------------|
| Councillor's Names | Salary | Cellphone Allowance | Travel Allowance | Advance/ Pay back | Total |
| Councillor PT Malatji | 246 423 | 40 800 | 85 198 | 8 950 | 381 371 |
| Councillor R Makasela | 9 778 | - | - | 257 | 10 035 |
| Councillor RE Pohl | 18 523 | - | - | 571 | 19 094 |
| Councillor SCT Shisinga | 19 788 | - | - | 367 | 20 155 |
| Councillor EJ Mathonsi | 450 204 | 40 800 | 150 070 | 16 528 | 657 602 |
| Councillor S MA Helm | 265 016 | 40 800 | - | 6 974 | 312 790 |
| Councillor S MM Makwela | 32 191 | - | - | 694 | 32 885 |
| Councillor SC Makwala | 23 786 | - | - | 612 | 24 398 |
| Councillor SI M Ntsanwi | 30 480 | 10 164 | - | - | 40 644 |
| Councillor SI MAM Hlane | 30 480 | 10 164 | - | - | 40 644 |
| Councillor SI MC Mathev | 30 480 | 10 164 | - | - | 40 644 |
| Councillor SI TLP Nwami | 30 480 | 10 164 | - | - | 40 644 |
| Councillor SJ Nkuna | 331 621 | 40 800 | - | 8 950 | 381 371 |
| Councillor SV Manganye | 6 432 | - | - | - | 6 432 |
| Councillor T Makhubela | 9 778 | - | - | 257 | 10 035 |
| Councillor TC Zitha | 9 778 | - | - | 257 | 10 035 |
| Councillor TJ Senyolo | 9 778 | - | - | 257 | 10 035 |
| Councillor TN Mthombeni | 9 778 | - | - | 257 | 10 035 |
| Councillor W D Sedibeng | 516 784 | 40 800 | 153 164 | 17 631 | 728 379 |
| Councillor XJ Valoyi | 9 778 | - | - | 257 | 10 035 |
| Councillor PJ Shai | 52 089 | - | - | - | 52 089 |
| Councillor Osigad MA SH | 30 480 | 10 164 | - | - | 40 644 |
| Councillor I Hlungwana | 177 840 | 27 200 | - | 3 487 | 208 527 |
| Councillor Kgosi Pheeha | 20 320 | 14 399 | - | 22 860 | 57 579 |
| Councillor MPT Maluleke | 90 664 | 17 155 | - | 23 696 | 131 515 |
| | 9 842 928 | 1 122 887 | 1 923 934 | 333 768 | 13 223 517 |

Remuneration of councillors 2018

| | | | | | |
|-------------------------|---------|--------|---------|--------|---------|
| Councillor NM Maswanga | 475 926 | 32 800 | 124 209 | 27 677 | 660 612 |
| Councillor B Ramathwala | 9 286 | - | - | 365 | 9 651 |
| Councillor CM Ramathoka | 251 659 | 28 800 | - | 21 869 | 302 328 |
| Councillor D Malemela | 22 880 | - | - | 4 640 | 27 520 |
| Councillor DG Mushwana | 251 659 | 28 800 | 21 869 | - | 302 328 |
| Councillor FM Moroatsh | 322 964 | 28 800 | - | 24 665 | 376 429 |
| Councillor GA Maluleke | 322 964 | 28 800 | - | 24 665 | 376 429 |
| Councillor GH Modjadji | 475 926 | 28 800 | 124 209 | 31 677 | 660 612 |
| Councillor GM Malatji | 42 642 | - | - | 9 280 | 51 922 |
| Councillor JG Mashele | 322 964 | 28 800 | - | 24 665 | 376 429 |
| Councillor KI Rapatsa | 35 502 | - | - | 9 280 | 44 782 |
| Councillor KJ Malepe | 322 964 | 28 800 | - | 24 665 | 376 429 |
| Councillor M Mathedimo | 9 286 | - | - | 365 | 9 651 |
| Councillor MA Mathaba | 80 591 | - | - | 3 161 | 83 752 |

Notes to the Annual Financial Statements

| Figures in Rand | | 2020 | | | 2019 |
|-------------------------|---------|---------------------|------------------|-------------------|---------|
| Councillor's Names | Salary | Cellphone Allowance | Travel Allowance | Advance/ Pay back | Total |
| Councillor MB Maenetsa | 9 286 | - | - | 365 | 9 651 |
| Councillor MC Mohale | 475 926 | 28 800 | 124 209 | 31 677 | 660 612 |
| Councillor MC Mkwashu | 35 502 | - | - | 9 280 | 44 782 |
| Councillor MD Maake | 322 964 | 28 800 | - | 24 665 | 376 429 |
| Councillor MD Popela | 9 286 | - | - | 365 | 9 651 |
| Councillor MF Madike | 9 286 | - | - | 365 | 9 651 |
| Councillor MF Manyama | 80 591 | - | - | 3 161 | 83 752 |
| Councillor MH Sefusi | 263 950 | 28 800 | 68 775 | 25 048 | 386 573 |
| Councillor MI Shimange | 80 591 | - | - | 3 161 | 83 752 |
| Councillor ML Maloko | 263 950 | 28 800 | 68 775 | 25 048 | 386 573 |
| Councillor Mokgobi | 263 950 | 28 800 | 68 775 | 25 048 | 386 573 |
| Councillor MM Makwala | 35 850 | - | - | 6 960 | 42 810 |
| Councillor MMA Mathebu | 9 286 | - | - | 365 | 9 651 |
| Councillor MO Maswanga | 263 950 | 28 800 | 68 775 | 25 048 | 386 573 |
| Councillor MR Chauke | 251 659 | 28 800 | - | 21 869 | 302 328 |
| Councillor MR Maake | 9 286 | - | - | 365 | 9 651 |
| Councillor MR Nyakane | 251 659 | 28 800 | - | 21 869 | 302 328 |
| Councillor MV Mangoro | 9 286 | - | - | 365 | 9 651 |
| Councillor NA Sono | 475 926 | 28 800 | 124 209 | 69 934 | 698 869 |
| Councillor NH Zandamel | 475 926 | 28 800 | 124 209 | 69 934 | 698 869 |
| Councillor NM Mahasha | 47 278 | - | - | 12 528 | 59 806 |
| Councillor NN Baloyi | 475 926 | 28 800 | 124 209 | 69 934 | 698 869 |
| Councillor OSI LP Rapha | 14 380 | - | 4 793 | - | 19 173 |
| Councillor OSI ML Mogob | 29 333 | 3 388 | 6 391 | 1 535 | 40 647 |
| Councillor OSI SSS Seko | 29 333 | 3 388 | 6 391 | 1 535 | 40 647 |
| Councillor OSI MJ | 29 333 | 3 388 | 6 391 | 1 535 | 40 647 |
| Councillor OSI MJ Se | 29 333 | 3 388 | 6 391 | 1 535 | 40 647 |
| Councillor PT Malatji | 322 964 | 28 800 | - | 24 665 | 376 429 |
| Councillor R Makasela | 9 286 | - | - | 365 | 9 651 |
| Councillor RE Pohl | 29 556 | - | - | 8 352 | 37 908 |
| Councillor SCT Shising | 31 828 | - | - | 6 496 | 38 324 |
| Councillor SEJ Mathons | 475 926 | 28 800 | 124 209 | 31 667 | 660 602 |
| Councillor SMA Helm | 251 659 | 28 800 | - | 21 869 | 302 328 |
| Councillor S Mm Makwela | 26 844 | - | - | 5 568 | 32 412 |
| Councillor SC Makwala | 20 724 | - | - | 5 568 | 26 292 |
| Councillor Si M Ntsanwi | 22 143 | 3 388 | 3 994 | 1 535 | 31 060 |
| Councillor Si MAM Hlane | 29 333 | 3 388 | 6 391 | 1 535 | 40 647 |
| Councillor Si MC Mathev | 29 333 | 3 388 | 6 391 | 1 535 | 40 647 |
| Councillor SI TLP Nwami | 29 333 | 3 388 | 6 391 | 1 535 | 40 647 |
| Councillor SJ Nkuna | 322 964 | 28 800 | - | 24 665 | 376 429 |
| Councillor SV Manganye | 9 286 | - | - | 365 | 9 651 |
| Councillor T Makhubela | 9 286 | - | - | 365 | 9 651 |
| Councillor TC Zitha | 9 286 | - | - | 365 | 9 651 |

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | | 2019 | | |
|-------------------------|-------------------|---------------------|------------------|-------------------|-------------------|
| Councillor's Names | Salary | Cellphone Allowance | Travel Allowance | Advance/ Pay back | Total |
| Councillor TJ Senyolo | 9 286 | - | - | 365 | 9 651 |
| Councillor TN Mthobeni | 9 286 | - | - | 365 | 9 651 |
| Councillor W D Sedibeng | 507 654 | 32 800 | 132 489 | 28 988 | 701 931 |
| Councillor XJ Valoyi | 9 286 | - | - | 365 | 9 651 |
| Councillor CN Rakgoale | 634 568 | 32 800 | 165 611 | 34 235 | 867 214 |
| Councillor Osigad MA SH | 29 333 | 3 388 | 6 391 | 1 535 | 40 647 |
| | 10 029 403 | 762 492 | 1 524 447 | 862 771 | 13 179 113 |

19. DEPRECIATION AND AMORTISATION

| | | |
|-------------------------------|--------------------|--------------------|
| Property, plant and equipment | 191 929 714 | 178 189 323 |
|-------------------------------|--------------------|--------------------|

The Municipality reviews the estimated useful lives of property, plant and equipment as at each reporting date. During the financial year, management has conducted condition assessment for the review of the useful life of certain items of property plant and equipment. The result of the assessment led to impairment of infrastructure assets in the current financial period.

See prior period error note for full disclosure on useful adjustment.

20. FINANCE COSTS

| | | |
|-----------------------------|-------------------|-------------------|
| Interest accounts payables | 53 455 140 | 52 406 997 |
| Interest on leased assets | 4 857 299 | 2 449 228 |
| Other interest paid | 1 592 848 | 436 614 |
| Employee benefit obligation | 6 892 223 | 8 486 861 |
| | 66 797 510 | 63 779 700 |

21. DEBT IMPAIRMENT

| | | |
|-----------------|--------------------|--------------------|
| Debt impairment | 177 400 121 | 160 201 925 |
|-----------------|--------------------|--------------------|

22. BULK PURCHASES

| | | |
|-------|--------------------|--------------------|
| Water | 187 486 441 | 172 661 418 |
|-------|--------------------|--------------------|

23. CONTRACTED SERVICES

Outsourced services

| | | |
|---------------------------------|-------------------|-------------------|
| Information Technology Services | 3 658 | 2 057 250 |
| Fleet Services | 5 892 142 | 7 510 472 |
| Operating Leases | - | 829 555 |
| Security Services | 38 012 442 | 31 720 481 |
| Other Contractors | 5 315 558 | 5 471 650 |
| | 49 223 800 | 47 589 408 |

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|-----------------------------------|--------------------|--------------------|
| 24. GENERAL EXPENSES | | |
| Advertising | 13 230 | 619 782 |
| Auditors remuneration | 8 808 290 | 5 172 414 |
| Bank charges | 316 032 | 212 137 |
| Consulting and professional fees | 67 929 219 | 67 929 219 |
| Fines and penalties | - | 17 987 |
| Insurance | 1 249 132 | 1 059 475 |
| Conferences and seminars | 45 467 | 135 780 |
| Levies | 5 474 164 | 3 564 684 |
| Motor vehicle expenses | 201 916 | 74 040 |
| Fuel and oil | 13 941 951 | 11 263 234 |
| Postage and courier | 50 | 7 385 |
| Protective clothing | 2 313 854 | 1 702 530 |
| Software expenses | 1 121 795 | 301 683 |
| Subscriptions and membership fees | 299 863 | 413 004 |
| Telephone and fax | 2 805 745 | 3 341 418 |
| Training | 826 740 | 766 665 |
| Travel - local | 13 262 855 | 19 228 967 |
| Electricity | 2 604 568 | 590 037 |
| Catering services | 884 529 | 17 235 |
| Audit committee remuneration | 1 993 799 | 2 546 574 |
| Disaster relief funding | - | 1 067 623 |
| Community services | 455 432 | 1 560 132 |
| VIP toilets | 74 927 002 | 12 734 551 |
| Road management system | 1 194 023 | 1 925 008 |
| Performance management system | 1 095 987 | 1 045 300 |
| Consumable stores - Water | 5 612 340 | 2 151 198 |
| Chemicals | 270 534 | 1 134 477 |
| Other expenses | 44 136 214 | 37 647 427 |
| | 239 747 641 | 178 229 966 |

25. AUDITORS' REMUNERATION

| | | |
|------|------------------|------------------|
| Fees | 8 808 290 | 5 172 414 |
|------|------------------|------------------|

26. CASH GENERATED FROM OPERATIONS

| | | |
|-------------------------------|-------------|-------------|
| Surplus | 30 457 767 | 268 605 813 |
| Adjustments for: | | |
| Depreciation and amortisation | 191 929 714 | 178 617 932 |
| Loss on disposal of assets | - | 415 450 |

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|---|--------------------|--------------------|
| 26. CASH GENERATED FROM OPERATIONS(CONTINUE) | | |
| Impairment deficit | 15 495 352 | 45 763 307 |
| Contribution to bad debt provision | 177 400 121 | 160 201 925 |
| Movement in landfill site | (1 363 109) | 1 313 229 |
| Movement in post employment obligation | (5 760 404) | (23 781 899) |
| Finance costs | 4 857 299 | 10 936 087 |
| Changes in working capital: | | |
| Inventories | 3 179 019 | (3 650 501) |
| Receivables from exchange transactions | (247 488 908) | (223 736 393) |
| Payables from exchange transactions | 148 587 884 | 164 776 110 |
| VAT | 78 205 981 | 94 837 430 |
| Unspent conditional grants and receipts | 79 021 062 | 3 059 495 |
| Consumer deposits | (203 686) | 419 106 |
| | 474 318 092 | 677 777 091 |

27. COMMITMENTS**Authorised capital expenditure****Already contracted for but not provided for**

| | | |
|-------------------------------|--------------------|--------------------|
| Property, plant and equipment | 474 513 127 | 170 278 287 |
|-------------------------------|--------------------|--------------------|

Total capital commitments

| | | |
|---|--------------------|--------------------|
| Already contracted for but not provided for | 474 513 127 | 760 197 358 |
|---|--------------------|--------------------|

Authorised operational expenditure**Total commitments****Total commitments**

| | | |
|--------------------------------|--------------------|--------------------|
| Authorised capital expenditure | 474 513 127 | 170 278 287 |
|--------------------------------|--------------------|--------------------|

Capital commitments represent future, capital expenditure. The Municipality has an obligation to spend these amounts due to signed contracts with suppliers and approval as per the 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 2019 financial period has been restated by adjusting the figure from R320 668 812 to R170 278 287.

The municipality has decided to discontinue the disclosure of operational commitments as it not in line with GRAP requirement to disclose operational commitments.

28. CONTINGENT LIABILITIES

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..

Pending Legal Case

| | | |
|---|-------------|-------------|
| Matter between Flotek Pipes and MDM for breach of contract. summons issued. | R571 957.26 | R571 957.26 |
|---|-------------|-------------|

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|---|------------------|---------------|
| 28. CONTINGENT LIABILITIES(CONTINUE) | | |
| Matter between Anna Magaretha Botha and MDM for the injury she sustained at a MDMsewage manhole in Modjadjiskloof. The matter is before the high court. | R950 000.00 | R950 000.00 |
| Matter between Mahlare Martin Moswatsi and MDM for damages relating to car accident. Summos issued. | R27 700.68 | R27 700.68 |
| Matter between Esorfranki and MDM for incorrect tender awarding. The matter before high court. | R10 284 387 | R10 284 387 |
| Matter between Palm Kwekery and MDM for failure to prevent wildfire. Summons 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 680 499.05 | R1 680 499.05 |
| 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 641.11 | R939 641.11 |
| Matter between Oryx Pipes and MDM for payment of outstanding invoice on the Nandoni pipeline project. | R2 183 902.58 | R2 183 902.58 |
| Matter between Maite Nkoane and MDM seeking compensation relating to her car damages. The summons have been issued. | R37 384.18 | R37 384.18 |
| 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 sefototse 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 |
| Matter between TJ Machete Attorneys and MDM for non-payment of a claim on the basis of a disputed invoice. | R931 520.58 | R931 520.58 |
| Matter between MN Nengovhela and MDM. Civil non-payment of a claim for work done by the municipality. | R4 500 135.99 | R4 500 135.99 |
| 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 in 2013/2014. | R64 650 | R64 650 |
| 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 Becacon 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 | R 4 107 720 |
| 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 and MDM for damages and retention | R22 147 291 | R22147291 |
| Matter between TR Building a nd 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 | R4 673 570 |
| Matter Between Arena Venus and MDM for VIP Toilets unpaid claim | R348 000 | R348 000 |
| Matter between Trurikom SSS and MDM for termination of contrac | R5 774 485 | R5 774 485 |
| Matter between Kwena Mokone and MDM for standing time claim | R7 951 151 | R7 951 151 |
| Civil claim based on cession between tainama jv civicon on the tours bulk water supply | R963 647 | R963 647 |
| A claim by MN Nengovhela for alleged work done at Senakwe project | R461 664 | R461 664 |

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|---|---------------------|---------------------|
| A claim by Siphwe 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 | - |
| A claim by Makasela Consulting & Projects and MDM for failing to make payment for completion of designs. | R5 219 666 | - |
| A claim by Makasela Consulting & Projects and MDM is suing the Municipality for suffering substantial financial damage due to the municipality verbally cancelling Makasela appointment as consultants for two projects | R2 712 500 | - |
| Hlimbyi was appointed as a security service provider with effect from January 2019. It appears that there were issued with two appointment letters with different amounts and now claims the difference. Payments were made from January to August 2019 as per the tendered rate but increased from September and same was paid. The letter of demand didn't quantify the amount claimed but the municipality has written a letter disputing liability. | R 6 024 260 | - |
| Sebata has instituted Arbitration proceedings claiming an amount of for alleged work done prior to the termination of contract. | R4 608 397 | - |
| Matter between Sebone Traffic Academy and MDM - Non payment of claim | R275 437 | R275 437 |
| Total contingent liability | R384 760 695 | R348 641 239 |
| Contingent assets | 2020 | 2019 |
| 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 Ubuntu 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 | - |
| Total contingent assets | R109 654 547 | R18 035 496 |

29. RELATED PARTIES

Relationships

Accounting Officer

Refer to accounting officer's report note

Members of key management

Note 18

30. 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.

Realisation of assets

Major assets of the district are liquid and can be realised for market value as and when the need arises. This is a positive on the going concern assessment.

Contingent Obligations

The municipality does not have equivalent cash reserves to honour the contingent obligations should they fall due. This has a negative impact on the going concern assessment

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|-----------------|------|------|
|-----------------|------|------|

Commitments

Commitments are mainly for work in progress projects that have ring fenced funding available for the project lifespan. This is a positive on the going concern assessment.

Further to confirm positive assessment of going concern, users are advised to take cognisance of the motivations below:

- There is a commitment from National Treasury to fund the operations of the municipality through equitable share and conditional grants. This is substantiated by past practice and gazettes issued by National Treasury for the MTREF period under consideration.
- There is no change in the legislation that impact on the municipality's ability to continue as a going concern.
- There are plans to ensure that there is effective spending of funds.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting continues to secure funding through national treasury for the ongoing operations of the municipality. Other factors affecting going concern are as follows:-

As at 30 June, the municipality's current liabilities exceed the current assets by R1 146395 168 resulting in the municipality being technically insolvent. The fact on its own does not bar the municipality to continue being a going concern given that going concern implies that the municipality will be in existence within 12 months of the balance sheet dates.

The following factors should could undermine the going concern assumptions indicated above if they were not properly managed as indicated.

- 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. These obligation include Lepelle Northern Water at R549 251 632, Department of water affairs at R430 924 911.

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 2020 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.

31. UNAUTHORISED EXPENDITURE

| | | |
|--|--------------------|--------------------|
| Opening balance as previously reported | 612 987 704 | 477 001 467 |
| Opening balance as restated | 612 987 704 | 477 001 467 |
| Add: Unauthorised Expenditure - current year | 191 195 254 | 135 986 237 |
| Closing balance | 804 182 958 | 612 987 704 |

Unauthorised expenditure recorded in the financial period 2019/20 was due to expenditure that was more than allocated budget in Finance, Municipal manager's office, Community services, Health, Public services and Electricity Departments.

32. FRUITLESS AND WASTEFUL EXPENDITURE

| | | |
|--|--------------------|--------------------|
| Opening balance as previously reported | 296 474 243 | 212 740 220 |
| Correction of prior period error | - | 8 133 725 |
| Opening balance as restated | 296 474 243 | 220 873 945 |
| Add: Fruitless and wasteful Expenditure - Current Year | 62 770 140 | 75 600 298 |
| Closing balance | 359 244 383 | 296 474 243 |

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|-----------------|------|------|
|-----------------|------|------|

The fruitless and wasteful expenditure incurred in 2019/20 relates mainly to interest and penalties on late payments to Eskom, South African Revenue Services, Lepelle Northern Water and Department of water and sanitation.

Fruitless and wasteful expenditure recorded in the financial period 2018/19 was understated by R8 133 725, the municipality has corrected the understatement by restating prior year fruitless and wasteful expenditure to R296 474 243.

33. IRREGULAR EXPENDITURE

| | | |
|--|----------------------|--------------------|
| Opening balance as previously reported | 890 980 851 | 509 931 066 |
| Add: Irregular Expenditure - correction of prior year | - | 541 567 |
| Opening balance as restated | 890 980 851 | 510 472 633 |
| Add: Irregular Expenditure - current year | 121 132 174 | 380 508 218 |
| Add: Irregular expenditure identified during the audit | 149 162 998 | - |
| Closing balance | 1 161 276 023 | 890 980 851 |

Irregular expenditure recorded in the financial period 2019/20 was mainly due to appointments that did not follow normal procurement process of the municipality.

Irregular expenditure recorded in the financial period 2018/19 was understated, the municipality has corrected the understatement by restating prior year irregular expenditure to R890 980 851

34. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

Contributions to organised local government

| | | |
|---------------------------------|-------------|-------------|
| Current year subscription / fee | 4 358 308 | 3 546 531 |
| Amount paid - current year | (4 358 308) | (3 546 531) |
| | - | - |

Distribution Losses

| | | |
|---|-------------------|-------------------|
| Water purchased/purified during the year | 84 969 012 | 110 203 609 |
| Less - Unbilled Authorised Customers | (57 778 248) | (74 938 454) |
| Available water for normal distribution | 27 187 764 | 35 265 155 |
| Water sold/billed to consumers | 15 051 520 | 13 902 950 |
| Unaccounted and normal water distribution loss in Kilolitres | 12 138 244 | 21 362 205 |

The municipality has incurred water distribution loss for the year ending 2019/2020 at 45% which is equivalent to R62 026 428; the distribution loss relating to 2018/2019 was calculated at 61% to the rand value of R100 615 985. The figure for prior year has been restated.

Audit Fees

| | | |
|---|------------------|------------------|
| Current year subscription / fee | 8 584 323 | 5 172 414 |
| Audit fees relating to 2018 financial period have been restated.. | | |

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|---|--------------|--------------|
| PAYE, SDL and UIF | | |
| Current year subscription / fee | 76 277 694 | 63 625 849 |
| Amount paid - current year | (76 277 694) | (63 625 849) |
| | - | - |
| Pension and Medical Aid Deductions | | |
| Current year subscription / fee | 66 074 418 | 61 364 014 |
| Amount paid - current year | (66 074 418) | (61 364 014) |
| | - | - |

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.

The only obligation of the municipality with respect to the retirement benefits plans is to make the specified contributions. Where councilors /employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognized in the statement of Financial position of R 38 427 836 (2019 : R36 205 848) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions are have been expensed

The retirement fund have been valued by making use of the discounted cash flow method of valuation

DEFINED CONTRIBUTION SCHEMES**Municipal Councilors pension fund:**

The scheme is subject to a tri-annual actuarial valuation. We could not obtain the latest actuarial valuation report in order to determine impact on future contribution relating this scheme. We are unable to assess performance of the scheme

Municipal Employees Gratuity Fund

The scheme is subject to a tri-annual actuarial valuation. We could not obtain the latest actuarial valuation report in order to determine impact on future contribution relating this scheme. We are unable to assess performance of the scheme

National Fund for Municipal Workers

The Scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as of 30 June 2019

The scheme`s assets amounted to R 18 837 952 924 (2018: R 17 487 922 631) at 30 June 2019.

The actuarial valuation performed on 30 June 2019 confirmed that the fund was financially sound at funding ratio of 100,40%.

The monthly deductions for cost were sufficient to cover the expenses incurred over the valuation period. The Trustees, with the support of the Valuator, must continue to monitor the position on an annual basis.

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|-----------------|------|------|
|-----------------|------|------|

Government Employees Pension Fund

The scheme is subject to an actuarial valuation at least once in every 3 years.

The scheme's assets amounted to R1 649 365 263 000 (2019: R1 859 049 045 000) as of 31 March 2020.

The scheme is subject to an actuarial valuation at least once in 3 years.

The results of the March 2020 actuarial valuation show that the Fund is 108.3% funded, The Funding policy requires that the Board of Trustees ensure that the funding level of liabilities is above 90%.

This is in line with Rule 7.2 of the Rules of the Fund, which states that the employer contributions should be sufficient to ensure that the Fund is able to always meet its obligations, subject to a funding level of liabilities of at least 90%.

35. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

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 R18 564 727 (2019: R9 306 510.51) 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 borehole spares and pipes in order to avoid interruption of essential service (water supply).

The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

36. 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 2020 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 2020.

Notes to the Annual Financial Statements

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2019

The benefits awarded for long term are calculated as follows:

| Completed service (In years) | Long services Bonuses | (% of Description Annual Earnings) |
|------------------------------|-----------------------|------------------------------------|
| 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

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 | (44 803 350) | (51 016 484) |
| Present value of the defined benefit obligation-wholly unfunded - LSA | (25 914 606) | (25 461 879) |
| | (70 717 956) | (76 478 363) |

Changes in the present value of the defined benefit obligation are as follows:

| | | |
|--|-------------------|-------------------|
| Opening balance | 76 478 360 | 91 773 397 |
| Benefits paid - PEMA | (195 178) | (213 285) |
| Benefits paid - LSA | (4 688 133) | (4 386 061) |
| Net expense recognised in the statement of financial performance | (877 093) | (10 695 691) |
| | 70 717 956 | 76 478 360 |

Net expense recognised in the statement of financial performance

| | | |
|---------------------------------|------------------|---------------------|
| Current service cost | 2 497 348 | 3 350 274 |
| Interest cost | 5 013 238 | 6 571 022 |
| Actuarial (gains) losses - PEMA | (13 528 539) | (25 414 203) |
| Current service cost - LSA | 1 936 777 | 1 883 343 |
| Interest cost - LSA | 1 895 986 | 1 915 839 |
| Actuarial (gains) Losses - LSA | 1 308 097 | 998 034 |
| | (877 093) | (10 695 691) |

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|--|--------------|--------------|
| Calculation of actuarial gains and losses | | |
| Actuarial (gains) losses – Obligation | (12 020 442) | (24 416 169) |

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 | 9,80 % | 9,83 % |
| Medical cost trend rates | 7,15 % | 7,55 % |
| Expected increase in salaries | 3.77% | 2.47% |
| Maximum subsidy inflation rate | 4.97 % | - % |

Demographic Assumptions

| | | |
|--|-----------|----------|
| Average retirement age | 62 | 63 |
| Continuation of membership at retirement | 75% | 95% |
| Proportion with a spouse dependent at retirement | 60% | 95% |
| 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 | 6.89% | 7.97% |
| General earnings inflation rate.(Long-term | 3.68% | 5.45% |
| Net effective discount rate | 3.10% | 2.39% |

The earnings used in the valuation include an increase on 1 July 2020 of 6.25% as per the SALGBC Circular No.: 02/2020. The next earnings increase was assumed to take place on 1 July 2021.

| Demographic assumption | | Value |
|-----------------------------|--|----------|
| Assumption | | |
| Average retirement age | | 62 |
| Mortality during employment | | SA 85-90 |
| | | |

Notes to the Annual Financial Statements

| Figures in Rand | | 2020 | 2019 |
|-------------------------|-----|--------|------|
| 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 | 30-06-2020 Valuation | 30-06-2019 Valuation |
|-----------------------------------|-------------------------|-------------------------|
| Current (In-service) members | 286 | 299 |
| Continuation members (Pensioners) | 3 | 22 |

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 | 30-06-2020 Valuation | 30-06-2019 Valuation |
|-----------------------------------|-------------------------|-------------------------|
| Current (In-service) members | 24 48 0000 | 30 739 375 |
| Continuation members (Pensioners) | 1 132 000 | 1 207 157 |
| Total | 25 612 000 | 31 946 532 |

| Category | 30-06-2020 Valuation to be used in 30 June 2021 Actuarial Loss (Gain) calculation | 30-06-2019 Valuation to be used in 30 June 2020 Actuarial Loss (Gain) calculation |
|----------------------|---|---|
| Interest cost | 1 698 000 | 1 452 000 |
| Current service cost | 1 715 000 | 1 630 000 |
| Total | 3 413 300 | 3 082 000 |

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 2020

ii, Health care inflation rate

The medical contribution inflation rate was set with reference to the past relationship between the (yield curve based) discount rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period.

This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

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 $((1+11.17\%)/(1+7.13\%))-1$

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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 postemployment 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% |
| >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.

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|-----------------|------|------|

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.

b. Sensitivity analysis for long service awards

Sensitivity analysis on the unfunded liability

| Assumption | Change | In-service members | Continuation members | Total | % Change |
|---------------------------------------|--------|--------------------|----------------------|--------|----------|
| Central assumptions | | 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% | 32.578 | 1.094 | 33.672 | -03% |
| | -1% | 34.415 | 1.171 | 5.586 | 03% |
| Average retirement age | 1% | 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 2020

| Assumption | Change | Current Svc Cost | Interest Cost | Total | % Change |
|---------------------------|--------|------------------|---------------|-----------|----------|
| Central assumptions | | 1 779 400 | 3 870 100 | 5 649 500 | |
| Health care inflation | 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 retirement mortality | 1% | 1 832 900 | 3 990 500 | 5 823 400 | -03% |
| | -1% | 1 873 900 | 4 209 600 | 6 083 500 | 08% |
| Average retirement age | 1% | 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

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|-----------------|------|------|

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 year | 26 450 | 15% |
| | (2 years) | 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 2020

| Assumption | Change | Current service cost | 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% |
| | -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 2020.

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%

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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% |
| 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.

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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 can 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:

| | 2020 R | 2019 R | 2018 R | 2017 R | 2016 R |
|-----------------------------------|-------------|------------|------------|------------|------------|
| Defined benefit obligation - PEMA | 448 033 350 | 54 048 148 | 66 722 673 | 67 246 881 | 62 168 459 |
| Defined benefit obligation - LSA | 25 914 603 | 17 872 933 | 18 626 445 | 16 882 601 | 14 156 456 |

Estimated Future liability for PEMA ad LSA

| | 30 June 2021 PEMA | 30 June 2022 PEMA | 30 June 2021 LSA | 30 June 2022 LSA |
|-----------------------|----------------------|----------------------|---------------------|---------------------|
| Opening Balance | 43 858 520 | 51 658 728 | 25 604 378 | 24 570 446 |
| Current service cost | 2 066 136 | 2 378 140 | 1 864 440 | 1 988 915 |
| Interest | 4 966 919 | 5 632 564 | 1 639 891 | 1 604 596 |
| Actuarial loss/profit | - | (2 981 324) | - | 547 807 |
| Benefits | (197 000) | (241 812) | (4 198 720) | (2 966 161) |
| | 50 694 575 | 56 446 296 | 24 909 989 | 25 745 603 |

37. FINANCE LEASE OBLIGATION**Minimum lease payments due**

| | | |
|-------------------------------------|-------------------|-------------------|
| - within one year | 31 983 864 | 26 414 290 |
| - in second to fifth year inclusive | 20 558 982 | 41 869 409 |
| less: future finance charges | 52 542 846 | 68 283 699 |
| - within one year | 29 373 381 | 21 350 537 |
| - in second to fifth year inclusive | 19 936 330 | 39 741 378 |
| | 49 309 711 | 61 091 915 |
| Non-current liabilities | 19 936 330 | 39 741 378 |
| Current liabilities | 29 373 381 | 21 350 537 |
| | 49 309 711 | 61 091 915 |

Finance lease photo copy machines

The municipality has leased printing machines under a finance lease, effective from 28 February 2018

The average lease term is 3 years and the average effective borrowing rate is 13.2% per annum

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.

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|-----------------|------|------|

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. No contingent rental on this agreement

| | | |
|-------------------------|---------|---------|
| Contingent rents | 613 511 | 713 997 |
|-------------------------|---------|---------|

275 269 275 269

38. LANDFILL SITE

| | | |
|----------------------------------|-------------------|-------------------|
| Opening balance | 13 873 305 | 12 560 076 |
| Finance cost | 1 102 054 | - |
| Change in landfill provision | (2 465 163) | 455 346 |
| Correction of prior period error | - | 857 883 |
| | 12 510 196 | 13 873 305 |

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 2020.

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 2020, the discount rate used for present value calculation was based on average CPI of 4.19%, a discount rate of 8.19% and net effective discount rate of 4.00%.

39. TRANSFERS AND SUBSIDIES

| | | |
|------------------------|------------------|----------------|
| Other subsidies | | |
| Bursaries | 2 415 339 | 86 238 |
| Free basic water | - | 334 778 |
| | 2 415 339 | 421 016 |
| | 2 415 339 | 421 016 |

40. IMPAREMENT OF ASSETS

Impairments

| | | |
|-------------------------------|------------|------------|
| Property, plant and equipment | 14 165 704 | 45 763 307 |
|-------------------------------|------------|------------|

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 R14 million in the current year 2019-20 and 2018-19 of R45 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.

Write offs

Property, plant and equipment

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Assessment of PPE conditions was performed in 2020 and the write offs were identified on boreholes that were dry. These assets are used for the purposes of service delivery to various communities, the review led to the recognition of write offs at carrying amount of R28 567 915 in the current year 2019/20 and R7 742 116 in the previous year 2018/19

41. CHANGE IN ESTIMATE

Property, plant and equipment

The municipality has reassessed the useful lives of property, plant and equipment which resulted in certain assets' remaining useful lives to change; other assets useful life changed from zero (0) to three (3) years on average. The effect of the change in accounting estimates has resulted in a decrease in depreciation amounting to R126 484 for the prior period. The effect on future periods will increase the depreciation by R126 484.]

| Statement of financial position 2019 | Note | As previously reported | Correction of error | Re-classification | Restated |
|--|------|------------------------|---------------------|-------------------|-----------------|
| Inventories | 3 | 17 034 228 | 469 513 | - | 17 503 741 |
| Receivables from exchange transactions | 4 | 549 177 938 | (66 694 351) | (2 808 905) | 479 674 682 |
| Cash and cash equivalents | 3 | 161 636 209 | - | - | 161 636 209 |
| Property, plant and equipment | | 5 593 000 628 | 16 597 860 | - | 5 609 598 488 |
| Intangible assets | | 6 339 017 | - | - | 6 339 017 |
| Heritage assets | 6 | 432 000 | - | - | 432 000 |
| Finance lease obligation (Short term) | 7 | (21 350 537) | - | - | (21 350 537) |
| Payable from exchange transactions | | (1 618 019 212) | 69 802 586 | 3 084 174 | (1 545 132 452) |
| Consumer deposits | | (3 942 513) | (828 184) | - | (4 770 697) |
| Unspent conditional grants | | (91 952 630) | (3 214 334) | - | (95 166 964) |
| Provision for landfill site | | (13 015 422) | (857 883) | - | (13 873 305) |
| Employee cost related provisions | | (71 921 176) | (4 557 188) | - | (76 478 364) |
| Finance lease liability - Long term | | (39 818 189) | 76 810 | - | (39 741 379) |
| | | 4 467 600 341 | 10 794 829 | 275 269 | 4 478 670 439 |

| Statement of financial performance 2018 | Note | As previously reported | Correction of error | Restated |
|---|------|------------------------|---------------------|-----------------|
| Service charges | | (186 874 720) | (9 510 097) | (196 384 817) |
| Interest on overdue account | | (37 026 615) | (11 875 601) | (48 902 216) |
| Other income | | (1 244 435) | 447 151 | (783 077) |
| Interest received - Investments | | (5 437 907) | - | (13 200 187) |
| Agency Fees | | - | (1 704 556) | (1 704 556) |
| Government grants and subsidies | | (1 452 310 429) | 2 940 602 | (1 449 369 827) |
| Actuarial Gains/losses | | (21 378 440) | (3 034 688) | (24 413 128) |
| Employee related costs | | 389 571 228 | 8 998 679 | 398 555 700 |
| Remuneration of councilors | | 13 223 521 | (833 881) | 12 389 640 |
| Depreciation and amortization | | 177 983 238 | 206 085 | 178 189 323 |
| Impairment loss/Reversal of impairments | | 45 763 306 | - | 45 763 306 |
| Finance cost | | 71 905 639 | (8 125 938) | 63 779 701 |
| Debt impairment | | 42 119 035 | 118 082 890 | 160 201 925 |
| Bulk purchases | | 172 303 250 | 187 712 | 172 661 419 |

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|-----------------------------|----------------------|--------------------|----------------------|
| Contracted services | 59 086 304 | (5 086 322) | 47 589 407 |
| Transfers and subsidies | 353 859 | 67 156 | 421 015 |
| Repairs and maintenance | 179 193 731 | 28 758 936 | 207 952 667 |
| General expenditure | 170 247 174 | 2 017 945 | 178 229 968 |
| Loss on disposal of assets | 1 110 020 | (694 569) | 415 451 |
| Deficit for the year | (389 174 521) | 120 841 504 | (268 608 286) |

| Cash Flow Statement 2019 | Note | As previously reported | Correction of error | Restated |
|---|------|---------------------------|------------------------|----------------------|
| Cash flow from operating activities | | | | |
| Service Charge | | 286 074 | 39 756 | 325 830 |
| Grants | | 1 493 746 508 | (43 504 186) | 1 450 242 322 |
| Interest income | | 12 958 310 | - | 12 958 310 |
| Other receipts | | 349 797 | 614 472 | 964 269 |
| VAT Refund | | 153 293 808 | - | 153 293 808 |
| Employee costs | | (387 303 183) | (15 177 753) | (402 480 936) |
| Supplier | | (599 536 744) | 122 359 850 | (477 176 894) |
| Finance costs | | (2 526 038) | (50 317 655) | (52 843 693) |
| | | 671 268 532 | 14 014 484 | 685 283 016 |
| Cash flow from investing activities | | | | |
| Purchase of property, plant and equipment | | (635 664 594) | (3 163 175) | (638 827 769) |
| Proceeds from sale of property, plant and equipment | | 590 385 | 194 780 | 785 165 |
| | | (635 074 209) | (2 968 395) | (638 042 604) |
| Cash flow from financing activities | | | | |
| Finance lease payments | | (5 861 775) | (3 540 087) | (9 401 862) |

Reconciliation in accumulated surplus

Adjustment affecting the statement of position

| | | | |
|--|--|---|-------------------|
| Increase in inventories | | | 469 513 |
| Increase in receivables from exchange transactions | | - | (66 694 351) |
| Increase in property, plant and equipment | | - | 16 597 860 |
| Decrease in finance lease obligation | | - | 76 810 |
| Decrease in payables from exchange transactions | | - | 69 802 586 |
| Decrease in unspent conditional grants | | - | (3 214 334) |
| Increase consumer deposits | | - | (828 184) |
| Increase in provision for employee obligation | | - | (4 557 188) |
| Increase provision for landfill site | | - | (857 883) |
| | | - | 10 794 829 |

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|---|------|----------------------|
| Adjustment affecting the statement of financial position | | |
| Increase in service charge | - | (9 510 097) |
| Increase in interest on overdue accounts | - | (11 875 601) |
| Decrease in other income | - | 447 151 |
| Increase in actuarial gains | - | (3 034 688) |
| Increase in government grants | - | 2 940 602 |
| Increase in employee related costs | - | 8 998 679 |
| Increase in depreciation | - | 206 085 |
| Decrease in remuneration of councillors | - | (833 881) |
| Decrease in finance costs | - | (8 125 938) |
| Increase in debt impairment | - | 118 082 890 |
| Increase in bulk purchases | - | 187 712 |
| Decrease in contracted services | - | (5 086 322) |
| Increase in repairs and maintenance | - | 28 758 936 |
| Increase in general expenses | - | 2 017 945 |
| Increase in transfers and subsidies | - | 67 156 |
| Increase in agency fees income | - | (1 704 343) |
| Decrease in loss on disposal of assets | - | (694 569) |
| | - | 120 841 717 |
| Accumulated surplus | | |
| Balance as previously reported | | (4 078 425 585) |
| Receivables from exchange transactions | | (9 513 585) |
| Payables from exchange transactions | | (102 674 805) |
| Employee benefit obligation | - | 6 424 279 |
| Property, plant and equipment | - | (25 872 020) |
| | - | 3 882 062 530 |

Reclassifications

The following reclassifications adjustment occurred due to mapping error in the previous annual financial statements.:

Reclassification

| | |
|--|-----------------|
| Other Income | R14 207.04 |
| Bulk purchases | R170 457.00 |
| Contracted services | (R6 410 574.76) |
| General expenses | (R5 964 848.91) |
| Receivables from exchange transactions | (R2 808 905.15) |
| Payables from exchange transactions | R3 084 174.00 |

Errors

The following prior period errors and reclassification were identified in the period under review and the necessary adjustments were effected

Notes to the Annual Financial Statements

| Figures in Rand | | 2020 | 2019 |
|-----------------|--|---|--------------------------------|
| No. | Nature of the error | Affected FSLI | Correction of an error DR/(CR) |
| 1 | We noted that some of the MIG expenditure recorded in the general ledger did not agree to supporting documentation and in some instances, incorrectly recorded excluding retentions. Unspent conditional revenue was therefore understated and grant revenue was also understated. The correction was as follows | Revenue: Government grant and subsidies | 6 945 589 |
| | | Unspent conditional grants | 6 945 589 |
| | | PPE | (6 524 754) |
| | | Receivables from exchange transactions | 6 524 734 |
| 2 | It was noted that some MIG spending was incorrectly journalised against equitable shares, resulting in overstatement of unspent conditional grants and understatement of revenue. | Unspent conditional grants | 3 731 225 |
| | | Revenue: Government grants and subsidies | (3 731 225) |
| 3 | We noted that intermunicipal between Letaba and Mopani were not properly accounted for as they did not agree to supporting documentation, and there were differences between general ledger of the two municipalities on these transactions. The error was corrected as follows | Transfers and subsidies | (19 081) |
| | | Accumulated Surplus | (10 381 955) |
| | | Payables from exchange transactions | (1 181 310) |
| | | Employee benefit obligation | (60 517) |
| | | General expenses | 11 189 |
| | | Interest on Outstanding Accounts | (1) |
| | | Employee related expenses | (1 986 816) |
| | | Repairs and maintenance | (35 925) |
| | | Revenue from exchange transactions - Actuarial gains/losses | (183 234) |
| | | Finance costs | 114 437 |
| | | Provision for bad debts | 13 723 214 |
| 4 | It was discovered that a portion of the WSIG grant was recognised as income even though it was not utilised for its intended purpose. This resulted in an understatement of unspent conditional grants. Furthermore 2016/2017 unspent grants for WSIG and Rural transport were disclosed as liabilities in overstatement of revenue 2017/2018 even though the roll over was not approved by Treasury. The unapproved amount was withheld against equitable shares. Unspent conditional grants were overstated and government grants and subsidies was understated. | Revenue from exchange services - Service charges | (258 099) |
| | | Employee related expenses | 10 276 428 |
| | | Repairs and maintenance | 28 005 450 |
| | | Finance costs | 658 081 |
| | | Contracted services | (6 301 412) |
| | | Bulk purchases | 1 063 142 |
| | | General expenses | (316 826) |
| | | Accumulated Surplus | (29 457 165) |
| | | Receivables from exchange transactions | 828 184 |
| | | Receivables from exchange transactions - Actuarial gains/losses | (1 602 980) |
| | | Consumer deposits | (828 184) |
| | | Payables from exchange transactions | (1 762 036) |
| | | Revenue from exchange transactions - Other income | (304 584) |
| 5 | We noted intermunicipal water transactions between Maruleng and Mopani were not properly accounted for as they did not agree to supporting documentation and there were differences between general ledgers of the two municipalities relating to these transactions | Revenue from exchange transactions - Service charges | 34 543 |
| | | Employee related expenses | 42 194 |
| | | Repairs and maintenance | 20 945 |
| | | Bulk purchases | (170 457) |
| | | General expenses | (5 397) |
| | | Debt impairment | 251 985 |

Notes to the Annual Financial Statements

| Figures in Rand | | 2020 | 2019 |
|-----------------|--|--|--------------------------------|
| No. | Nature of the error | Affected FSLI | Correction of an error DR/(CR) |
| | | Receivables from exchange transactions | (251 985) |
| | | Accumulated surplus | (560 084) |
| | | Revenue from exchange transactions - Acturial gains/losses | (24 071) |
| | | Payables from exchange transactions | 635 939 |
| | | Finance costs | 26 387 |
| 6 | Treasury withheld an amount of R2 million from equitable shares in financial period 2018/2019. The municipality accounted for the money as a receivables after realising the money was morethan than what the treasury was suppose to deduct.Upon further enquiry with treasury, it was discovered that treasury will not bereturning the money. | General expensess | 2 187 081 |
| | | Receivables from exchange transactions | (2 187 081) |
| 7 | We noted that some of the retentions amount disclosed in the prior year were inaccurate asa they did not agree to supporting documentation Retentions were understated, the error was corrected as follows | Payables from exchange transactions:Retentions | 17 847 733 |
| | | Payables from exchange trasanctions: Trade creditors | (5 997 077) |
| | | Accumulated surplus | (6 334 883) |
| | | Receivables from exchange transactions:VAT | (5 515 773) |
| 8 | We noted that 2017/2018 finance costs for department of water and sanitation debt were incorrectly recorded in the 2018/2019, therefore finance costs was overstated in 2018/2019 and onderstated in 2017/2018 | Accumulated surplus | 1 962 675 |
| | | Finance costs | (1 962 675) |
| 9 | We noted incorrect account balance relating to our creditors that meant our payables were overstated and expenses overstated the error was corrected as follows | Accumulated surplus | (69 914 941) |
| | | Transfers and subsidies | 86 237 |
| | | Contracted services | 1 215 090 |
| | | Payables from exchange transactions | 68 613 613 |
| 10 | We noted that intermunicipal water transactions between Greater Giyani Municipality and Mopani District Municipality were not properly accounted for as they did nit agree to supporting documentation and there were differences between general ledgers and two municipalities on thesetransactions | Employee related expenses | (230 242) |
| | | Finance costs | 116 456 |
| | | Payables from exchange transactions | 2 193 364 |
| | | Accumulated surplus | 5 624 220 |
| | | Revenue from exchange transactions -Acturial gains/losses | 11 792 |
| 11 | We noted that intermunicipal water transactions between BPM and MDM were not properly accounted for as they did not agree to supporting documentation and there were differences between general ledgers of the two municipalities on these transactions. The error was corrected as follows | Revenue from exchange transactions - Service charges | (7 715 590) |
| | | Revenue from exchange transtctions - Service charges | (11 875 600) |
| | | Revenue from exchange transactions - Interest of debtors | 20 945 |
| | | Revenue from exchange transactions - other income | 18 237 |
| | | Employee related expenses | 666 276 |
| | | Inventories | 469 513 |
| | | Finance costs | (7 503 625) |
| | | Repairs and maintenance | 63 831 |
| | | Bulk purchases | (704 974) |
| | | General expensess | 715 985 |
| | | Revenue from exchange transactions: acturial gains/losses | 1 801 534 |
| | | Receivables from exchange transactions | 23 706 729 |

Notes to the Annual Financial Statements

| Figures in Rand | | 2020 | 2019 |
|-----------------|---|---|--------------------------------|
| No. | Nature of the error | Affected FSLI | Correction of an error DR/(CR) |
| | | Payables from exchange transactions | (53 558) |
| | | Accumulated surplus | (6 016 909) |
| | | Provision for bad debts | (104 107 690) |
| | | Receivables from exchange transactions - Inter municipal loan | 803 482 |
| 12 | IWe noted that LG SETA revenue was incorrect recorded in the suspense account and other income in the prior year therefore government grants and subsidies were understated and payables and other income overstated. The error was corrected as follows | Other income | 38 929 |
| | | Payables from exchange transactions | 234 804 |
| | | Government grants and revenue | (273 733) |
| 13 | We noted that the provision landfill site was incorrectly valued in the prior year due to an error in the CPI rate used. The provision and expenses were therefore understated. The error was corrected as follows | General expenses | 857 883 |
| | | Provision for landfill site | (857 883) |
| | | | (2 121 035) |
| 14 | Provision for leave and bonus were incorrectly calculated in the prior year. Provision was therefore overstated and employee costs were overstated. The error was calculated as follows. | Payables from exchange transactions | 3 796 |
| | | Employee related expenses | (3 796) |
| 15 | We noted the actuarial gains/loss for the post employment obligation: medical aid was incorrectly calculated by the actuarial scientist. Therefore actuarial gains were understated and employee benefit obligation was overstated. The error was corrected as follows | Employee benefit obligation | (4 496 671) |
| | | Accumulated surplus | 6 424 279 |
| | | Service costs | 608 311 |
| | | Finance costs | 501 810 |
| | | Actuarial gains/losses | (3 037 729) |
| 16 | We noted that property, plant and equipment balance was incorrect as it excluded some completed assets and certain instances repairs and maintenance were incorrectly capitalised. The error was corrected as follows | Property, plant and equipment | 23 112 594 |
| | | Depreciation and impairment | 206 085 |
| | | Receivables from exchange transactions | 1 838 708 |
| | | Repairs and maintenance | 704 636 |
| | | Accumulated surplus | (25 872 020) |
| 17 | Prior year agency fees for implementation of Regional Bulk Infrastructure project on behalf of the department of water and sanitation were not recognised. this resulted in understatement of agency fees income and receivable from exchange transactions receivables before year end. Therefore receivables | Receivables from exchange transactions | 2 712 926 |
| | | Accumulated surplus | (654 511) |
| | | Revenue:Agency fees | (1 704 556) |
| | | Receivables from exchange transactions:VAT | (353 859) |
| 18 | Councillors and senior management were erroneously paid a salaries above the upper limits scales. this resulted in an overstatement in employee costs and understatement in receivables. The error was corrected as follows | Receivables from exchange transactions | 4 049 922 |
| | | Remuneration of councillors | (833 881) |
| | | Employee related costs | (373 676) |
| | | Accumulated surplus | (2 842 365) |
| 19 | Interest on finance lease obligation was incorrectly accrued in the prior year. resulting in an overstatement in finance lease and finance costs. The error was corrected as follows | Finance lease obligation | 76 810 |
| | | Finance costs | (76 810) |
| 20 | We noted that income received from auction of assets was incorrectly included in other income which resulted in an overstatement in other income and understatement of loss on disposal of assets | Other income | 694 569 |
| | | Loss on disposal of assets | (694 569) |

Irregular expenditure recorded in the financial period 2018/19 was understate, the municipality has corrected the understatement by restating prior year irregular expenditure to R 890 980 851.

Fruitless and wasteful expenditure recorded in the financial period 2018/19 was understated by R8 1333 725, the municipality has corrected the understatement by restating prior year fruitless and wasteful expenditure to R296 053 092.

Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|-----------------|------|------|
|-----------------|------|------|

Change in Estimates

The municipality has reassessed the useful lives of property, plant and equipment which resulted in certain assets' remaining useful lives to change; other assets useful life changed from zero (0) to three (3) years on average. The effect of the change in accounting estimates has resulted in a decrease in depreciation amounting to R126 484 for the prior period. The effect on future periods will increase the depreciation by R126 484.

43. RISK MANAGEMENT**Liquidity risk**

Liquidity risk is the risk that the municipality will not be able to meet its obligations as they fall due. The municipality's approach is to ensure that sufficient liquidity is available to meet its liabilities when due. The municipality uses cash flow forecasts to 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.

| At 30 June 2020 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total |
|--------------------------|----------------------|-----------------------|-----------------------|--------------|----------------------|
| Trade and other payables | 1 693 364 547 | - | - | - | 1 693 364 547 |
| Finance lease liability | 29 373 381 | 19 936 886 | - | - | 49 310 267 |
| | 1 722 737 928 | 19 936 886 | - | - | 1 742 674 814 |
| At 30 June 2019 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total |
| Trade and other payables | 1 545 114 380 | - | - | - | 1 545 114 380 |
| Finance lease liability | 21 350 536 | 39 741 378 | - | - | 61 091 914 |
| | 1 566 464 916 | 39 741 378 | - | - | 1 606 206 294 |

Credit risk**Investments**

The municipality limits its exposure to credit risk by investing with only reputable financial institutions and within specific guidelines set in accordance with Council's approved investment policy.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables

Trade receivables are amounts owing by consumers and are presented net of impairment loss. The municipality has a credit control policy in place and the exposure to credit risk is monitored continuously.

The municipality establishes an allowance for doubtful debts that represents its estimate for anticipated losses in respect of receivables. Payments of accounts of consumer debtors 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 limits its exposure to credit risk by investing with only reputable financial institutions and within specific guidelines set in accordance with council's approved investment policy. The municipality does not consider there to be any significant exposure to credit risk.

The carrying amount of financial assets represents the maximum credit exposure

Financial assets exposed to credit risk at year end were as follows:

|



Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|--|-------------|-------------|
| Financial instrument | 2020 | 2019 |
| Cash and cash equivalents | 216 772 059 | 161 636 210 |
| Receivables from exchange transactions | 542 001 015 | 479 656 684 |

The municipality invested in a call account at an interest rate of 6% per annum for financial period 2020.

Market risk

Interest rate risk

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.

44. EVENTS AFTER REPORTING DATE

Lepelle Northern Water debt review

Any events or transactions which occurred after 30 June 2020 and that require a disclosure or adjustment in the annual financial statements of Mopani District Municipality have been accounted for. The Board of Lepelle Northern Water (LNW) has considered the request by MDM and undertook a decision to write off debt owed by Mopani District Municipality (MDM) amounting to R160 942 117.74 in August 2020. Subsequently a revised repayment agreement was signed in October 2020. This amount is made up of 15% of outstanding debt amounting to R61 516 348.31 and interest amount to R99 425 769.23 dating back from 2002 financial year.

Change in the banking institution

The municipality has changed its banking facility from ABSA bank to First National Bank in the month of July 2020.

MPAC investigation

Subsequent to year end the MPAC conducted investigations relating to prior years UIF covering financial years 2012/13 to 2018/19. The investigations were concluded in October 2020 and the investigation report was tabled at council on the 30th October 2020.

Covid 19 effect on the annual financial statements

The Municipality was adversely affected by the declaration of the State of National Disaster in March 2020, due to the Covid 19 pandemic.

This was followed by stringent lockdown announcements spanning several months. This had a direct and negative impact on the business of the Municipality, in the following key areas:

- Revenue collection
- Service delivery to the general public
- Planned projects, targets and set time frames the ability of staff to perform effectively and work from their designated workstations
- Staff morale was hugely impacted, most of our key and senior staff members were compelled to adjust their working arrangements for safety reasons.

National Treasury, specifically issues an annexure to MFMA Circular No 99, dated 08 April 2020 which prescribed special budgetary and resource allocation and alignment for Municipality.

Mopani District Municipality benefited from the Disaster Relief Fund allocation from National Treasury to the amount of R 2 384 000. The Municipality has fully complied with the conditions set by National Treasury regarding the utilisation of the Fund, further details are to be found under Note 17.

Notes to the Annual Financial Statements

Figures in Rand

2020

2019

Due to covid 19 pandemic and lockdown restriction the municipality had to adjust it future cashflow projects due to shortfalls in grant allocation from Treasury.

The municipalities revenue collection in the following financial period will be severely impacted due to consumers inability to service their municipality debt as a result of slow economic activities.

45. IN-KIND DONATIONS AND ASSISTANCE

The municipality has been occupying an office space at Giyani Government Complex, under the property which belongs to the Department of Public Works. The municipality has been using this property from year 2003, The municipality occupies the space of about 4872 square meters in office complex. The entity has been occupying this office space whiout paying any rental to the Department of public works. Therefore this qualifies to be regarded as a service in kind. We couldnt determine the rental equivalent of the benefit enjoyed by the municipality.

46. BUDGET DIFFERENCES

Material differences between budget and actual amounts

The comparison of the municipality's actual financial performance with the budgeted is set out in the statement of comparison of budget and actual amounts.

The budget is approved on an accrual basis using a classification based on the nature of expenses. The approved budget covers the period from 01 July 2019 to 30 June 2020. The budget and accounting basis are the same.

The changes between the approved and final budget are as a consequence of adjustments and roll-over of grants.

Variance of 10% or more are explained as set out below.

Statement of Financial Performance

Revenue

A: Service Charges - Water

The variance is due to new registration of accounts as a result of new establishments of sites.

B: ServicesCharges - Sanitation

The variance is due to new registration of accounts as a result of new establishments of sites.

C: Agency Fees

The municipality received agency fees for providing services to DWS. The agency fee income was not part of budget.

D: Interest on overdue accounts

Consumers failed to pay their debts and more interest accumulated on outstanding accounts.

E: Other revenue

Municipality received less income from sales of tender documents and fire services in the period under review due to COVID 19 interruptions.

F: Interest received on investment

The municipality earned higher than expected interest due to their cash staying longer in the call account. COVID 19 caused delays in spending on projects.

Expenditure

H: Employee related cost

Excessive spending on overtime for water and Saniation , fire services in community services department due to vacant positions.



Notes to the Annual Financial Statements

Figures in Rand

2020

2019

Understatement of salaries budget on water and sewer employees from Local Municipalities due to COVID 19 as essential services

J: Debt Impairment

Provision for debt impairment budget is exceeded by the impairment made with regards to Ba-Phalaborwa Municipality water and sanitation long outstanding debtors .

M: Finance cost

Interest charged on overdue accounts for the Lepelle Northern Water and Department of Water and Sanitation accounts.

P: Contracted Services

The budget for contracted services includes legal services which is accounted for under professional services on general expenditure.

R: Repairs and maintenance

The excessive repairs and maintenance of infrastructure such as equipping boreholes and repairing and replacing pipelines to ensure uninterrupted water supply during lockdown led to Municipality spending more than it budget for.

S: General Expenditure

The non allocation of budget for construction VIP toilets handed over to the community through the use of the MIG grant which were initially not allocated to General .

Statement of Financial Position**Current Assets****AB: Receivables from exchange transactions****Consumer debtors**

Increased consumer debtors due to culture of non-payment by consumers and the impact of Covid-19.

Other debtors

Increased on the debtor for Ba-Phalaborwa Municipality on the water and sanitation provision.

AE: Cash and Cash Equivalence

Conditional grants could not be fully spent due to the impact of Covid - 19 and the declaration of national lockdown.

Non – Current Assets**AG: Intangible Assets**

The variance is due to the amortisation of intangible assets.

Current Liabilities**AI: Finance Lease Liability**

The variance is due to non-provision for budget on the current lease for photocopying machines and leased vehicles.

AJ: Payables from exchange transactions

The municipality had creditors and retention not paid during the financial year. Increased in the payable amounts for the DWS, LNW and Local Municipalities.

AL: Unspent Conditional Grants

Conditional grants could not be fully spent due to the impact of Covid - 19 and the declaration of national lockdown.

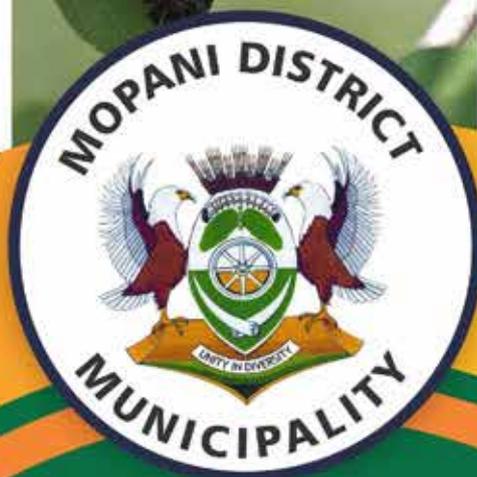
Non – Current liabilities**AO: Employee Benefits Obligations**

The variance is due to the provision for employee benefits obligation (LSA & PEMA)

AP: Landfill Site

The variance is due to the provision for landfill site.





ANNUAL REPORT 2019 - 2020



Old Government Complex - Giyani Main Road
Private Bag X9687 - Giyani, 0826

☎ (+27) 15 8116300

✉ (+27) 15 812 4302

Greater Letaba Municipality
Tel: 015 309 9246
Fax: 015 309 9419

www.greaterletaba.gov.za

Greater Giyani Municipality
Tel: 015 811 5500
Fax: 015 812 2068

www.greatergiyani.gov.za

Maruleng Municipality
Tel: 015 793 2409/2237
Fax: 015 793 2341

www.maruleng.gov.za

Ba-Phalaborwa Municipality
Tel: 015 780 6300
Fax: 015 781 0726

www.baphalaborwa.gov.za

Greater Letaba Municipality
Tel: 015 307 8000
Fax: 015 307 8049

www.greatertzaneen.gov.za

www.mopani.gov.za