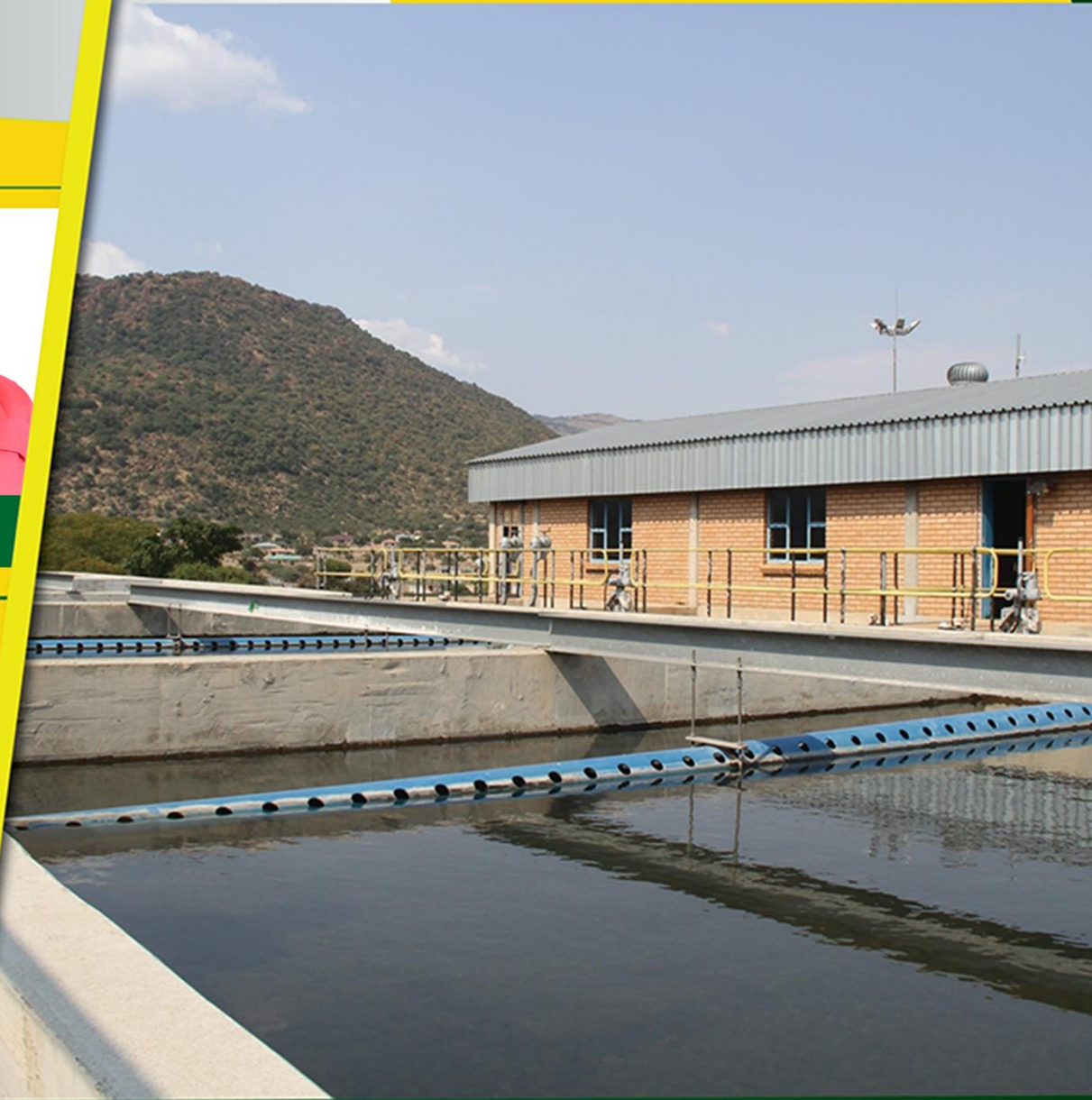


# Annual Report 2022/2023

Sekhukhune District Municipality



Executive Mayor  
Cllr Minah Bahula



VACCINATE TO SAVE SOUTH AFRICA

TOGETHER WE CAN BEAT CORONAVIRUS



SEKHUKHUNE  
District Municipality

## GENERAL INFORMATION

### 1. MEMBERS OF THE MAYORAL COMMITTEE (From 01 July 2022 to 30 November 2023)

NO.	SURNAME AND INITIALS	DESIGNATION
1.	Cllr. Mathebe J.L.	Executive Mayor
2.	Cllr. Mokganyetji M.J	Member of the Mayoral Committee (MMC): Budget & Treasury
3.	Cllr. Kupa C.R	1 <sup>st</sup> Member of the Mayoral Committee (MMC): Infrastructure & water Services
4.	Cllr. Mohlala M.J	2 <sup>nd</sup> Member of the Mayoral Committee (MMC): Infrastructure & Water Services
5.	Cllr. Malatji M N	3 <sup>rd</sup> Member of the Mayoral Committee (MMC): Infrastructure & Water Services
6.	Cllr. Ratau M.F	Member of the Mayoral Committee (MMC): Corporate Services
7.	Cllr. Leshaba M.B	Member of the Mayoral Committee (MMC): Planning & Economic Development
8.	Cllr. Ramaila K.S	Member of the Mayoral Committee (MMC): Community Services (1 July 2022 to 15 July 2022)
9.	Cllr. Sefala R.E	Member of the Mayoral Committee (MMC): Office of the Executive Mayor (Special Programmes)
10	Cllr. Mafefe O.H	Member of the Mayoral Committee (MMC): Office of the Executive Mayor (Special Programmes)

The Table below illustrates the Members of the Mayoral Committee as at 01 December 2022 to 30 June 2023

NO.	SURNAME AND INITIALS	DESIGNATION
1.	Cllr. Mokganyetji M.J.	Executive Mayor
2.	Cllr. Mohlala M.J	Member of the Mayoral Committee (MMC): Budget & Treasury

3.	Cllr. Kupa C.R	1 <sup>st</sup> Member of the Mayoral Committee (MMC): Infrastructure & water Services
4.	Cllr. Lekoatsipa L	2 <sup>nd</sup> Member of the Mayoral Committee (MMC): Infrastructure & Water Services
5.	Cllr. Malatji M N	3 <sup>rd</sup> Member of the Mayoral Committee (MMC): Infrastructure & Water Services
6.	Cllr. Ratau M.F	Member of the Mayoral Committee (MMC): Corporate Services
7.	Cllr. Leshaba M.B	Member of the Mayoral Committee (MMC): Planning & Economic Development
8.	Cllr. Mafefe O.H	Member of the Mayoral Committee (MMC): Community Services
9.	Cllr. Sefala R.E	Member of the Mayoral Committee (MMC): Office of the Executive Mayor (Special Programmes)
10	Cllr. Nkosi S.M	Member of the Mayoral Committee (MMC): Office of the Executive Mayor (Special Programmes)

## 2. ADDRESS

Sekhukhune District Municipality

3 West Street

Groblersdal

0470

Tel: (013) 262 7300

Fax: 013 262 3688

Website: [www.sekhukhunedistrict.gov.za](http://www.sekhukhunedistrict.gov.za)

## 3. CONTACTS

Mr M.M. Kgwale : Municipal Manager

013 262 7312

## ACRONYMS

<b>NO.</b>	<b>ABBREVIATIONS</b>	<b>ABBREVIATION IN FULL</b>
1.	AFS	Annual Financial Statement
2.	A.G.	Auditor General
3.	AGSA	Auditor General South Africa
4.	AIDS	Acquired Immune Deficiency Syndrome
5.	ANC	African National Congress
6.	AC	Audit Committee
7.	APR	Annual Performance Report
8.	AR	Annual Report
9.	BLSV	Bolshevic
10.	CAC	Child Advisory Council
11.	CDW	Community Development Worker
12.	CFO	Chief Financial Officer
13.	CLLR.	Councillor
14.	COGHSTA	Co-operative Governance, Human Settlement and Traditional Affairs
15.	CPMD	Certificate Programme in Management Development
16.	DA	Democratic Alliance
17.	DOE	Department of Energy
18.	DSAC	Department of Sport, Arts & Culture
19.	EFF	Economic Freedom Fighters
20.	EPWP	Expanded Public Works Programme
21.	ESKOM	Electricity Supply Commission
22.	FMG	Financial Management Grant
23.	GRAP	General Recognised Accounting Practice
24.	HIV	Human Immune Virus



25.	HH	Households
16.	ICT	Information Communication Technology
26.	IDP	Integrated Development Plan
27.	IGR	Integovernmental Relations
28.	INEP	Integrated National Electricity Programme
29.	Km	Kilometre
30.	KPA	Key Performance Area
31.	KPI	Key Performance Indicator
32.	LED	Local Economic Development
33.	LEDET	Limpopo Economic Development Environment Tourism
34.	LGSETA	Local Government Sector Education & Training Authority
35.	MEC	Member of Executive Council
36.	MFMA	Municipal Finance Management Act
37.	MIG	Municipal Infrastructure Grant
38.	MM	Municipal Manager
39.	MPAC	Municipal Public Accounts Committee
40.	MSA	Municipal Systems Act
41.	MTREF	Medium Term Revenue & Expenditure Framework
42.	N/A	Not Applicable
43.	No.	Number
44.	PMS	Performance Management System
45.	PMU	Project Management Unit
46.	PPP	Public Private Partnership
47.	PR	Proportional Representative
48.	OHS	Occupational Health & Safety
49.	R	Rand

50.	RBIG	Regional Infrastructure Grant
51.	RDP	Reconstruction & Development Plan
52.	RRMS	Rural Roads Assets Management System Grant
53.	RSA	Republic of South Africa
54.	SCM	Supply Chain Management
55.	SDBIP	Service Delivery & Budget Implementation Plan.
56.	SDM	Sekhukhune District Municipality
57.	SETA	Sector Education & Training Authority
58	SODA	State of the District Address
59.	STATSSA	Statistics South Africa
60	STI	Sexually Transmitted infection
61.	TB	Tuberculosis
62.	TOR	Terms of Reference
63.	TVR	Treasury Views and Recommendation
64..	WSP	Work Skills Plan
65.	VIP	Ventilated Improved pit
67.	WSIG	Water Services Infrastructure Grant

## Glossary

**Annual Financial Statement:** the statement that reflects the financial position of the municipality regarding the revenue and expenditures, the statement also shows whether the municipality will be able to operate in the next twelve months based on its assets and liabilities using a formula on financial ratio to determine health.

**Annual Report:** report that is compiled by the municipality indicating overall performance of the organisation in all key areas of service delivery and institutional performance, the report is compiled in terms of Local Government Municipal Finance Management Act, 2003 and submitted in the beginning of the third quarter of the municipal financial year to Council and other legally established structures for review and consideration.

**Governance:** refers to establishment and implementation of systems, processes, and procedures to ensure that the municipality and/or organisation complies with the laws, protocols, codes, standards for the purposes of managing risk and internal controls which applies here in South Africa and internationally

**Integrated Development Plan (IDP):** A five-year strategic plan undertaken by a municipality outlining the key projects and programmes to be implemented by the Council which is prepared in accordance with the Local Government Municipal Systems Act, 2000 (Act 32 of 2000). The IDP can be reviewed annually in accordance with a prescribed process.

**Risk Assessment:** overall process of risk identification, risk quantification and risk evaluation in order to identify potential opportunities and minimise loss

**Risk management:** the identification and evaluation of actual and potential risk areas as they pertain to the organisation as a total entity, followed by a process of either avoidance, termination and transfer, tolerance, exploitation, or mitigation of each risk, or a response that is a combination or *integration*.

**Service Delivery and Budget Implementation Plan (SDBIP):** this refers to a detailed plan compiled by a municipality indicating the processes, measurement, indicators and targets that will be followed in implementing the IDP.

**Supply Chain Management:** known and recorded systems and procedures for procurement of goods and services that are being followed by the municipality in line with the Preferential Procurement Framework Act.

**Municipal Infrastructure Grant (MIG):** The MIG aims to eradicate municipal infrastructure backlogs in poor communities to ensure the provision of basic services such as water, sanitation, roads and community lighting. The Department of Cooperative Governance is responsible for managing and transferring the MIG and provides support to provinces and municipalities on implementing MIG projects.

**Regional Bulk Infrastructure Grant (RBIG):** The infrastructure required to connect the water resources, on a macro or subregional scale (over vast distances), with internal bulk and reticulation systems. Macro is defined as infrastructure serving extensive areas across multi-municipal boundaries. Sub-regional is defined as large bulk infrastructure serving numerous communities over a large area normally within a specific district or local municipal area.

**Water Service Infrastructure Grant (WSIG):** Facilitate the planning and implementation of various water and on-site sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities. Provide interim, intermediate water and sanitation supply that ensures provision of services to identified and prioritised communities, including through spring protection and groundwater development. Support municipalities in implementing water conservation and water demand management (WC/WDM) projects. Support the existing Bucket Eradication Programme intervention in formal residential areas.

Support drought relief projects in affected municipalities Outcome statements. An increased number of households with access to reliable, safe drinking water and sanitation services

**Expanded Public Works Programme (EPWP):** is one of government's key programmes aimed at providing poverty and income relief through temporary work for the unemployed. The EPWP is a nationwide programme covering all spheres of government and SOEs. The programme provides an important avenue for labour absorption and income transfers to poor households, in the short to medium-term.

EPWP projects employ workers on a temporary or ongoing basis with government, contractors, or other non-governmental organisations under the Ministerial Conditions of Employment for the EPWP or learnership employment conditions.

The EPWP creates work opportunities in four sectors, namely infrastructure, non-State, environment, and culture and social, by:

- increasing the labour intensity of government-funded infrastructure projects
- creating work opportunities through the Non-Profit Organisation programme and Community Work Programme
- creating work opportunities in public environment and culture programmes
- creating work opportunities in public social programmes.

**Financial Municipal Grant (FMG):** to address the unemployment of young graduate who has qualifications in finance related matters. It is also used to capacitate employees in the Budget and Treasury department.

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Executive Mayor  
Cllr Minah Bahula



# Annual Report 2022/2023

SEKHUKHUNE DISTRICT MUNICIPALITY



SEKHUKHUNE  
District Municipality

## CHAPTER ONE:

### 1.1. MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

It is both an honour and a privilege to present the Sekhukhune District Municipality's Annual Report for the 2022/2023 financial year. This Annual Report is a result of the implementation of the municipality's Integrated Development Plan (IDP), Annual Budget and Service Delivery and Budget Implementation Plan (SDBIP) as adopted by Council for the financial year 2022/2023. It is an account of the municipality's achievements and assists in identifying areas that need improvement.

#### **Our Vision remains focused and committed to the:**

"Sekhukhune District Municipality – an innovative leader in integrated economic development and sustainable service delivery".

#### **Our Mission is to improve the quality of life for all communities through:**

- Provision of a democratic and accountable government
- Promotion of inclusive and egalitarian economic transformation
- Promotion of a safe and healthy environment
- Fostering of community involvement and stakeholder engagement
- Strengthening institutional capacity
- Promotion of social cohesion

This Annual Report sets out the financial performance highlights and financial position for the 2022/2023 financial year, along with the achieved milestones of its administration. As political leadership we aimed at all we could to work with an end in mind as we activate the operation “**TLEMA TEKI RE NWE MEETSI**” to ensure:

1. Provision of water and sanitation services in a sustainable manner,
2. Local economic development, growth and job creation through agrarian reform, mining, tourism, and repositioning of SDA,
3. Good governance and sound financial management,
4. Sustainable land use management and spatial transformation,
5. Community development, social cohesion, and nation building, and
6. Public participation, stakeholder engagements and partnerships.

### **Key Service Delivery Improvements**

As we all witnessed, we first must acknowledge that the past year has been a painful one for many in our midst. The post Covid – 19 era brought with it tough economic challenges in our country and in particular a rural municipality like ours. But it cannot weigh more than the hefty resilience of our people.

It is for this reason that I would like to thank all those who kept their hands full at serving this district. Against all odds and stagnant economic growth, they showcased a possibility of a better and improved service delivery to our people.

We soldiered on with our campaign dubbed “**Operation tlema tekkie, renwe meetsi**” which is a call to all-including government officials and members of the community to work together to realize the provision of clean drinkable water to our communities.

We continued to cultivate our Private Public Partnership with the mining sector to delivery sustainable clean drinking water to far-fetched rural communities in our district. Together with Nkwe Platinum Mine a 16 Million Rand water project was handed over to communities of Maandagshoek, in Fetakgomo – Tubatse Local Municipality.

A Draft Turnaround Strategy for The Proposed Integrated and Aligned Delivery of Water Services, was presented to the Mayoral Committee. The draft strategy will soon be presented to Council, and we are confident that if properly implemented, it will change our trajectory.

An audit of all bulk Water Schemes and projects and list of delayed projects has been done. A war room on how to unlock De Hoop Water Scheme has been established in the Mayoral Committee and its showing great results.



The filling of senior managers vacancies of Municipal Manager is concluded. This will bring stability, leadership, and forward planning in the implementation on our water projects.

To capacitate administration, we have a newly designed organisational structure in which we have identified critical positions that are vacant. Critical and funded posts will be filled to manage and stabilise personnel costs and keep them to the 37% limit of total operating expenditure.

We have managed to reduce expenditure on non-priority spending including uncontrolled overtime, travelling costs, security, and fleet management.

For this municipality to remain sustainable and increase the scope of service delivery, it must reduce over-reliance on government subsidies and grants. We should be able to generate our own revenue.

The municipality has received a qualified audit opinion for the 2022/23 financial year. Working together with the audit committee and Auditor General, we are optimistic that we will improve this audit out come soon to clean audit.

We continued with clamping up Law Enforcement of section 56 notices for businesses. All Environmental Health Practitioners have been trained as peace officers in terms of section 56 of the criminal procedures Act. Section 56 fine notice book is in place, so business that does not comply with our regulations will be closed or fined.

Our Environmental Health Practitioners continued to monitor all spaza shops to make sure that the goods being sold to our communities have not passed their sell by date.

We have also reactivated and made steady progress on the Fetakgomo - Tubatse SEZ (Special Economic Zone) political steering committee which will enhance a growth engine that has been earmarked to catalyse economic activities in pursuance of government's strategic objectives of industrialization, regional development, and employment creation.

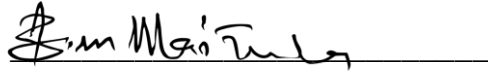
We operated under difficult macro – economic challenges which have constantly affected government's ability to allocate sufficient funding for social projects. In the main, this negative impact is felt by the poor.

The situation is worsened by a combination of factors, including that our revenue collection base is generally small, because a lot of people in our district are battling to make ends meet. We are also still reeling from the devastating effects of the COVID-19 pandemic on many fronts. Some of the businesses that went under, during the hard lockdown, have not been able to re-open.

In pursuit of meeting their constitutional obligations to developing local economies and job creation, our municipalities will focus on prioritizing the local economic development mandates, service delivery and most of all, we must never forget

maintenance of the infrastructure and systems we have succeeded to build. **Tlema Teki Re Nwe Meetse**, we are soldiering on as Sekhukhune District municipality.

On behalf of the Sekhukhune District Municipality Council, I hereby present this Annual Report for the financial year 2022/2023

A handwritten signature in black ink, appearing to read 'B.M. Maitula', is written over a horizontal line.

Cllr B.M. Maitula  
Executive Mayor

## **1.2. EXECUTIVE SUMMARY: MUNICIPAL MANAGER'S OVERVIEW**

Sekhukhune District Municipality (SDM) herein presents Annual Report for 2022/2023 financial year. The Annual Report is a statutory requirement for all municipalities in South Africa, primarily to report on performance during the year under review. The municipality has five departments excluding the Municipal Manager and the COO. The departments are headed by Senior Managers. For the year under review the municipality had vacant positions for the Senior Manager, Community Services and the Municipal Manager.

The municipality obtained Qualified Audit Opinion for the financial year 2022/2023, which is stagnant for the past five years. The municipality has developed an action plan which will address the critical issues that were raised by the Auditor General.

## **1.3. STRUCTURE OF THE ANNUAL REPORT OF SEKHUKHUNE DISTRICT MUNICIPALITY**

Guided by Municipal Finance Management Act (MFMA) Circular 63 of 2012, contents of this Annual Report are set out as below:

Chapter 1: Introduction

Chapter 2: Governance.

Chapter 3: Service Delivery Performance.

Chapter 4: Organisational Development Performance.

Chapter 5: Financial Performance.

Chapter 6: Auditor General's Findings.

Appendices; and

Volume II: Annual Financial Statements (AFS)

However, this introductory chapter begins by presenting the legislative background, powers and functions of SDM, overviews on demographic, service delivery and financial health, and a summary of the Annual Report process.

#### **1.4. LEGISLATIVE FRAMEWORK FOR ANNUAL REPORTING**

##### *Requirement for a Municipal Annual Report*

Section 46 (2) of the Local Government: Municipal Systems Act (MSA) 56 of 2000 recognizes that a municipality shall have an Annual Report as a component of performance management, which shall consist of annual performance report.

Section 121 of the Local Government: Municipal Finance Management Act (MFMA) 56 of 2003 requires that every municipality must prepare an Annual Report for each financial year. This section outlines the purposes of Annual Report, which are:

- To provide a record of activities of the municipality or its entity for that particular year
- To provide a report on performance against the budget of the municipality or entity for that year
- To promote accountability to the local community

The above section also specifies the contents of Annual Report in detail, which include annual financial statements, auditor general's audit report, annual performance report, and other issues.

##### *Submission and tabling of Annual Report.*

Section 127(2) of Local Government: Municipal Finance Management Act (MFMA) 56 of 2003 provides details on the requirements of submission and tabling of Annual Reports. The section requires that within 7 months after a financial year the mayor of a municipality must submit an Annual Report of that particular year to Council. In addition to this requirement, Circular 11 of MFMA states that Annual Report must be tabled on 31 January and considered by Council on 31 March of the following financial year.

However, MFMA Circular 63 of 2012 requires that the draft Annual Report must be prepared and submitted to internal auditing, combined audit/performance committee, Auditor General, and Council of the municipality whereas Council submits the

unaudited Annual Report to MPAC. The latest MFMA circular of 2012 (No.63) provides the latest guidelines that should be followed.

Section 127 also says the Accounting Officer of the municipality must make public the Annual Report according to section 21A of the Municipal Systems Act and invite the local community to contribute towards the Annual Report. Finally, Section 127 of MFMA requires the Accounting Officer to submit the Annual Report to the Auditor General, Provincial Treasury and the Provincial Department of local government (Coghsta).

### *Preparation of Annual Report*

There are two MFMA circulars which were made to guide preparation of Annual Reports of municipalities and their entities: Circular 11 of 2005 and Circular 63 of 2012. The two circulars are supposed to be read concurrently (in conjunction with each other).

MFMA Circular No.11 (2005) was made to provide guidance on preparation of Annual Report. The circular re-emphasise the requirements of Annual Report stated in the MFMA and the MSA, and supplements two documents which were produced earlier in the same year of 2003, namely the National Treasury "Budget Circular 2" and Annual Report Guidelines.

However, the circular goes further to describe the timelines required to produce the Annual Report, and accordingly states that the Annual Report must be tabled on 31 January and considered by Council on 31 March of the following financial year. At the same time the Council is required to adopt an oversight report over the Annual Report.

Circular 11 also prescribed the format which an Annual Report must have, namely:

Chapter 1: Introduction and Overview

Chapter 2: Performance Highlights

Chapter 3: Human Resource and other Organisational Management

Chapter 4: Audited Statements and Related Financial Information

Chapter 5: Functional Area Service Delivery Reporting

Also mentioned in the same circular 11 are the requirements on Annual Report according to Division of Revenue Act (DORA), which requires inclusion of certain issues in the Annual Report, including:

- How the municipality met the requirements of the use of conditional grants
- Use of donor funding.
- Information on long-term contracts

MFMA Circular No.63 of 2012 builds on Circular 11, and its main aim is to provide guidance to municipalities and municipal entities on new Annual Report Format and its contents. This particular circular state that over and above the purposes of Annual Report stated above, also aims to reduce the additional reporting requirements that will otherwise arise from Government Departments, monitoring agencies and financial institutions. The specific goals of the new Annual Report format are the following:

- Standardise reporting to enable municipalities / municipal entities to submit comparable Annual Reports.
- Align financial and non-financial reporting in the Annual Report.
- Create a standardised reporting structure that will enhance comprehensive oversight, meaningful evaluation and improved understanding of service delivery output.
- Ensure the standardisation of terminology used in Annual Reports; and
- Support the internal and external audit process.

Circular 63 of 2012 requests that the format of the Annual Report for municipalities and municipal entities be set out as below:

Chapter 1: Mayor's Foreword and Executive Summary.

Chapter 2: Governance.

Chapter 3: Service Delivery Performance.

Chapter 4: Organisational Development Performance.

Chapter 5: Financial Performance.



Chapter 6: Auditor General's Findings.

Appendices; and

Volume II: AFS

The format as prescribed by the latest MFMA circular (No.63) was used for preparation of the Annual Report for Sekhukhune District Municipality for 2021/2022 financial year.

Circular No. 104 of the Municipal Finance Management Act 56 of 2003 outlines the extension to timelines for the submission of the annual financial statements, Annual Reports, audits, and related matters. The Annual Report will be tabled to Council by the 31<sup>st</sup> of January 2024 and further be subjected to public for comments.

### **1.5. MUNICIPAL POWERS AND FUNCTIONS**

The powers and functions of Sekhukhune District Municipality are determined in terms of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) Schedule 4 Part B as follows:

- Fire fighting
- Local Tourism
- Municipal Airports except for Ephraim Mogale and Elias Motsoaledi
- Municipal Planning
- Municipal Health Services
- Municipal Public Transport
- Markets
- Municipal Abattoirs
- Regional Land Fill Sites
- Water
- Sanitation

## 1.6. DEMOGRAPHIC OVERVIEW

### **Population**

Statistics South Africa indicated during the 2016 Community Survey that the total population of Sekhukhune district is 1 169 762. In Census 2011, the population of Sekhukhune District Municipality stood at 1 076 830 persons. The SDM total population increased by 8, 6% over the past five years. The youth population, which consists of mostly unemployed persons, increased by 30% over the same five years. The table below displays the official numbers:

Municipality	POPULATION		AS % of district population 2016	YOUTH POPULATION	
	2011	2016		2011	2016
Fetakgomo Tubatse	429 471	490 381	42%	160 413	223 214
Makhuduthamaga	274 358	283 956	24%	88 663	107 577
Ephraim Mogale	123 648	127 168	11%	42 964	51 829
Elias Motsoaledi	249 363	268 256	23%	86 165	109 022
<b>Sekhukhune</b>	<b>1 076 840</b>	<b>1 169 762</b>	<b>100%</b>	<b>378 205</b>	<b>491 642</b>

Source: Census (2011), Community Survey (2016)

However, Statistics South Africa indicated during the 2011 census figures that the annual population growth rate in the district was at 1% per annum. Based on that statement, it can be seen that the population growth rate was projected to be slower as the district population was to reach 1, 130, and 670 in 2016. However, this projected number has been exceeded in 2016 community survey as demonstrated in the above table.

### **Stats SA – Recent data available as per Source: Mid-year Population Estimates 2021: District Projections 2022 – 2026**

Population for Sekhukhune District in 2023 = 1 225 866

### **Households**

Households in the district have also increased from a total of 263 802 in 2011 to 290 489 in 2016 according to the Community Survey of 2016. This is an increase of 10% over the last five years. It can thus be inferred that households have a possible average increase of 2% per annum. The table below presents the official numbers provided by Statistics South Africa through its normal studies:

<b>MUNICIPALITY</b>	<b>HOUSEHOLDS 2011</b>	<b>HOUSEHOLDS 2016</b>	<b>AS PERCENTAGE</b>
Fetakgomo Tubatse	106 050	125 454	43%
Makhuduthamaga	65 217	64 769	22%
Elias Motsoaledi	60 251	66 330	23%
Ephraim Mogale	32 284	33 936	12%
<b>Sekhukhune</b>	<b>263 802</b>	<b>290 489</b>	<b>100%</b>

*Source: Census (2011), Community Survey (2016)*

The average growth rate of Sekhukhune population and households per annum (1, 7% and 2% respectively) imply that there will be a continual increase in demand for services in future, particularly water, sanitation, and electricity. Future resource allocation for these services by the SDM need to increase accordingly, which must be considered through its planning processes.

#### **Stats SA – latest available data**

Number of households for Sekhukhune District in 2023 = **313 509**

**Source: Mid-year Population Estimates 2021: Household Estimates 2002 – 2032**

#### **1.7. SERVICE DELIVERY OVERVIEW**

Sekhukhune District Municipality (SDM) is a Water Services Authority (WSA) and Water Services Provider (WSP) in accordance with its powers and functions in terms of in terms of Water Services Act, Act 108 of 1997.

The Department of Infrastructure and Water Services is responsible for delivery of water and sanitation services in the entire SDM area. The municipality planned to review its Water Services Development Plan (WSDP) and Water & Sanitation Master Plan (WSMP) in the financial year (2022/2023). Both WSDP and WSMP are used as

the guiding tool to ensure effective and efficient implementation of various water schemes and provide a blueprint of providing water sustainably in the district.

The Municipality is currently providing full water and sanitation services in the main towns such as Burgersfort (12 815 people), Marble Hall (4 025 people), Groblersdal (6 312 people), Steelpoort (3 374 people) and Ohrigstad (1 520 people). These areas have access to other high-level services such as refuse removal and roads.

The most villages in the vast rural areas are being provided with ground water as alternative sources and water tankers where necessary. Most of the rural villages in the Flag Boshielo Water Scheme are receiving water services in a much more improved way than most rural other villages.

Under the Municipal Infrastructure Grant (MIG), we have managed to implement Nine (09) infrastructure projects and five (5) VIP sanitation projects.

The Water Services Infrastructure Grant (WSIG) enabled us to implement Four (04) water projects as we intervened in areas that required urgent attention and One (1) VDIP sanitation projects.

Based on the Regional Bulk Infrastructure Grant (RBIG), Five (05) bulk water projects were implemented.

The SDM is currently implementing a massive sanitation programme and providing Ventilated Improved Pit latrines (VIP's) to various households. From 2015/2016 to 2020/2021, financial year's 41 385 VIP Sanitation units were built across the district as part of providing communities with sanitation. In 2021/2022 8389 units were provided for which add up to 49774 VIP units provided. For 2022/2023 774units were provided for which add up to 50548 VIP units provided to date.

## **1.8. FINANCIAL HEALTH OVERVIEW**

Sekhukhune District Municipality has a number of assets in the form of water and sanitation infrastructure (immovable assets) as well as those assets that are movable (office furniture and vehicles). In the 2022/2023 financial year the Property, plant and equipment was reported at R 4 713 927 030 as compared to R 4 603 695 441 in 2021/2022 financial year.

There was overall increase in the SDM assets as the most WIP project were completed in 2022/2023 financial year.

Furthermore, the total liabilities for the 2022/2023 financial year were reported at R 883 888 604 as compared to R 671 819 324 in the 2021/2022 financial year.

The net asset position of the municipality stands at R 4 777 842 289 in 2022/2023 compared to R 4 509 391 596 in the 2021/2022 financial year.

### ***Revenue***

The total revenue realised by the SDM for the financial year 2022/2023 stood at R1 482 055 773 as compared to total revenue of R1 486 650 215 in the 2021/2022 financial year. Revenue from exchange items is summarised as follows:

- **Service charges** which is sale of water and sewer services stood at R104 342 357 for 2022/2023 financial year as compared to R94 213 108 in the 2021/2022 financial year.
- **Interest received - debtors** reported at R 26 068 995 in 2022/2023 as compared to R 16 324 673 in 2021/2022 financial year.

Whilst the total revenue from exchange items reported at R 199 985 746 for 2022/2023 as compared to R 137 187 794 in 2021/2022 financial year.

Total revenue from non-exchange items stood at R1 282 070 027 for 2022/2023 compared to R 1 349 462 421 in 2021/2022 financial year.

The greater part of the revenue from non-exchange items is the government subsidies and grants which clearly indicate that we are a grant dependent municipality.

### ***Expenditure***

The total expenditure for the municipality in 2022/2023 was at R1 213 605 074 as compared to R1 187 571 719 in 2021/2022 financial year.

Employee related cost is the highest contributor amounting to R 391 822 556 compared to R403 889 686 in 2021/2022 financial year.

The general expenses is the second highest contributor amounting to R202 022 658 as compared to R171 098 174 in 2021/2022 financial year.

The bulk purchases are the third contributor at R194 129 214 in 2022/2023 as compared to R 167 797 563 in 2021/2022 financial year. Depreciation and amortisation

are the fourth contributors at R129 806 551 compared to R119 905 926 in 2021/2022 financial year. Debt impairment is the fifth highest contributor at R 83 091 600.

Lease rentals on operating lease also one of the major contributors at R 51 858 861 as compared to R59 923 819 and lastly is repairs and maintenance reported at R42 500 480 as compared to R 49 327 141 in 2021/2022 financial year.

### 1.9. STATUTORY ANNUAL REPORT PROCES

NO.	ACTIVITY	TIMEFRAMES
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 4 <sup>th</sup> quarter Report for previous financial year	
4.	Submit draft Annual Performance Report to Internal Audit	
5.	Municipal entities submit draft annual performance reports to MM	
6.	Audit/Performance committee considers draft Annual Performance Report of municipality and entities (where relevant)	August
7.	Mayor tables the unaudited Annual Performance Report	
8.	Municipality submits draft Annual Performance Report including consolidated annual financial statements and performance report to Auditor General.	
9.	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	



10.	Auditor General assesses draft Annual Performance Report including consolidated Annual Financial Statements and Performance data	
11.	Municipalities receive and start to address the Auditor General's comments	September - October
12.	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	November - December
13.	Annual Report is made public, and representation is invited	January
14.	Oversight Committee assesses Annual Report	February
15.	Council adopts Oversight report	March
16.	Oversight report is made public	
17.	Oversight report is submitted to relevant provincial councils	March - April
18.	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	

## **CHAPTER TWO: GOVERNANCE**

### **2.1. INTRODUCTION TO GOVERNANCE**

Section 2 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000) defines a municipality as follows.

“a municipality is-

an organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the Local Government Municipal Demarcation Act, 1998.

Consists of –

The political structures and administration of the municipality; and

The community of the municipality”

Section 152 of the Constitution of the Republic of South Africa provides for the following as objectives of local government.

Section 152 (1) the objectives of local government are.

- To provide democratic and accountable government for local communities
- To ensure the provision of services to communities in a sustainable manner
- To promote social and economic development
- To promote a safe and healthy environment and.
- To encourage the involvement of communities and community organisations in the matters of local government

### **COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE**

In terms of the Municipal Structures Act, the Council of the Municipality is the highest decision-making body. The council appoints Accounting Officer who runs the day-to-day operations of the municipality on behalf of the Council.

## **2.2. INTRODUCTION TO POLITICAL GOVERNANCE**

In our resolve to enhance good governance and accountability, the Municipality adopted separation of powers model, marking a new dispensation in the history of Sekhukhune, which sees the legislative arm of council being separated from the executive arm. This is in line with the governance approach that seeks to put in place an independent oversight mechanism to ensure that democracy is deepened, and that effective public service delivery takes place to benefit the communities of Sekhukhune.

## **2.3. POLITICAL GOVERNANCE**

### **2.3.1. INTRODUCTION TO POLITICAL GOVERNANCE**

The district municipality is a category B municipality with an executive system of mayoral committee. The municipality has 20 councillors which are proportional representative councillors.

### **2.3.2. POLITICAL STRUCTURES**

#### **2.3.2.1. The Executive Mayor: Cllr. Mynah Bahula**

**Duties of the Executive Mayor as per section 56 of the Municipal Structures Act No 117 of 1998.**

- Identify the needs of the municipality.
- Review and evaluate those need in order of priority.
- Recommend to the municipal Council strategies, programmes, and services to address priority needs through the integrated development plan, and the estimates of revenue and expenditure, taking into account any applicable national and provincial development plans and,
- Recommend or determine the best way, including partnership and approaches, to deliver those strategies, programmes, and services to the maximum benefit of the community.
- Evaluate progress against the key performance indicators.
- Review the performance of the municipality in order to improve.
- The economy, efficiency, and effectiveness of the municipality

- The efficiency of credit control and revenue and debt collection services and
- The implementation of the municipality's by-laws
- Monitor the management of the municipality's administration in accordance with the directions of the municipal council.
- Oversee the provision of services to the communities in sustainable manner.
- Perform such duties and exercise such powers as the council may delegate to the executive mayor in terms of section 59 of Local Government: Municipal Systems Act, 2000(Act 32 of 2000)
- Annually report on the involvement of communities and community organisations in the affairs of the municipality; and
- Ensure that regard is given to public views and report on the effect of consultation on the decisions of council.

### **2.3.2.2. The Speaker: Cllr. Kgwediebotse David Chego**

#### **Duties of the Speaker as per section 56 of the Municipal Structures Act No 117 of 1998.**

- Presides at meetings of the council.
- Performs the duties and exercises the powers delegated to the speaker in terms of section 59 of Local Government: Municipal Systems Act, 2000(Act 32 of 2000)
- Must ensure that council meets at least quarterly.
- Must maintain order during meetings.
- Must ensure compliance in the council and council committees with the code of Conduct set out in Schedule 1 to the Local Government: Municipal Systems Act, 2000(Act 32 of 2000)
- Must ensure that council meetings are conducted in accordance with the rules and orders of the council.

### 2.3.2.3. The Chief Whip Cllr. Maudu Johannes Phokane

#### Duties of the Chief Whip

- Informs councillors of Council and Mayoral Committee of meetings called by the Speaker and Executive Mayor respectively.
- Ensures that the meetings of the Council and committees quorate.
- Inform councillors of the Council and Mayoral Committee of the important items on the relevant agenda
- Advise the Speaker on the amount of time allocated to speakers and the order of such the speaker's in addressing Council.
- Ensures that councillors' motions are prepared and timeously tabled in council in terms of Rules of Order
- Advises the Speaker and the Mayor on how to deal with important items not disposed of at a Council meeting pending its resolution.
- Advises the Speaker and the Executive Mayor of agenda of Council.
- Advises the Speaker and the Executive Mayor of urgent motions in writing prior the commencement of the meeting.
- Assists the Speaker with counting of votes, and
- Prepare for special debates on the state of the municipality.

### 2.3.2.4. The Mayoral Committee

The Executive Mayor is the political head of the Institution and is assisted by Mayoral Committee. The Executive accounts to Council on a regular basis on the work of the municipality.

#### 1. MEMBERS OF THE MAYORAL COMMITTEE (From 01 July 2022 to 30 November 2022)

NO.	SURNAME AND INITIALS	DESIGNATION
1.	Cllr. Mathebe J.L.	Executive Mayor

2.	Cllr. Mokganyetji M.J	Member of the Mayoral Committee (MMC): Budget & Treasury
3.	Cllr. Kupa C.R	1 <sup>st</sup> Member of the Mayoral Committee (MMC): Infrastructure & water Services
4.	Cllr. Mohlala M.J	2 <sup>nd</sup> Member of the Mayoral Committee (MMC): Infrastructure & Water Services
5.	Cllr. Malatji M N	3 <sup>rd</sup> Member of the Mayoral Committee (MMC): Infrastructure & Water Services
6.	Cllr. Ratau M.F	Member of the Mayoral Committee (MMC): Corporate Services
7.	Cllr. Leshaba M.B	Member of the Mayoral Committee (MMC): Planning & Economic Development
8.	Cllr. Ramaila K.S	Member of the Mayoral Committee (MMC): Community Services (1 July 2022 to 15 July 2022)
9.	Cllr. Sefala R.E	Member of the Mayoral Committee (MMC): Office of the Executive Mayor (Special Programmes)
10	Cllr. Mafefe O.H	Member of the Mayoral Committee (MMC): Office of the Executive Mayor (Special Programmes)

**2. MEMBERS OF THE MAYORAL COMMITTEE (From 1 December 2022 to 30 June 2023)**

<b>NO.</b>	<b>SURNAME AND INITIALS</b>	<b>DESIGNATION</b>
1.	Cllr. Mokganyetji M.J.	Executive Mayor
2.	Cllr. Mohlala M.J	Member of the Mayoral Committee (MMC): Budget & Treasury
3.	Cllr. Kupa C.R	1 <sup>st</sup> Member of the Mayoral Committee (MMC): Infrastructure & water Services
4.	Cllr. Lekoatsipa L	2 <sup>nd</sup> Member of the Mayoral Committee (MMC): Infrastructure & Water Services
5.	Cllr. Malatji M N	3 <sup>rd</sup> Member of the Mayoral Committee (MMC): Infrastructure & Water Services

6.	Cllr. Ratau M.F	Member of the Mayoral Committee (MMC): Corporate Services
7.	Cllr. Leshaba M.B	Member of the Mayoral Committee (MMC): Planning & Economic Development
8.	Cllr. Mafefe O.H	Member of the Mayoral Committee (MMC): Community Services
9.	Cllr. Sefala R.E	Member of the Mayoral Committee (MMC): Office of the Executive Mayor (Special Programmes)
10	Cllr. Nkosi S.M	Member of the Mayoral Committee (MMC): Office of the Executive Mayor (Special Programmes)

### 2.3.2.5. Directly Elected Councillors

<b>DIRECTLY ELECTED COUNCILLORS</b>			
<b>Council Members</b>	<b>Full Time / Part Time (FT/PT)</b>	<b>Position held</b>	<b>Party Represented</b>
CLLR. Mokganyetji MJ	FT	Executive Mayor	ANC
CLLR. Maudu Johannes Phokane	FT	Council Whip	ANC
CLLR. Kgwediebotse David Chego	FT	Speaker	ANC
CLLR. Leshaba MB	FT	MMC	ANC
CLLR. Ratau MF	F. T	MMC	ANC
CLLR.Kupa CR	F. T	MMC	ANC
CLLR. Mohlala MJ	F. T	MMC	ANC
CLLR. Sefala K.R.E	P.T	MMC	ANC
CLLR. Mabatane MC	F. T	MPAC Chairperson	ANC

<b>DIRECTLY ELECTED COUNCILLORS</b>			
<b>Council Members</b>	<b>Full Time / Part Time (FT/PT)</b>	<b>Position held</b>	<b>Party Represented</b>
CLLR. Mafefe OH	F. T	MMC	ANC
CLLR Nosi SM	P.T	MMC	ANC
CLLR Lekoatsipa L R	P.T	Deputy MMC	ANC
CLLR Malatji M.N	P.T	Deputy MMC	ANC
CLLR. Mathebe J .L	P. T	N/A	ANC
CLLR. Kgwedi JL	P. T	N/A	SADA
CLLR. Mogotji FM	P. T	N/A	BOLSHEVIKS
CLLR. Tshivhula MP	P. T	N/A	DA
CLLR. Matsetela ML	P. T	N/A	EFF
CLLR. Maloba A	P. T	N/A	EFF
CLLR. Tladi M.D	P. T	N/A	EFF
CLLR> Mogofe A	P.A.	N/A	EFF

### **2.3.2.6. Traditional Leaders in Council**

The district has 75 traditional leaders. In 2022/2023 financial year, there were no traditional leaders in council.

### **2.3.2.7. Political Decision Making**

The District municipality has adopted a separation of powers model wherein Council is vested with the legislative authority and plays an oversight role on the Executive. The Executive on the other hand led by the Executive Mayor is responsible for execution and accounts to Council on the implementation of council decisions.



### 2.3.3. SECTION - 79 STANDING COMMITTEES OF COUNCIL

#### Section 79 committees

Council established section 79 committees to play oversight role and monitor the work of the executive and administration. The established committees are aligned to administrative departments of the municipality and are chaired by non-executive councillors.

<b>BUDGET AND TREASURY (BTO) MEMBERS</b>	<b>COMMUNITY SERVICES (CMS) MEMBERS</b>
Cllr. Mosoane E.M (chairperson)	Cllr. Nkosi SB (chairperson)
Cllr. Magatla N.L	Cllr.Mathebe JL
Cllr.Ngwatle A.D	Cllr.Leokana MD
Cllr.Makutu T.S	Cllr.Kgwedi JL
Cllr.Mokgotho K.	Cllr.Mathipa MP
Cllr.Mokomane LM	Cllr.Magatla LN
Cllr.Molapo W	Cllr.mabelane JM
Cllr.Tladi M	Cllr.Tshivhula MP
Cllr. Tshivhula M.P	Cllr. Maibelo LS
MMC Mohlala M J	MMC Mafefe O.H

<b>CORPORATE SERVICES (CPS) MEMBERS</b>	<b>INFRASTRUCTURE AND WATER SERVICES (IWS) MEMBERS</b>
Cllr.Thokwane T.Z (Chairperson) ANC	Cllr. Mashilo MS (chairperson)
Cllr.Mathebe J L	CLLR Makobe A
Cllr.Thobejane L M	Cllr.Magabe MS
Cllr.Makutu T.	Cllr.Mgiba N.P
Cllr.Magatla N.L	Cllr.Mathipa MP

Cllr.Makobe P.A	Cllr. Mathebe JL
Cllr.Tshivhula M.P	Cllr.Matsetela ML
Cllr.Mohlamonyane LM	Cll Maloba A
Cllr. Maelane K.M	Cllr.Makofane IT
Cllr Mashegoana M.C	MMC Kupa CR
MMC Ratau M.F	Deputy MMC Lekoatsipa L.R
	Deputy MMC Malatji MN

#### **PLANNING AND ECONOMIC DEVELOPMENT(PED) MEMBERS**

Cllr. Tlape M.M (Chairperson)
Cllr.Mogotji F.M
Cllr.Mohlamonyane TS
Cllr.Mathipa M.P
Cllr.Mokomane LM
Cllr.Mokgotho K.
Cllr.Makofane I.T
Cllr.Machai M.J
Cllr Sithole M.E
MMC Leshaba M.B

#### **2.3.4. SPECIAL COMMITTEES OF COUNCIL**

##### **COUNCIL WHIPPERY**

1. Cllr Phokane M.J ( Chairperson )
2. Cllr Makofane IT
3. Cllr.Maloba A

4. Cllr. Mogotji FM
5. Cllr. Kgweedi JL

### 2.3.5. MUNICIPAL PORTFOLIO COMMITTEES

MUNICIPAL COMMITTEES	PURPOSE OF COMMITTEE
Corporate Services	Committee plays oversight and ensures department implements Human resources development strategy/policy and other related policies and that staff establishment is in line with IDP objectives
Community Services	Committee plays oversight and ensures that the department functions properly and implement core mandate such as disaster management and emergency services
Planning and Economic Development	Committee plays oversight and ensures that department deliver on its mandate of economic growth, job creation, poverty, and proper spatial planning
Budget and Treasury	Committee plays ensures that financial resources of the municipality are managed in line with legislation and accounting of fiancés takes place
Infrastructure and Water Services	Committee plays oversight and ensures that department provides basic services to communities and capital budget is spend in line with council priorities
<p>The Section 79 Committees are contributing effectively to the overall functioning of Council wherein they meet monthly. They receive reports from Members of the Mayoral Committee who make recommendations to Council for approval. Based on the Portfolio Committee recommendations Council is able to take decisions as the matter tabled by the Executive Mayor would have been reviewed by the Portfolio Committee to advice council appropriately.</p>	

### 2.3.6. Municipal Public Account Committee (MPAC) (Oversight committee)

In line with legislation the district has established an oversight committee made up of non-executive councillors to provide an opinion on the Annual Report before tabling to

council. The oversight report will be published separately as per the MFMA guidance.

The following are members of MPAC:

<b>Cllr. Mabatane MC (Chairperson)</b>
Cllr. Leokana MD
Cllr. Malau TS
Cllr. Thobejane LM
Cllr. Makofane T
Cllr. Magabe MS
Cllr. Letsela NS
Cllr. Matsetela ML
Cllr. Mogofe A

### 2.3.7. Meetings held as per each committee.

<b>NAME OF THE COMMITTEE</b>	<b>NO OF MEETINGS HELD</b>	<b>DATE OF MEETINGS</b>
Infrastructure & water services	10	<ul style="list-style-type: none"> <li>• 22 July 2022</li> <li>• 23 August 2022</li> <li>• 13 September 2022</li> <li>• 19 October 2022</li> <li>• 23 November 2022</li> <li>• 23 January 2023</li> <li>• 06 February 2023</li> <li>• 13 March 2023</li> <li>• 20 April 2023</li> <li>• 05 June 2023</li> </ul>
Corporate services	13	<ul style="list-style-type: none"> <li>• 21 July 2022</li> <li>• 24 August 2022</li> <li>• 20 September 2022</li> <li>• 18 October 2022</li> <li>• 20 October 2022</li> <li>• 15 November 2022</li> <li>• 24 November 2022</li> </ul>

		<ul style="list-style-type: none"> <li>• 23 January 2023</li> <li>• 13 March 2023</li> <li>• 03 April 2023</li> <li>• 21 April 2023</li> <li>• 24 May 2023</li> <li>• 22 June 2023</li> </ul>
Planning & economic development	10	<ul style="list-style-type: none"> <li>• 21 July 2022</li> <li>• 23 August 2022</li> <li>• 08 September 2022</li> <li>• 19 October 2022</li> <li>• 23 November 2022</li> <li>• 24 January 2023</li> <li>• 28 February 2023</li> <li>• 09 March 2023</li> <li>• 20 April 2023</li> <li>• 21 June 2023</li> </ul>
Budget & treasury	09	<ul style="list-style-type: none"> <li>• 22 July 2022</li> <li>• 24 August 2022</li> <li>• 20 September 2022</li> <li>• 20 October 2022</li> <li>• 23 November 2022</li> <li>• 17 February 2023</li> <li>• 22 March 2023</li> <li>• 21 April 2023</li> <li>• 22 June 2023</li> </ul>
Community services	08	<ul style="list-style-type: none"> <li>• 22 July 2022</li> <li>• 22 August 2022</li> <li>• 21 September 2022</li> <li>• 18 October 2022</li> <li>• 23 January 2023</li> <li>• 14 March 2023</li> <li>• 19 April 2023</li> <li>• 26 June 2023</li> </ul>
Council Meetings	19	<ul style="list-style-type: none"> <li>• 22 July 2022</li> <li>• 30 August 2022</li> <li>• 01 September 2022</li> <li>• 16 September 2022</li> <li>• 04 October 2022</li> <li>• 26 October 2022</li> <li>• 17 November 2022</li> <li>• 01 December 2022</li> <li>• 13 December 2022</li> <li>• 20 January 2023</li> <li>• 30 January 2023</li> <li>• 24 February 2023</li> <li>• 28 February 2023</li> <li>• 22 March 2023</li> <li>• 30 March 2023</li> </ul>

		<ul style="list-style-type: none"><li>• 05 April 2023</li><li>• 28 April 2023</li><li>• 30 May 2023</li><li>• 19 June 2023</li><li>• 29 June 2023</li></ul>
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**ATTENDANCE REGISTER FOR COUNCIL MEETING 2022-2023**

**Note:**

**P=Present**

**A= Absent**

**N/A= Not applicable**

	Q1				Q2				Q3				Q4-									
	July - September				October - December				January - March				Apr- Jun									
	27/07/2022	30/08/2022	01/09/2022	16/09/2022	04/10/2022	26/10/2022	17/11/2022	01/12/2022	13/12/2022	20/01/2023	30/01/2023	24/02/2023		28/02/2023	23/03/2023	30/03/2023	05/04/2023	28/04/2023	22/05/2023	26/05/2023	30/05/2023	19/06/2023
Cllr. Mokganyetji M.J	P	A	A	P	P	P	A	P	P	P	P	P		P	P	A	P	P	P	P	P	A
Cllr. Chego D.K	P	P	P	P	A	P	P	P	P	P	P	P		P	P	P	P	P	P	P	A	P
Cllr. Phokane M.J	P	A	P	A	P	P	P	P	P	P	P	A		P	P	P	P	P	P	P	P	A
Cllr Ramaila K.S	A	N/A	N/A	N/A	N/A	NA	N/A	N/A	N/A	N/A	N/A	N/A	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cllr. Malatji M.N	P	P	A	P	A	A	P	P	P	A	P	P		P	P	P	P	P	P	P	P	P
Cllr. Mafefe O.H	P	P	A	A	A	P	P	P	P	P	P	P		P	A	P	P	P	P	P	P	A
Cllr. Kupa C.R	P	P	P	P	P	P	A	P	P	P	P	P		P	P	P	A	P	P	P	A	A
Cllr. Mathebe J.L	P	P	P	P	P	P	P	A	P	P	P	A		P	A	P	P	P	P	A	P	P
Cllr. Ratau M.F	P	A	P	P	P	A	P	P	P	P	P	P		P	P	P	P	P	P	P	A	A

Cllr. Mabatane M.C	P	P	A	P	A	P	A	P	A	A	P	P		P	P	P	P	P	P	A	P	P
Cllr. Mohlala M.J	P	P	P	P	A	A	A	P	P	P	P	P		A	A	A	A	P	P	A	A	P
Cllr. Leshaba M.B	P	P	A	A	A	P	P	P	P	A	P	P		P	P	P	P	P	A	A	P	A
Cllr. Sefala R. E	P	P	A	P	A	P	P	P	P	P	P	P		P	P	P	P	P	P	P	P	P
Cllr. Lekoatsipa L.R	P	P	A	P	P	P	P	P	A	A	P	P		A	A	P	A	A	P	P	P	P
Cllr. Nkosi M. S	N/A	N/A	N/A	N/A	P	P	P	P	P	P	P	P		P	P	P	P	A	A	P	P	A
Cllr. Mokgotji F.M	P	A	A	P	A	P	P	P	P	P	P	P		P	P	P	P	P	P	P	A	P
Cllr. Tshivhula M. P	P	P	P	P	A	P	A	P	P	P	P	P		P	A	A	P	P	P	P	P	P
Cllr. Maloba A	N/A	N/A	N/A	N/A	N/A	NA	N/A	N/A	N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A	N/A	A	A	P	P
Cllr. Mogofe A.M	N/A	N/A	N/A	N/A	N/A	NA	N/A	N/A	N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A	N/A	P	P	P	P
Cllr. Tladi M.D	N/A	N/A	N/A	N/A	N/A	NA	N/A	N/A	N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A	N/A	A	P	P	P
Cllr. Komane L.M	P	P	P	A	A	P	P	P	P	P	P	P		A	P	P	P	N/A	N/A	N/A	N/A	N/A
Cllr. Matsetela M.L	P	P	P	P	P	P	P	P	P	P	P	P		P	P	P	P	P	P	P	P	P
Cllr. Senong M.R	P	P	P	P	P	P	P	P	P	A	P	P		P	P	P	A	N/A	N/A	N/A	N/A	N/A
Cllr. Mosotho M.T	P	P	P	A	A	P	P	P	P	A	P	P		A	P	A	P	N/A	N/A	N/A	N/A	N/A
Cllr. Kgwedi J.L	P	A	A	A	A	A	P	P	P	P	A	A		P	P	A	P	P	A	A	A	A
Cllr. Magabe M.S	A	P	P	P	P	P	A	P	P	P	P	A		P	P	P	P	P	P	P	P	P
Cllr. Makofane T	P	P	P	P	P	P	P	P	P	P	P	P		P	P	P	P	P	P	P	P	P



Cllr. Makutu T.S	A	P	A	P	A	A	P	P	P	P	P	P		P	P	P	P	A	P	P	A	P	
Cllr. Mathipa M.P	P	P	A	P	P	P	P	P	P	P	P	P		P	P	P	P	P	P	P	P	P	P
Cllr. Mgiba N.P	A	P	P	P	P	P	A	A	P	P	P	P		P	P	P	P	P	P	P	P	P	P
Cllr. Mokgotho K	P	P	P	P	P	P	P	P	P	P	P	A		P	P	P	P	P	P	P	P	P	P
Cllr. Thobejane L.M	P	P	P	P	P	A	A	P	P	P	P	P		P	A	P	P	P	P	P	P	P	P
Cllr. Tlape M.M	P	P	A	P	P	P	A	P	P	P	P	P		P	P	P	A	P	P	P	P	P	P
Cllr. Molapo W.S	P	A	P	P	P	P	A	P	P	P	P	P		P	A	P	P	P	P	P	P	P	P
Cllr. Mabelane J.M	P	P	A	P	P	P	P	P	P	P	P	P		P	P	P	P	P	P	P	P	P	P
Cllr. Ngwatle A.D	P	A	A	A	A	A	P	P	P	P	A	A		P	P	A	P	P	A	A	A	A	A
Cllr. Makofane I.T	P	P	P	P	P	A	A	P	P	P	P	P		P	P	P	P	P	P	P	P	P	P
Cllr. Leokana M.D	P	P	A	P	P	P	A	P	P	P	P	P		P	P	P	P	A	P	P	P	P	P
Cllr. Rankoe T.B	P	P	P	P	P	P	P	P	P	P	P	P		P	A	A	P	P	P	P	A	A	A
Cllr. Mosoane E.M	P	P	P	P	P	P	P	P	P	P	P	P		P	P	P	P	P	P	P	P	P	P
Cllr. Mokomane M.L	P	P	A	P	P	A	P	P	P	P	P	P		P	P	P	P	P	P	P	P	P	P
Cllr. Thokwane K.Z	P	P	P	P	P	P	P	A	A	P	P	A		A	P	P	P	P	P	P	P	P	P
Cllr. Machai M.J	P	P	P	A	P	P	P	P	P	P	P	P		P	P	P	P	A	P	P	P	P	P
Cllr. Mashegoana M.C	P	P	P	A	P	P	P	A	P	P	P	P		P	P	P	P	A	A	P	P	P	P
Cllr. Makobe P.A	P	A	A	A	A	A	A	P	A	A	P	P		A	P	A	P	A	P	P	A	P	P

Cllr. Malau T.S	P	P	P	P	P	P	P	P	P	P	P	P		P	P	P	P	P	P	P	P	P
Cllr. Mashilo M.s	P	A	P	P	P	P	P	P	P	P	P	A		P	P	P	P	P	P	P	P	P
Cllr. Mohlamonyane T.E	P	P	A	P	P	P	A	P	P	A	P	A		P	A	A	P	P	P	A	P	P
Cllr. Nkosi S.B	P	A	P	P	P	P	P	P	P	P	P	A		P	P	P	P	P	P	P	P	P
Cllr. Maibelo L.S	P	P	A	A	P	A	P	P	P	P	P	P		A	A	P	A	A	A	A	P	A
Cllr. Sithole M.E	P	P	P	P	P	P	P	P	P	P	P	A		A	P	P	P	A	A	P	P	P
Cllr. Matsomane S.T	P	P	A	P	P	A	P	A	P	A	P	P		P	P	P	P	A	A	A	P	A
Cllr. Magatla N.L	P	A	A	P	P	P	P	P	P	P	P	P		A	P	A	P	P	P	P	A	P
Cllr. Letsela N.S	P	A	A	P	P	P	P	A	P	P	P	A		P	P	P	P	P	P	P	P	P
Cllr. Maelane K.M	P	P	A	P	P	P	P	P	P	P	P	P		P	P	P	P	A	A	P	P	P

Cllr Nkosi S.M. Replaced Cllr Ramaila K.S , Cllr Komane L.M, Cllr Mosotho M.T and Cllr Senong M.R were replaced by Cllr. Mogofe A ,Cllr Maloba A and Cllr Tladi M.D

## 2.4. ADMINISTRATIVE GOVERNANCE

### 2.4.1. Introduction

The Management of the institution is entrusted with role of advising Council as well as for the implementation of council resolutions. It is led by the Municipal Manager who is the overall Accounting Officer (AO). The Management is further complemented by line function Managers who are responsible for management of various municipal departments.

The Management functions as a collective through regular monthly management meetings and accounts to the Executive through Mayoral Committee meetings.

### 2.4.2. TOP ADMINISTRATIVE STRUCTURE

Position	Name	Comments
Municipal Manager	Ms. M.J. Ntshudisane	Served from 01 July 2021 to 30 October 2022
Acting Chief Operations Officer	Ms K Robinson	Served from 01 July 2022 to 28 February 2023
Chief Operation Officer	Ms N.M Rampedi	Served from 01 March 2023 to 30 June 2023
Acting Chief Financial Officer	Mr H. Nkadimeng	Served from 01 July 2022 to 30 September 2022
Chief Financial Officer	Mr H. Nkadimeng	Served from 01 October 2022 to 30 June 2023
Acting Director Corporate Services	Mr. L.J Kabini	Served from 01 July 2022 to 30 September 2022

Director Corporate Services	Mr D. Matumane	Served from 01 October 2022 to 30 June 2023
Acting Director Planning and Economic Development	Mr C Nchabeleng	Served from 01 July 2022 to 30 March 2023
Director Planning and Economic Development	Ms K Shongwe	Served from 01 April 2023 to 30 June 2023
Director Community Services	Mr. S. Masemola	Served from 01 July 2021 to 30 October 2022
Acting Director Community Services	Mr. R Mangoato	Served from 01 November 2022 to 30 June 2023
Acting Director Infrastructure & Water Services	Mr K Ramadje	01 July 2022 to 31 October 2022.
Director Infrastructure & Water Services	Mr F Mashele	01 November 2022 to 30 June 2023
Acting Chief Audit Executive	Ms. J. Makgolane	Served from 01 July 2022 to 30 June 2023

## 2.5. COMPONENT B: INTERGOVERNMENTAL RELATIONS

The Intergovernmental Relations and Framework Act make provision for establishment of intergovernmental structures. Moreover, it makes provision for establishment of Intergovernmental Technical Support structures. Sekhukhune District Municipality has established Mayor's Forum as an Intergovernmental Relations Structure to deal with issues of common interest within the district. The Mayor's Forum is chaired by the Executive Mayor of the district and also attended by Mayors of the four local municipalities.

There are also two technical support structures that have also been established to support the Mayor's Forum namely the Municipal Managers' Forum and Technical Clusters. There are four technical clusters dealing with key Local Government Key Performance Indicators

<b>ITEM</b>	<b>Cluster</b>	<b>Focus areas.</b>	<b>Chair</b>
Resuscitation of clusters	Development planning	Development planning: Spatial /SPLUMA Economic Strategic planning Housing	Director Planning and Economic Development
	Corporate services	Job evaluation ICT Governance Framework LLF Functionality Legal services Policy and by-law bench marking Political administrative interface Minimum competencies	Director Corporate Services
	Internal audit/Risk and performance	Risk assessment Performance auditing Internal audit	Chief Audit Executive
	Financial Services	Revenue enhancement Free basic services	Chief Financial Officer

		Financial statements Grant performance	
	Basic services	Capital grant performance. Disaster management Emergency services Refuse removal. Operations and maintenance Municipal health services Roads and storm water Electricity Public transport Environmental management	Director Infrastructure and Water Services
	Communication and public participation	Customer care Hotline issues Stakeholder engagement Council meetings calendar	Deputy Director Office of Executive Mayor

### 2.5.1. DISTRICT INTERGOVERNMENTAL STRUCTURE

Sekhukhune District Municipality as a custodian of inter-governmental relations structures in the district has facilitated the establishment of the following forums for better coordination with the four local municipalities.

Mayors Forums which are a strategic political forum for all the five (05) mayors in the district and meets on a regular basis to provide overall governance leadership.

Speakers Forum which is constituted by all speakers in the district to share information and knowledge on how to conduct council activities as well as develop common perspective around issues of governance.

Chief Whip’s Forum is a forum chaired by the district chief whip and includes all chief whips from local municipalities which meets on a regular basis to share experiences on developing common ground around issues of code of conduct for councillors and related issues.

Municipal Managers Forum which is a platform for all five municipal managers in the district to interact on a regular basis and provide administrative leadership to all municipalities in the district.

Inter-Governmental Relations Clusters which are inclusive of all the five municipalities in the district and meets on a regular basis to share experiences and strategies in various technical areas.

The district working together with the four local municipalities have been able to derive the following benefits from coordinated IGR efforts.

- Minimize duplication of resources
- Encouraged local horizontal learning.
- Sharing of scarce resources
- Enhanced government cohesion

**For 2022/2023 the following IGR meetings were convened:**

IGR STRUCTURE	NUMBER OF MEETINGS CONVENED	DATE OF THE MEETING
Speaker’s Forum	4	18/09/2022, 09/03/2023, 09/11/2022 08/06/2023
Mayor’s Forum	1	20/10/2022

Chief Whip's Forum	4	03/09/2022, 09/03/2023, 09/11/2022, 08/06/2023
Municipal Manager's Forum	2	31/03/2023 16/06/2023 Special MM's forum
PED	2	14/09/2022 13/06/2023
CFO's Forum	1	21/09/2022
Technical Directors Forum	2	19/09/2022 23/02/2023
Community Services Cluster Forum	1	14/06/2023

## 2.5.2. PROVINCIAL INTERGOVERNMENTAL STRUCTURE

In the year under review, Sekhukhune District Municipality participated in the following provincial Inter-Governmental Relations Structures

Premier Inter-Governmental Forum attended by the Executive Mayors and Municipal Managers which provides strategic direction in aligning the work of government in the province.

Governance and Administration Cluster attended by the Municipal Manager which interfaces with the work of the Provincial Executive

Provincial Communicators Forum which focuses on enhancing communication between government, communities, and social partners

The Sekhukhune District Municipality has benefited a lot from attending provincial IGR structures as it gives the municipality an opportunity to plan in line with provincial priorities and objectives. Some of the interventions have resulted in tangible programmes and projects on the ground.



## 2.6. RELATIONSHIPS WITH MUNICIPAL ENTITIES

Sekhukhune Development Agency (SDA) is wholly owned by the Sekhukhune District Municipality as a municipal entity according to Section 86B of the Municipal Systems Act 32 of 2000 on the establishments of municipal entities. The core mandate of SDA as outlined in the provincial gazette is to serve as the vehicle to identify, initiate and implement high impact economic projects and create sustainable job opportunities. Among its high its deliverables the SDA is leading the investment facilitation, business development and support services. SDA is also required to comply with the basic requirements of the Local Government Municipal Systems Act 32 of 2000 read together with the provision of the Local Government Municipal Finance Management Act of 2003. The SDA prepares its annual performance report in terms of the same guidelines and provisions of the legislative framework.

Sekhukhune Development Agency does not have its own Performance Management Unit and Risk/Audit Management Units as such a Service Level Agreement was signed with the parent municipality to utilise the Audit/Risk and Performance Management Units for performance monitoring, management, and audit services.

**The current composition of the Board for 2022/2023 financial year is as follows:**

	<b>Names</b>	<b>Expertise</b>	<b>Portfolio</b>
1.	Mr Tshabedi Serote	<ul style="list-style-type: none"> <li>• Internal Audit</li> <li>• Risk Audit</li> <li>• Project management</li> <li>• Financial management</li> <li>• Human Resource and remuneration</li> </ul>	Board Chairperson
2.	Mr Freddy Raseote	<ul style="list-style-type: none"> <li>• Project management</li> <li>• Administration Legal Aid</li> <li>• Supply Chain Management</li> </ul>	<ul style="list-style-type: none"> <li>• Chairperson of Remuneration and Human resource sub-committee</li> <li>• Member of Finance sub-committee</li> </ul>

		<ul style="list-style-type: none"> <li>Records Management</li> <li>Internal Audit</li> </ul>	
3.	Mr Geoffrey Mariri	<ul style="list-style-type: none"> <li>Statistic Management SA</li> </ul>	<ul style="list-style-type: none"> <li>Member of Remuneration and Human resource sub-committee</li> <li>Member of Finance sub-committee</li> <li>Member of Economic Development sub-committee</li> </ul>
4.	Mr Lethabo Pheeha	<ul style="list-style-type: none"> <li>Forensic and Audit</li> <li>Internal Audit</li> </ul>	<ul style="list-style-type: none"> <li>Chairperson of Finance sub-committee</li> <li>Member of Economic Development sub-committee</li> </ul>
5.	Mr David Chesir	<ul style="list-style-type: none"> <li>Property, Facilities and Assets management</li> <li>Project Management</li> <li>Architectural professional</li> </ul>	<ul style="list-style-type: none"> <li>Chairperson of Economic Development sub-committee</li> <li>Member of Remuneration and Human resource sub-committee</li> </ul>

NO. OF BOARD SPECIAL MEETINGS HELD	DATES OF MEETINGS
5	<ol style="list-style-type: none"> <li>23 August 2022</li> <li><b>31 August 2022</b></li> <li><b>14 March 2023</b></li> <li><b>13 April 2023</b></li> <li><b>31 May 2023</b></li> </ol>

NO. OF BOARD MEETINGS HELD	DATES OF MEETINGS
3	<ol style="list-style-type: none"> <li>1. 11 October 2022</li> <li>2. 14 November 2022</li> <li>3. 31 January 2023</li> </ol>

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

### **2.7.1. INTRODUCTION**

Municipalities are by law required to foster public participation and ensure its citizenry is engaged in matters of governance. Sekhukhune District Municipality places public participation and accountability at the centre of its work. The Municipality has adopted the following reviewed policies to ensure that public participation programmes are properly guided and effective;

- Communication strategy
- Public Participation Policy Framework
- Stakeholder Management Policy Framework
- Petitions Policy
- Incentive Policy Framework for Ward Committee Members

Communication channels that were used to engage communities include.

- Quarterly Mayoral Outreach Programs
- Council outreach – public consultation on 2021/2022 Draft Annual Report and 2023/2024 IDP/Budget public consultations
- Regular interactions and stake-holders engagement such as Mining communities, business formations and Non-Governmental Organisations
- Monthly Internal newsletters and quarterly external newsletters publications
- Radio-Interviews with Executive Mayor and Members of the Mayoral Committee

### **2.7.2. PUBLIC PARTICIPATION MEETINGS HELD**

In the 2022/2023 financial year, the Municipality managed to arrange seven 2021/2022 Draft Annual Report and seven 2023/2024 Draft IDP/Budget public consultation meetings reaching out to many residents of our district and stakeholders.

Public consultation programmes for draft Annual Report and IDP/budget were conducted during the months of February and April 2023, the programmes are stated below:

**2021/2022 DRAFT ANNUAL REPORT PUBLIC PARTICIPATION PROGRAMME**

<b>MUNICIPALITY/ VENUE</b>	<b>DATE</b>	<b>TIME</b>	<b>STAKEHOLDER</b>
<b>Sekhukhune District</b> SDM Chamber, Bareki Mall, Groblersdal	07/02/2023	14h00	Staff
<b>Sekhukhune District</b> Makhuduthamaga Local Municipal Chamber, Jane Furse	09/02/2023	11h00	Magoshi
<b>Ephraim Mogale</b> Town Hall, Marble Hall	13/02/2023	18h00	General public
<b>Elias Motsoaledi</b> Ngolovane Community Hall, Ngolovane	15/02/2023	11h00	General public
<b>Makhuduthamaga</b> Setlaboswana Sassa Offices	21/02/2023	11h00	General public
<b>Fetakgomo Tubatse</b> Moses Mabothe Hall, Apel	23/02/2023	11h00	General public
<b>Sekhukhune District</b> Town Hall, Marble Hall	28/02/2023	11h00	Special groups
<b>Sekhukhune District</b> SDM Chamber, Bareki Mall, Groblersdal	28/02/2023	18h00	Rate payers

**DRAFT 2023/2024 IDP/BUDGET PUBLIC CONSULTATION PROGRAMME**

<b>MUNICIPALITY/ VENUE</b>	<b>DATE</b>	<b>TIME</b>	<b>STAKEHOLDER</b>
<b>Sekhukhune District</b> SDM Chamber, Bareki Mall, Groblersdal	03/04/2023	14h00	Staff
<b>Sekhukhune District</b>	04/04/2023	09h00	Sector Departments

SDM Chamber, Bareki Mall, Groblersdal			
<b>Sekhukhune District</b> Makhuduthamaga Local Municipal Chamber, Jane Furse	05/04/2023	11h00	Magoshi
<b>Ephraim Mogale</b> Leeufontein Community Hall, Leeufontein	12/04/2023	11h00	General public
<b>Elias Motsoaledi</b> Apostolic Faith church, Ramogwerane	13/04/2023	11h00	General public
<b>Makhuduthamaga</b> Machacha Sports Ground, Ga- Machacha	18/04/2023	11h00	General public
<b>Fetakgomo Tubatse</b> Seokodibeng Community Hall	25/04/2023	11h00	General public
<b>Sekhukhune District</b> Lehlaba protective workshop, Riba-Cross	26/04/2023	11h00	Special groups
<b>Sekhukhune District</b> SDM Chamber, Bareki Mall, Groblersdal	26/04/2023	18h00	Rate payers

The Municipality also arranged annual State of the District Address (SODA) and Budget Speech to provide a platform for the Council to account to the public on the affairs of the Municipality.

### **2.7.3. WARD COMMITTEES**

In terms of the Municipal Structures Act 117 of 1998, Ward Committees are established to enhance participatory democracy in local government.

Working together with the district and local municipalities, 117 ward committees in the district are established and have been able to play a significant role in the following areas:

- Sensitising the municipality on developmental challenges and pressures within local communities.
- Communicated government messages to the communities.
- Participated in public participation programmes.
- Contributed inputs on shaping public participation policies.

## **2.8. COMPONENT D: CORPORATE GOVERNANCE**

### **2.8.1. OVERVIEW OF CORPORATE GOVERNANCE**

Section 165 and 166 of Municipal Finance Management Act no 56 of 2003 requires municipalities to establish Internal Audit unit and Audit Committee. The Internal Audit unit advises the accounting officer and reports to audit committee and prepares a risk-based audit plan and audit programme for each financial year.

The district municipality has appointed Audit Committee. Risk management committee was not in place for 3 quarters for the financial year under review. The reports of Risk were presented to Audit Committee.

### **2.8.2. AUDIT COMMITTEE**

The Municipality has established an Audit Committee under the provision of **Municipal Finance Management Act No 56 of 2003** section 165 and **Municipal Planning and Performance Management Regulation of 2001** regulation 9. The Audit Committee of the municipality considers and makes recommendations on matters provided under section 165 and regulation 9 of the MFMA and MPPR respectively while among other matter advice Management and Council on matters pertaining to the Annual Financial Statements before submission to Auditor General of South Africa.

In terms of legislative prescripts, the Audit Committee members should meet at least 4 times per annum as per its approved charter. During the current financial year twelve meetings (AC and PAC) were held.

The Members of the Audit Committee that served for the period 1<sup>st</sup> July 2022 to 30 April 2023, and their attendance were as follows:

<b>NAME OF MEMBER</b>	<b>STATUS</b>	<b>NUMBER OF MEETING HELD</b>	<b>NUMBER OF MEETINGS ATTENDED</b>
Ms. M Ndhlovu	Audit Committee Chairperson	6	6
Ms. T Mathabathe	Member	6	5
Ms. M Mothelesi	Member	6	6
Adv. L Thubakgale	Member	6	6

The Members of the Audit Committee that served for the period 1<sup>st</sup> July 2022 to 30 April 2023, and their attendance were as follows:

<b>Name of member</b>	<b>Status</b>	<b>Number of Meeting Held</b>	<b>Number of meetings attended</b>
Mr. S Mofokeng	Audit Committee Chairperson	2	2
Ms. T Mathabathe	Member	2	2
Ms. S Ngoetjana	Member	2	1
Adv. L Thubakgale	Member	2	2
Mr. V Manyisane	Member	2	1

## **PERFORMANCE AUDIT COMMITTEE**

The Members of Performance Audit Committee that served for the period 01 July 2022 to 30 April 2023, and their attendance were as follows:

The Members of the Audit Committee that served for the period 1<sup>st</sup> July 2022 to 30 April 2023, and their attendance were as follows:

<b>NAME OF MEMBER</b>	<b>STATUS</b>	<b>NUMBER OF MEETING HELD</b>	<b>NUMBER OF MEETINGS ATTENDED</b>
Mr. T Mathabathe	Performance Audit Committee Chairperson	2	2
Ms. M Ndhlovu	Member	2	2

Ms. M Mothelesi	Member	2	2
Adv. L Thubakgale	Member	2	2

The Members of the Audit Committee that served for the period 1<sup>st</sup> July 2022 to 30 April 2023, and their attendance were as follows:

<b>NAME OF MEMBER</b>	<b>STATUS</b>	<b>NUMBER OF MEETING HELD</b>	<b>NUMBER OF MEETINGS ATTENDED</b>
Mr. T Mathabathe	Performance Audit Committee Chairperson	2	2
Mr. S Mofokeng	Member	2	2
Ms. S Ngoetjana	Member	2	0
Adv. L Thubakgale	Member	2	2
Mr. V Manyisane	Member	2	2

Section 62(1)(c)(i) of the Local Government Municipal Financial Management Act (No. 56 of 2003) stipulates that the Accounting Officer is responsible for managing the municipality financial administration and for this purpose the Accounting Officer must take all reasonable steps to ensure amongst others that the municipality has and maintains effective, efficient, and transparent systems of financial and risk management and internal control. To give effect to the above the Accounting Officer (AO) in consultation with the Municipal Council has established the Risk Management Committee as an oversight structure to deal with the risk management responsibilities.

The Risk Management Committee (RMC) is an oversight committee responsible to the Accounting Officer (AO) for the monitoring of risk management which includes assisting in designing, implementing, and coordinating the institution's risk management initiatives. Its constitution is made up of both an independent member/chairperson appointed by the Municipal Manager as delegated by Council and members of Senior Management. It assists the AO in addressing its oversight requirements of managing, evaluating, and monitoring the organizational performance with regards to risk management.



### **2.8.3. RISK STEERING MANAGEMENT COMMITTEE**

Section 62(1)(c)(i) of the Local Government Municipal Financial Management Act (No. 56 of 2003) stipulates that the Accounting Officer is responsible for managing the municipality financial administration and for this purpose the Accounting Officer must take all reasonable steps to ensure amongst others that the municipality has and maintains effective, efficient, and transparent systems of financial and risk management and internal control. To give effect to the above the Accounting Officer (AO) in consultation with the Municipal Council has established the Risk Management Committee as an oversight structure to deal with the risk management responsibilities.

The Risk Management Committee (RMC) is an oversight committee responsible to the Accounting Officer (AO) for the monitoring of risk management which includes assisting in designing, implementing, and coordinating the institution's risk management initiatives. Its constitution is made up of both an independent member/chairperson appointed by the Municipal Manager as delegated by Council and members of Senior Management. It assists the AO in addressing its oversight requirements of managing, evaluating, and monitoring the organizational performance with regards to risk management.

#### **5.8.3.1. STRATEGIC VALUES OF RISK MANAGEMENT COMMITTEE (RMC)**

The RMC must advise the municipal council, the political office-bearers, the accounting officer, and the management staff of the municipality on matters relating to-

- Risk management.
- Fraud and corruption
- Fraud Prevention and detection
- Effectiveness of proposed management interventions.
- Effectiveness of the internal control system relevant to risk identified.
- Any other issues referred to it by the municipality.

The role of the RMC is to formulate, promote and review the institution's Enterprise Risk Management (ERM) objective, strategy and policy and monitor the process at strategic, Management and operational levels.

The principles of King IV, customised to municipal environment advise that the audit committee should:

- Ensure that combined assurance model is applied to provide a coordinated approach to all assurance activities.
- Satisfy itself of the expertise, resources, and experience of the municipality's finance function.
- Be responsible for overseeing of risk management; and
- Be an integral component of the risk management process.

All risk management reports are being processed quarterly meetings. The reports were presented to the Audit Committee.

**NB.** The Committee planned four (04) sittings/meetings for the year of which all did take place as scheduled.

**CURRENT STATUS**

*Strategic and Operational Risks*

The above risks are monitored and reviewed monthly to track the municipality’s performance in respect of implementation of mitigations. The resultant reports culminate in the compilation of quarterly reports that get tabled at the Risk Management Committee and ultimately Audit Committee as the risk management oversight structures.

Set out in the below table is the municipality’s Strategic Risks identified for the period 2022/2023FY.

**Strategic risks are regarded as top risks.**

**2.8.3.2. STRATEGIC RISKS**

<b>KPA</b>	<b>RISK DESCRIPTION</b>
Local Economic Development (LED)	Inadequate capacity (Infrastructure/financial & human) to support LED
Basic Service Delivery	1.Inadequate water sources and infrastructure 2.Insufficient operations and maintenance of existing infrastructure
Spatial Rationale	1.Uncoordinated land use practices

Good Governance and Public Participation	1. Ineffective leadership and Management 2. Collusive practices and Fraud
Financial Viability	Inability to meet financial obligation (Weak Liquidity position)
Institutional Development and Organisational Transformation	Limited Organisational capacity to materialise institutional mandate
Basic Service Delivery	Possible litigation and class action due to non-provision of mandatory services

### 2.8.3.3. LIQUIDITY RISK MANAGEMENT

Liquidity in Sekhukhune District Municipality is managed by senior management and Councillors (Executive Authority) through the Budget Steering Committee and the Mayoral Committee at pre-determined intervals.

The primary intention of management is to always review the short-term cash flow forecast, mid-term, and long-term financial plans.

The current liquidity ratio of **1.1:1** as of the 30<sup>th</sup> of June 2023 (2022/2023FY) signals a slight improvement despite the challenging financial position that the municipality find itself in as in comparison with the previous financial year (2021/2022FY) of which stood at **0,9:1**

	2023	2022
	R	R
Current assets	947 803 861	577 515 473
Current liabilities	858 778 603	640 643 323
Current ratio	1,10	0,90

Council is steadfast in ensuring previous financial years improvements at all times to bring about an improvement.

### 2.8.3.4. FRAUD AND CORRUPTION STRATEGY

The municipality has a Council approved Anti-Fraud and Corruption, and Whistleblowing policies respectively which makes provision for strategies to counter fraud and corruption as well as providing platforms for reporting of allegations and protection of whistle blowers. The Fraud and Corruption Strategy has been developed because of the expressed commitment of government to fight corruption. It is also an important contribution to the National Anti-Corruption Strategy of the Republic of South

Africa, and therefore supplements both the Public Service Anti-Corruption Strategy and the Local Government Anti-Corruption Strategy.

The administration has undertaken the following initiatives to raise awareness of fraud and corruption:

- Publicised an Anti-Fraud and Corruption article on the municipality's website.
- In conjunction with the Provincial Treasury, Coghsta, SALGA, Auditor General (AG) & the Directorate for Priority Crime Investigation (Hawks) conducted an institution -wide Anti-Fraud and Corruption workshop.

#### **2.8.4. SUPPLY CHAIN MANAGEMENT**

Section 112 of the MFMA states that the supply chain management policy must be fair, equitable, transparent competitive, cost effective and comply with all SCM regulations. The district municipality has developed a policy that complies with the Constitution and MFMA.

For the financial year 2022/2023 the municipality has incurred the following deviations, irregular, fruitless, and wasteful expenditure.

**ANNUAL DEVIATION REPORT FOR THE YEAR ENDED 30 JUNE 2023.**

**ANNEXURE A**

**Irregular expenditure**

No	Name of Service Provider	Project Number	Nature of Irregular Assessment	Total as at 30 June 2023
1	Sebs Business Enterprise	SK8/3/1-01/2021/2022	Tender Invitation does not indicate whether the tender will be evaluated on functionality or not.	898 545,71
2	Mamadi & Company	SK8/3/1-12/2021/2022	Address on the municipal rates do not agree with the address on the CSD, and as such was unable to determine whether the bidder municipal rates was in arrears or not. The bidder did not meet the prequalifying criteria and also minimum score for functionality Tender Invitation does not indicate whether the tender will be evaluated on functionality or not	1 438 800,00
3	Stone found Engineering Solutions	SK8/3/1-06/2021/2022	Address on the municipal rates do not agree with the address on the CSD, and as such was unable to determine whether the bidder municipal rates was in arrears or not. The bidder did not meet the prequalifying criteria and also minimum score for functionality. Tender Invitation does not indicate whether the tender will be evaluated on functionality or not	4 530 449,21
4	Explohill Advertising And Media	SK8/3/1-30/2020/2021	The bidder did not meet the prequalifying criteria and also minimum score for functionality	668 068,86

6	Jose & Associates	SK8/3/1-33/2020/2021	The bidder did not meet the prequalifying criteria and also minimum score for functionality	339 871,24
7	Sc Mdhuli Attorneys	SK8/3/1-33/2020/2021	The bidder did not meet the prequalifying criteria and also minimum score for functionality	211 705,00
8	Segokgome Trading & Projects	SK8/3/1-08/2021/2022	The bidder did not meet the prequalifying criteria and also minimum score for functionality Tender Invitation does not indicate whether the tender will be evaluated on functionality or not	954 129,76
9	Grandemonde Consulting Engineers	SK8/3/1-13/2021/2022	Tender Invitation does not indicate whether the tender will be evaluated on functionality or not.	5 330 480,00
10	Kunene Makopo Risk Solutions	SK8/3/1-34/2021/2022	Tender Invitation does not indicate whether the tender will be evaluated on functionality or not.	5 855 940,32
11	Ntshiana JV. Maunyatlala	SK8/3/1-22/2019/2020	Tender Invitation does not indicate whether the tender will be evaluated on functionality or not. Furthermore, the document does not indicate the evaluated 80/20 Criteria	52 242 327,51
12	Tshephang Marketing Solutions	SK8/3/1-05/2021/2022	Tender Invitation does not indicate whether the tender will be evaluated on functionality or not.	433 950,20
13	Unathi Catering & Cleaning	SK8/3/1-05/2021/2022	Tender Invitation does not indicate whether the tender will be evaluated on functionality or not.	2 361 154,00
14	Black Sky Investments	SK8/3/1-05/2021/2022	Tender Invitation does not indicate whether the tender will be evaluated on functionality or not.	1 397 402,63
15	Pheladi Noko B1 Funerals	SK8/3/1-05/2021/2022	Tender Invitation does not indicate whether the tender will be evaluated on functionality or not.	880 616,70

16	Tk Sound & Visual Solutions	SK8/3/1-05/2021/2022	Tender Invitation does not indicate whether the tender will be evaluated on functionality or not.	3 065 087,81
17	Babina Tlou Trading And Projects	SK8/3/1-06/2019/2020	SCM evaluation processes not complied with.	1 289 780,20
18	Mulalo Business Enterprise	SK8/3/1-35/2018/2019	The director of the company was investigated for financial misconduct. MFMA regulation 4	7 843 260,08
19	Lebaka Construction	SK8/3/1-36/2018/2019	A tender was advertised for less than 30 days and this is a non-compliance with SCM regulation paragraph 22(1)(b)(i)	515 643,05
20	Babina Tlou Trading And Projects	SK8/3/1-23/2019/2020	SCM evaluation processes not complied with.	5 084 400,88
21	Yetsagala		The CSD report printed on the 20 September 2021 attached on the quotation excluded tax compliance section	86 250,00
22	Class Autobody panel beaters		No order was sent to the service provider. It is impracticable for us to determine whether the tax matters of the service provider were verified to be cleared by SARS before making the award	157 971,61
23	Kgoshigadi Investments		Per the CSD report attached to the payment voucher, printed on 06 December 2021 before awarding the order on 08 January 2022, The tax compliance status could not be verified the message was displayed on the tax compliance status (unable to determine tax compliance refer to tax ref status) but management continued to make the award despite being unable to verify this.	154 266,00
24	Tebesen connect		Deviation not approved by delegated official	28 000,00

25	Tubatse progressive community radio		Deviation not approved by delegated official	28 000,00
26	Sekhukhune Times		Deviation not approved by delegated official	10 033,52
27	Moroba Investments		Deviation not approved by delegated official	23 800,00
28	Re mmogo Holdings Group		Not approved by delegated official	89 000,00
29	Tswako PTY Ltd		Not approved by delegated official	75 670,00
30	Back to Basics 45 investments Pty ltd		Not approved by delegated official	133 472,00
31	Kgaladi Mercy		Not approved by delegated official	195 000,00
32	KDM Travel Express		Not approved by delegated official	155 692,71
33	Ashcor Travels		Not approved by delegated official	48 309,20
34	Mogoshadi Investments		Not approved by delegated official	154 266,00
35	Babina Tlou Trading And Projects		Not approved by delegated official	195 885,00



36	Pula Syndicate PTY Ltd		Not approved by delegated official	169 000,00
37	Morwamakgatla Projects		Awards to the person in the service of the state	2 013 045,00
38	Mogoshadi Investments		Supplier did not meet the functionality threshold	1 335 658,00
39	SMD Info Tech		Company director in the service of the state	29 998,20
40	Boikgantsho Investments		Company director in the service of the state	8 000,00

Current year expenditure 2022/2023 100 432 930,41

1 344 599 237,00

Opening balance 01 July 2022

Closing balance 30 June 2023

1378 969 896,00

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ANNEXURE B

Fruitless and Wasteful Expenditure

1	Interest on Coida	1 143 362,46
2	Interest on Hexagon vs SDM	11 692 723,17
3	Interest paid on disputed invoice dating back 2019/20 and also expenditure incurred for sheriff cost	297 476,60
4	Prior year error	1 863 668,00

2022/2023	Current year	14 997 230,23
01 July 2022	Opening balance	56 592 479,15
30 June 2023	Closing Balance	71 589 709,38

ANNEXURE C

Unauthorised Expenditure as at 30 June 2023

1	None	0,00
		0,00
		410 590 826,00
	<b>Closing balance as at 30 June 2023</b>	<b>410 590 826,00</b>

**ANNUAL DEVIATION REPORT JULY 2022-- JUNE 2023**

**Impractical to follow SCM process.**

<b>Date</b>	<b>IMPLEMENTING DEPARTMENT</b>	<b>SERVICES REQUIRED</b>	<b>SERVICE PROVIDER</b>	<b>AMOUNT</b>	<b>AREAS OF DEVIATION /WASTEFUL</b>	<b>REASONS FOR DEVIATION / WASTEFUL</b>
15 July 2022	Municipal Manager	Payment of excess on insurance claim DNN293L	Supreme Autobody	R3 225.00	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
15 July 2022	Municipal Manager	Payment of excess on insurance claim DNN312L	Supreme Autobody	R16 861.31	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
29 July 2022	Municipal Manager	Excess payment on insurance claim repairs of Dr R Mdluli's Huawei media pad	Platinum repairs	R1 000.00	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
10 Aug 2022	Municipal Manager	Payment of excess on insurance claim DNN312L	Supreme Autobody	R35 000.00	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
03 Sep 2022	Municipal Manager	Payment for repairs DFZ435L	Supreme Autobody	R98 441.05	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process

10 Aug 2022	Municipal Manager	Payment of excess on insurance claim	Supreme Autobody	R5 000.00	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
31 Oct 2022	Municipal Manager	Payment of repairs done on FSK001L	Supreme Autobody	R24 431.66	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
10 Nov 2022	Municipal Manager	Payment of repairs done on FDK296L	Supreme Autobody	R5 000.00	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
10 Nov 2022	Municipal Manager	Payment of repairs done on FDK402L	Supreme Autobody	R5 000.00	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
03 Dec 2022	Municipal Manager	Payment of excess on insurance claim	PG Glass	R4 392.81	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
21 Dec 2022	Municipal Manager	Payment of excess on insurance claim	PG Glass	R947.17	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
21 Dec 2022	Municipal Manager	Payment of excess on insurance claim	PG Glass	R3 500.00	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has

						been appointed through a competitive bidding process
02 Jan 2023	Municipal Manager	Payment of excess on insurance claim	PG Glass	R2 483.71	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
25 Jan 2023	Municipal Manager	Payment of excess on insurance claim	PG Glass	R3 500.00	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
25 Jan 2023	Municipal Manager	Payment of excess on insurance claim	Supreme Autobody	R35 000.00	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
24 Jan 2023	Municipal Manager	Payment of excess on insurance claim	PG Glass	R3 500.00	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
02 Feb 2023	Infrastructure & Water Services	Supply of pumps and motor	Keewave Trading	R1 284 377.50	Impractical to follow SCM processes	Its an emergency which threatened the communities because of shortage of water and breakdown of pumps
03 Feb 2023	Infrastructure & Water Services	Supply of pumps at Motetema WWTW	Skhova Security	R1 296 500.00	Impractical to follow SCM processes	Its an emergency situation which threatened the communities because of shortage of water, and it was a health hazard

14 Feb 2023	Municipal Manager	Payment of excess on insurance claim	Supreme Autobody	R5 000.00	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
14 Feb 2023	Municipal Manager	Payment of excess on insurance claim	Supreme Autobody	R5 000.00	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
15 Feb 2023	Municipal Manager	Payment of excess on insurance claim	Supreme Autobody	R30 000.00	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
14 Mar2023	Municipal Manager	Payment of excess on insurance claim	Supreme Autobody	R5 000.00	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
06 April 2023	Municipal Manager	Payment of excess on insurance claim	PG Glass	R610.73	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
06 April 2023	Municipal Manager	Payment of excess on insurance claim	PG Glass	R3 500.00	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
06 April 2023	Municipal Manager	Payment of excess on insurance claim	PG Glass	R3 500.00	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has

						been appointed through a competitive bidding process
06 April 2023	Municipal Manager	Payment of excess on insurance claim	Supreme Autobody	R35 000.00	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
06 April 2023	Municipal Manager	Payment of excess on insurance claim	PG Glass	R748.01	Impractical to follow SCM processes	Goods get referred to the service provider by the insurer, who has been appointed through a competitive bidding process
06 April 2023	Municipal Manager	Payment for the supply and delivery of 250kw foot mounted motor	Moepagauta Trading	R379 500.00	Impractical to follow SCM processes	It was an emergency situation due to shortage of water in Groblersdal town
09 May 2023	Infrastructure & Water Services	Refurbishment of Groblersdal booster station	Mulbert	R10 235 000.00	Impractical to follow SCM processes	It was an emergency due to shortage of water in Groblersdal town
			<b>Total</b>	<b>R13 531 018.95</b>		

### Sole Provider of the Service

15 July 2022	Infrastructure & Water Services	Provision of water services	NJ Van der Wal	R131 306.00	Impractical to follow SCM processes	The sole provider of the service within the area
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15 July 2022	Infrastructure & Water Services	Provision of water services	NJ Van der Wal	R113 744.00	Impractical to follow SCM processes	The sole provider of the service within the area
15 July 2022	Infrastructure & Water Services	Provision of water services	NJ Van der Wal	R127 289.40	Impractical to follow SCM processes	The sole provider of the service within the area
01 Aug 2022	Infrastructure & Water Services	Provision of water services	Winterbach Family Trust	R281 158.88	Impractical to follow SCM processes	The sole provider of the service within the area
18 Nov 2022	Infrastructure & Water Services	Provision of water services	NJ Van der Wal	R95 201.00	Impractical to follow SCM processes	The sole provider of the service within the area
25 Nov 2022	Infrastructure & Water Services	Provision of water services	Winterbach Family Trust	R247 089.60	Impractical to follow SCM processes	The sole provider of the service within the area
22 Dec 2022	Infrastructure & Water Services	Provision of water services	NJ Van der Wal	R120 715.00	Impractical to follow SCM processes	The sole provider of the service within the area
22 Dec 2022	Infrastructure & Water Services	Provision of water services	NJ Van der Wal	R131 890.00	Impractical to follow SCM processes	The sole provider of the service within the area
05 Jan 2023	Infrastructure & Water Services	Provision of water services	NJ Van der Wal	R212 204.00	Impractical to follow SCM processes	The sole provider of the service within the area



05 Jan 2023	Infrastructure & Water Services	Provision of water services	Winterbach Family Trust	R555 651.80	Impractical to follow SCM processes	The sole provider of the service within the area
19 Jan 2023	Infrastructure & Water Services	Provision of water services	Winterbach Family Trust	R300 801.08	Impractical to follow SCM processes	The sole provider of the service within the area
02 Feb 2023	Infrastructure & Water Services	Provision of water services	Winterbach Family Trust	R325 038.04	Impractical to follow SCM processes	The sole provider of the service within the area
03 Feb 2023	Infrastructure & Water Services	Provision of water services	Winterbach Family Trust	R289 133.82	Impractical to follow SCM processes	The sole provider of the service within the area
14 Mar 2023	Infrastructure & Water Services	Provision of water services	NJ Van der Wal	R105 800.00	Impractical to follow SCM processes	The sole provider of the service within the area
20 April 2023	Infrastructure & Water Services	Provision of water services	NJ Van der Wal	R244 601.00	Impractical to follow SCM processes	The sole provider of the service within the area
20 April 2023	Infrastructure & Water Services	Provision of water services	Winterbach Family Trust	R541 180.56	Impractical to follow SCM processes	The sole provider of the service within the area
20 April 2023	Infrastructure & Water Services	Provision of water services	NJ Van der Wal	R121 337.00	Impractical to follow SCM processes	The sole provider of the service within the area

20 April 2023	Infrastructure & Water Services	Provision of water services	Winterbach Family Trust	R310 209.31	Impractical to follow SCM processes	The sole provider of the service within the area
29 May 2023	Infrastructure & Water Services	Provision of water services	NJ Van der Wal	R110 772.00	Impractical to follow SCM processes	The sole provider of the service within the area
29 May 2023	Infrastructure & Water Services	Provision of water services	Winterbach Family Trust	R281 887.93	Impractical to follow SCM processes	The sole provider of the service within the area
			<b>Total</b>	<b>R4 647 010.42</b>		
<b>GRAND TOTAL</b>				<b>18 178 029,30</b>		

**Tenders report as at 30 June 2023**

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
1	SK8/3/1-01/2022/23	Appointment of Service provider for De-Hoop/Malekan a reticulation for Maepa and Ratau Contract C (Fetakgomo Tubatse LM)	17/05/22	20/05/ 22	12/07/22	26/07/22	05/08/22	01/09/22	R26 843 017 .20	Kgwadi ya Madiba General Trading	N/A

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
2	SK8/3/1-02/2022/23	Appointment of Service Provider for De Hoop/Malekana reticulation for Mpana Contract D (Fetakgomo Tubatse LM)	17/05/22	20/05/22	12/07/22	19/08/22	12/09/22	1/09/22	R27 928 022 .90	Maunyatla a Shakwana	N/A
3	SK8/3/1-03/2022/23	Appointment of Service Provider for De Hoop/Malekana reticulation for Ga-Malekana Contract E (Fetakgomo Tubatse)	17/05/22	20/05/22	12/07/22	01/08/22	15/08/22	26/09/22	R15 169 762 .04	Zacks Business Enterprise	N/A
4	SK8/3/1-04/2022/23	Appointment of Service Provider for Reticulation for Ga-Masha and Ga-Rantho Contract F	17/05/22	20/05/ 22	12/07/22	09/09/22	21/09/22	26/09/22	R38 396 745 .73	Mwelase Trading	N/A

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
		(Fetakgomo Tubatse)									
5	SK8/3/1-05/2022/23	Appointment of Service Provider for De Hoop Malekana Reticulation for Maseven Contract G (Fetakgomo Tubatse)	17/05/22	20/05/ 22	12/07/22	24/08/22	18 /01/2023	06/10/2022	R 14 638 960.05	Madipadi Construction	
6	SK8/3/1-06/2022/23	Appointment of Service Provider for De-Hoop Malekana Reticulation for Maphopha Contract H (Fetakgomo Tubatse)	17/05/22	20/05/ 22	12/07/22	06/09/22	21/09/22	26/09/22	R17 107 1443.94	Maletobogo Business Enterprise	
7	SK8/3/1-07/22/23	Appointment of Service Provider for De Hoop/Malekan	17/05/22	20/05/ 22	12/07/22	12/08/22	18 /01/2023	06/10/2022	R40 235 340 .95	Double Hot Spot JV Ripfumelo	

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
		a reticulation for Kutullo/Steelpoorts Park Contract J (Fetakgomo Tubatse)									
8	SK8/3/1-29/21/22	Appointment of service provider for the supply and delivery of water meters and other related material	26/05/22	2/06/22	20/06/22	Re advert	Re advert	N/A	N/A	N/A	N/A
9	SK8/3/1-08/2022/23	Appointment of service provider to facilitate enterprise and supplier development programme	26/05/22	20/06/22	04/07/22	12/10/22	Re Advert	Re Advert	N/A	N/A	N/A
10	SK8/3/1-09/2022/23	Appointment of service providers to be	26/05/22	20/06/22	22/07/22	02/08/2022	15/08/2022	Re-advert	Re-advert	N/A	N/A

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
		in the panel of forensic investigators for a period of (3) three years									
11	SK8/3/1-10/2022/23	Appointment of service provider for personal protective equipment for a period of three years	26/05/22	20/06/22	22/07/22	22/08/22	08/09/22	08/09/22	Rates	Dikgole Malesolo Trading	N/A
12	SK8/3/1-11/2022/23	Appointment of service provider for data cleansing and verification of indigent register for a period of (3) three years	15/06/22	20/06/22	27/07/22	22/08/22	08/09/22	Re advert	Re advert	Re-advert	
13	SK8/3/1-12/2022/23	Appointment of service provider for cash collection	15/06/22	20/06/22	27/07/22	08/08/22	17/10/22	Re advert	Re advert	Re-advert	

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
		services for a period of (3) three years									
14	SK8/3/1-13/22/23	Appointment of service provider for Banking services for a period of three (3) years	24/06/22	03/07/22	10/09/22	Evaluation stage	01/11/22	29/11/22	rates	Standard bank	
15	SK8/3/1-14/22/23	Appointment of service providers for travelling and accommodation services for a period of (3)three years	24/06/22	03/07/22	10/08/22	23/08/22	08/09/22	27/09/22	Standard rates	Batlokwa Travel Amalgamated Ashcor Travel  KDM Travel Masa M Projects	N/A

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
										Image Travel	
16	SK8/3/1-15/2022/2023	Appointment of service provider for Meter reading and maintenance for a period of three (3) years	05/07/22	07/07/22	16/08/22	Re-advertised	Re-advertised	Re-advertised	Re-advertised	Re-advertised	Re-advertised
17	SK8/3/1-16/2022/23	Appointment of service provider for Performance management system for a period of three (3) years (re-advert)	05/07/22	07/07/22	16/08/22	15/09/22	17/10/22	26/10/2022	R4 968 000.00	Innovation government software last Solutions	
18	SK8/3/1-17/2022/23	Appointment of service provider for Moutse East: Groblersdal to Uitspanning Bulk Water	04/07/22	12/07/22	19/08/22	15/09/22	17/10/22	26/10/22	R6 932 200.00	HWA Engineers	



No	Project No	Project Name	Date Of Specifica tion	Date Of Advert	Closing Date	Evaluatio n Date	Adjudic ation Date	Awarded Date	Bid Amount	Awarded Bidder/Pro gress Details	30% Sub- Contractor
		Supply Conditional Assessment of Asset and Commissioning of the Works									
19	SK8/3/1-18/2022/23	Appointment of service provider for Nebo Scheme: Ga-Malekana to Jane Furse Reservoir Conditional Assessment of Asset and Commissioning of the works	04/07/22	12/07/22	19/08/22	15/09/22	17/11/22	25/11/22	R 7 463 855.5 2	Mamadi & Company	
20	SK8/3/1-19/2022/23	Appointment of a panel of contractors to supply, deliver and install materials for small scheme and civil works	20/07/22	27/07/22	30/08/22 Extende d to 30 January 2023	15/09/22	25/01/20 23	Due diligence	Rates	Panel	

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
		for a period of (3) three years (re-advert)									
21	SK8/3/1-20/2022/2023	Appointment of a panel of contractors to supply, deliver and install materials for medium and big scheme and civil works for a period of (3)three years (re-advert)	20/07/22	27/07/22	30/08/22 Extended to 30 January 2023	22/01/2022	18/02/23	Due diligence	Rates	Panel	
22	SK8/3/1-21/2022/2023	Appointment of a panel of contractors for hydrological services, testing, equipping and rehabilitation of boreholes for a period of (3)	20/07/22	27/07/22	31/08/22 Extended to 02 March 2023	Evaluation stage	13/02/2023	Due diligence	Rates	Panel	

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
		three years (re-advert)									
23	SK8/3/1-22/2022/2023	Appointment of a panel of contractors for electro-mechanical works for a period of three years (re-advert)	20/07/22	27/07/22	31/08/22 Extended to 02 March 2023	Evaluation stage	13/02/2023	Re advert	Re advert	Re advert	
24	SK8/3/1-23/2022/2023	Appointment of a panel of contractors for the supply and delivery of water and wastewater chemicals for a period of (3) three years (re-advert)	20/07/22	27/07/22	31/08/22 Extended to 01 February 2023	27/01/2022	13/02/2023	Due diligence	Re - advert	Re advert	
25	SK8/3/1-24/2022/2023	Appointment of a panel of contractors for sucking of	20/07/22	27/07/22	01/09/22 Extended to 02	Evaluation stage	Re advert	Re advert	Re advert	Re advert	Re advert

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
		septic tanks, emptying of VIP toilets, unblocking and maintenance of sewer networks for a period of (3) three years			March 2023						
26	SK8/3/1-25/2022/2023	Appointment of service provider for production equipment's and inputs to support SMME's	14/07/22	28/07/22	12/08/22	12/10/22	17/10/22	Re-advert	Re-advert	Re-advert	N/A
27	SK8/3/1-26/2022/2023	Appointment of panel of consultants for Engineering various disciplines for a period of (3) three years	03/08/22	21/08/22	30/09/22	Evaluation stage-Extension of validity period 30/03/2023		Re - advert	Re - advert	Re advert	

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
28	SK8/3/1-27/2022/2023	Appointment of service provider to supply water to Jane Furse Hospital through water tanker for a period of (2) two months	12/08/22	14/08/22	29/08/22	31/08/22	31/08/22	31/08/22	R4 227 743.85	Ngoato le Nareadi	N/A
29	SK8/3/1-28/2022/2023	Re-advertisement: Appointment of professional service provider to develop the SDM Regional Industrial development master plan	04/08/22	18/08/22	12/09/22	Evaluation stage	Re advert	Re advert	Re advert	Re advert	Re advert
30	SK8/3/1-29/2022/2023	Re-advertisement: appointment of professional service	04/08/22	18/08/22	12/09/22	Evaluation stage	Re advert	Re advert	Re advert	Re advert	Re advert

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
		provider to review the SDM tourism strategy									
31	SK8/3/1-30/2022/2023	Appointment of service provider to develop SDM SMME and Cooperative development strategy	04/08/22	18/08/22	12/09/22	Evaluation stage	Re advert	Re advert	Re advert	Re advert	Re advert
32	SK8/3/1-31/2022/2023	Appointment of Service provider to supply and deliver prepaid water meters, related vending system and query management system for a period of (3) three years	04/08/22	18/08/22	26/09/22	Evaluation stage	Re advert	Re advert	Re advert	Re advert	Re advert

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
33	SK8/3/33- /2022/2023	Re-advertisement: Appointment of service provider to support and maintain technical access control and CCTV systems for a period of (3) three years	04/08/22	18/08/22	26/09/22	30/11/22	Awaiting the end user to send new term of reference	Public Notice was issued			
34	SK8/3/1- 34/2022/2023	Appointment of a panel of skills development providers for a period of (3) three years	04/08/22	18/08/22	26/09/22	08/10/2022	10/12/2022	Due diligence		AfriK Consulting  2. Mahube training and Development  3. Excellent Minds Institute (Pty) Ltd	

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
										4. PWI Corporate Training 9Pty) Ltd 5. Kgolo Institute 6. DTM Consulting 7. Noma gwanishe Investment 8. Reabona Trading 9. Mogale Solution Provider (Pty) Ltd 10.Olrcich Home of Technology 11.RKM Consultanc	



No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
										y and Training  Amasiko Trading Enterprise	
35	SK8/3/1-35/2022/2023	Appointment of service provider for a Road Asset Management for a period of three (3) years	30/08/2022	04/09/22	07/10/22	11/11/2022	03/01/23	15/02/23	R 7 090 417.40	Phatsima Management Consultant	
36	SK8/3/1-36/2022/2023	Mooihoek Tubatse Bulk Water Supply Phase 4G1.1  Construction of a DN200 PN40 Flanged steel rising main to Alverton and upgrading of the Mooihoek water treatment works:	30/08/2022	04/09/22	07/10/22	05/12/2022	03/01/23	15-/02/23	R63 230 792.52	Bo Mamohlala Projects	

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
		Fetakgomo Local Municipality									
37	SK8/3/1-37/2022/2023	Appointment of a panel of Service Provider for the supply of water through water tankering as and when required for a period of (36) thirty months	02/09/22	04/09/22	11/10/22	11/11/2022	01/12/2022	05/12/2022	rates	Ngoato le Nareadi	
38	SK8/3/1-38/2022/2023	Appointment of Service Provider for supply and delivery of fuel and lubricants within Sekhukhune District Municipality as and when required for a	02/09/22	04/09/22	11/10/22	11/11/2022	18/12/2022	2023/01/05	Rates	Vuka Mlangeni (PTY)Ltd African Rhino Fuels Kgobokanang Business Projects cc	No

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
		period of (36) thirty months								Mogan General Trading & Projects  Hot Stone Project developers	
39	SK8/3/1-39/2022/2023	Appointment of service provider for the lease of vehicles for a period of (3) three years	15/09/22	18/09/22	24/10/22	Evaluation stage	10/11/2022	28/11/2022	135 293 320 .13	NMP Trading Projects	
40	SK8/3/1-40/2022/2023	Appointment of service provider for Phokwane/Brooklyn water supply intervention project	04/10/22	23/10/22	10/11/22	05/12/222	03/02/23	Adjudication Stage	R5 881 562.24	Chipule Cleaning & Construction	

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
41	SK8/3/1-41/2022/2023	Appointment of service provider for Mabulela water supply intervention project	04/10/22	23/10/22	09/11/22	20/11/2022	02/02/23		R9 837 266.75	Kgobokana ng Business	
42	SK8/3/1-42/2022/2023	Appointment of service provider for the construction of 440 VDIP toilets for Legolaneng	04/10/22	23/10/22	09/11/22	20/11/2022	03/02/23		R9 837 266.7	Dirane Trading & JV Black Sky	
43	SK8/3/1-43/2022/2023	Appointment of service provider for Maebe water supply intervention project	04/10/22	23/10/22	30/11/22	20/11/2022	03/02/2023		R21 942 146	Ntshiana Trading	
44	SK8/3/1-44/2022/2023	Appointment of a panel of social facilitators to promote	04/10/22	23/10/22	14/11/22	20/11/2022	18/01/2023	Re advert	Re advert	Re advert	Re advert

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
		community participation in Project Implementation throughout their life cycle for a period of 36 months									
45	SK8/2/1-45/22/23	Appointment of service provider to procure production equipments and inputs for support to SMME's and cooperatives (once off).	14/10/22	20/10/22	02/10/22	Re advert	Re advert	Re advert	Re advert	N/A	N/A
46	SK8/3/1-46/2022/23 (WSIG)	Appointment of service provider for Nkosini water supply intervention project	11/10/22	23/10/22	11/11/22	20/11/2022	03/02/2023		R 6 909 423.98	Pheladi Noko B1 Funeral	

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
47	SK8/3/1-47/2022/23	Re - advertisement to appoint service provider to provide network maintenance, support and internet connection	07/11/2022	2022/11/18	22/12/2022 Period extended. 20/01/2023	05/02/2023	02/03/2023	Due diligence	Re advert	Re Advert	
48	SK8/3/1-48/2022/23	Re-advertisement for provision of meter reading and maintenance for a period of three (3) years	07/11/2022	2022/11/18	22/12/2022 Period extended 18/01/2023	On evaluation stage	02/03/2023	Due diligence	Re advert	Re advert	
49	SK8/3/1-50/2022/23	Data cleansing and verification of indigent register for Sekhukhune	07/11/2022	2022/11/18	23/12/2022	15/02/2023	02/03/2023	Re-Advertised	Re advertised	Re advertised	

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
		District municipality for a period of 3 years			Period extended. 20/01/2023						
50	SK8/3/1-51/2022/23	Security services for Sekhukhune district municipality for a period of 3 years	07/11/2022	2022/11/18	23/12/2022 Period extended. 20/01/2023	15/02/2023	02/03/2023	Due diligence	R224 712 369	Tubatse Security for four clusters	
51	SK8/3/1-52/2022/23	Cash collection for Sekhukhune District Municipality for a period of 3 years	07/11/2022	2022/11/18	23/12/2022 Period extended. 20/01/2023/	15/02/2023	02/03/2023	Due diligence	Re advert		

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
52	SK8/3/1-53/2022/23	Ga Malekane Treatment works Construction of a 12ml/day Water Treatment Works at Ga Malekane	20/11/2023	02/12/2022	16/01/2023	15/02/2023	02/03/2023	Due diligence			
53	SK8/3/1-54/2022/23	Tukagomo Water Intervention	20/11/2023	02/12/2022	17/01/2023	22/01/23	03/02/23		R 5 563 311.88	Kgomo Brothers	
54	SK8/3/1-55/2022/23	Appointment of Professional service provider to develop a feasibility study for establishment of flea market	20/11/2023	13/12/2022	19/01/2023	15/02/2023	05/04/2023	Due diligence			



No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
55	SK8/3/1-56/2022/23	Appointment of service provider to develop ICT Master Systems Plan	20/11/2023	13/12/2022	19/01/2023	15/02/2023	05/04/2023	Due diligence		Re advert	
56	SK8/3/1-58/2022/23	Appointment of service provider to develop a feasibility Study on the establishment of a poultry abattoir facility	20/11/2023	13/12/2022	19/01/2023	15/02/2023	05/04/2023	Due diligence		Re advert	
57	SK8/3/1-45/2022/23	Re - advertisement Appointment of Service provider to procure production equipment's and inputs for support to	20/11/2023	13/12/2022	19/01/2023	06/02/2023	02/03/2023	Due diligence			

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
		SMME's and Cooperatives									
58	SK8/3/1-59/2022/23	Appointment of Service provider for Sucking and Clean two sump of sewer at Elandsdoorn under Uitspanning	02/02/2023	07/02/2023	22/02/2023	15/02/2023	05/04/2023	Due diligence	R 890 000.00	Its of Mach	
59	SK8/3/1-60/2022/23	Appointment of Service provider for Sucking, emptying, and cleaning of 1075 VIP Toilets at Walter Sisulu RDP under Uitspanning depot	02/02/2023	07/02/2023	22/02/2023	15/02/2023	05/04/2023	2023/05/04	R 1496 955.50	Abaphumeli Trading 888c	

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
60	SK8/3/1-61/2022/23	Appointment of Service provider for Sucking 1162 VIP toilets Thabakhubedu, Magagamatala and Buffelsvlei under Uitspanning depot	02/02/2023	07/02/2023	22/02/2023	15/02/2023	05/04/2023	04/05/2023	R 1 737 190.00	1st May Business Enterprise	
61	SK8/3/1-62/2022/23	Appointment of Service provider for Laboratory Services to Analyze water and food Samples to produce certificates of Analysis Reports for a period of three (3) years	14/02/2023	30/03/2023	15/05/2023	30/05/2023	14/06/2023				

No	Project No	Project Name	Date Of Specifica tion	Date Of Advert	Closing Date	Evaluatio n Date	Adjudic ation Date	Awarded Date	Bid Amount	Awarded Bidder/Pro gress Details	30% Sub- Contractor
62	SK8/3/1-63/2022/23	Appointment of Service provider for water meter fittings materials for a period of three years	14/02/2023	30/03/2023	15/05/2023	07/06/2023					
62	SK8/3/1-64/2022/23	Appointment of Service provider for supply and Install Three Ambient Air Monitoring Analysers	14/02/2023	06/04/2023	04/05/2023	30/05/2023	14/06/2023			RE- Advert	
63	SK8/3/1-65/2022/23	Appointment of Service provider for - inhouse GRAP Training (Once off)	14/02/2023	06/04/2023	04/05/2023	30/05/2023	14/06/2023				
64	SK8/3/1-66/2022/23	Appointment of Service provider for repairs and	28/03/2023	06/04/2023	18/05/2023	07/06/2023				Re advert	

No	Project No	Project Name	Date Of Specifica tion	Date Of Advert	Closing Date	Evaluatio n Date	Adjudic ation Date	Awarded Date	Bid Amount	Awarded Bidder/Pro gress Details	30% Sub- Contractor
		Maintenance of SDM Emergency Vehicles (Red fleet) for the period of three (3) years									
65	SK8/3/1-66/2022/23	Appointment of Service provider for Tjate Heritage Site-fencing Project Development (Once Off)	28/03/2023	15/04/2023	31/05/2023	07/06/2023	11/07/2023	25/08/2023	R456 550	Fito and Sons	N/A
66	SK8/3/1/45/2022/2023	Appointment of Service provider for supply and delivery of production equipment and inputs for support to SMME and cooperatives	28/03/2023	19/05/2023	08/06/2023	23/06/2023					

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
67	SK8/3/1/69/2022/2023	Appointment of Service provider for supply and delivery of Consumable inventory related item for the period of three (3) years	04/05/2023	15/06/2023	20/06/2023	23/06/2023					
68	SK8/3/1/01/2023/2024	Appointment of a panel of the Service provider for supply and delivery of Panel for Electro - Mechanical works for Sekhukhune District Municipality for period of 36 months (Re advert)	22/07/2022	16/05/2023	21/06/2023						

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
69	SK8/3/1/02/2023/2024	Appointment of a panel of the Service provider for supply and delivery of Water and Wastewater Treatment Chemicals for Sekhukhune District Municipality for period of 36 months (Re advert)	22/07/2022	16/05/2023	19/06/2023						
70	SK8/3/1-04/2023/24	Upgrading of De hoop/Malekane Treatment works: Construction of a 12ml/day water treatment works at	04/05/2023	16/05/2023	20/06/2023	03/07/2023	08/09/2023	15/09/2023	R144817851.24	Bo Mamohlala Projects cc	

No	Project No	Project Name	Date Of Specification	Date Of Advert	Closing Date	Evaluation Date	Adjudication Date	Awarded Date	Bid Amount	Awarded Bidder/Progress Details	30% Sub-Contractor
		GaMalekane (Re-Advert)									
71	SK8/3/1-05/2023/24	Groblersdal Luckau Bulk Water Supply-Contract 1B	04/05/2023	26/05/2023	04/07/2023		02/10/2023	Due diligence			
72	SK8/3/1-06/2023/24	Groblersdal Luckau Bulk Water Supply-Contract 1C	04/05/2023	26/05/2023	04/07/2023	22/08/2023	02/10/2023	Due diligence			
73	SK8/3/1-07/2023/24	Groblersdal Luckau Bulk Water Supply-Contract 1D	04/05/2023	26-05/2023	04/07/2023	22/08/2023	02/10/2023	Due diligence			
74	SK8/3/1-08/2023/24	Groblersdal Luckau Bulk Water Supply-Contract 1E	04/05/2023	26/05/2023	04/07/2023	22/08/2023	02/10/2023	Due diligence			
75	SK8 3/1-09/2023/2024	Moutse East & West water Reticulation - Contract A - Ntwane	07/06/2023	11/06/2023	17/07/2023	22/08/2023	On Evaluation				



No	Project No	Project Name	Date Of Specifica tion	Date Of Advert	Closing Date	Evaluatio n Date	Adjudic ation Date	Awarded Date	Bid Amount	Awarded Bidder/Pro gress Details	30% Sub- Contractor
76	SK8/3/1-10/2023/2024	Moutse East & West Water Reticulation- Contract B- Thabakhubedu	07/06/2023	11/06/2023	17/07/2023	01/09/2023	On Evaluati on				
78	SK8/3/1-11/2023/2024	Moutse east & West Water Reticulation Contract C- Elokhishini	07/06/2023	11/06/2023	17/07/2023	01/09/2023	On Evaluati on				
79	SK8/3/1-12/2023/2024	Moutse East & West Water Reticulation Contract D- Marapong	07/06/2023	11/06/2023	17/07/2023	01/09/2023	On Evaluati on				
80	SK8/3/1-13/2023/2024	Moutse East & West Water Reticulation Contract E- Mzimdala	07/06/2023	11/06/2023	17/07/2023	01/09/2023	On Evaluati on				
81	SK8/3/1-14/2023/2024	Tukakgomo Water Intervention Phase 5	22/06/2023	27/06/2023	12/07/2023	17/01/2023	22/01/2023	03/02/2023	R5 563 311.88	Kgomo Brothers	

No	Project No	Project Name	Date Of Specifica tion	Date Of Advert	Closing Date	Evaluatio n Date	Adjudic ation Date	Awarded Date	Bid Amount	Awarded Bidder/Pro gress Details	30% Sub- Contractor
82	Sk8/3/1- 70/2022/2023	Installation, Maintenances and Connections of the Network Connectivity	30/06/202 3	09/06/202 3	26/06/20 23	03/07/202 3	14/07/20 23	28/07/20 23	R1 599 880	Jireh Technologi es	
83	Sk8/3/1- 71/2022/2023	Internet Services (06 months Contract)	30/06/202 3	09/06/202 3	26/06/20 23	03/07/202 3	14/07/20 23	O due diligence			
84	SK8/3/1- 15/2023/2024	Phokwane /Brooklyn Water Supply	22/06/202 3	27/06/202 3	12/07/20 23	10/08/202 3	18/08/20 23	Re advert	Re advert		

### **2.8.5. BY-LAW**

For the year under review the municipality did not gazette any by-law.

### **2.8.6. WEBSITE**

The website of the Municipality is functional ([www.sekhukhunedistrict.gov.za](http://www.sekhukhunedistrict.gov.za)) and updated on a regular basis especially the component where compliance issues must be adhered to such as publishing of Annual Report, tenders and vacancies.

The website for the financial year 2022/2023 was functional with mandatory updates having been done, namely, IDP, Budget, SDBIP, Annual Report. From content management point of view for general information dissemination, the communication Unit updated the website through posting of official statements and speeches. However challenges still remain for the website to function optimally, some of the challenges are regular updating of content. The following were published on the website:

- 2022/2023 SDBIP
- Quarterly SDBIP reports done every end of the quarter.
- 2022/2023 BUDGET
- Process Plan and Framework for IDP Review 2022/2023
- 2022/2023 MIDTERM Reports
- Performance agreements of senior managers.
- Quarterly SDBIP reports done every end of the quarter.
- 2022/2023 Annual Report
- Creating awareness for internal departments to provide information in a timely manner
- Marketing the use of the website for external audiences
- Internal and external vacancies, including that of Municipal Manager
- Public Notices of disruption of water supply to all communities

Research has been done on products that will offer the following to the communities:-

- Touch-screen kiosks that can be used for inter alia the following:
- Customer Complaints
- Customer Compliments
- Customer Comments
- General Survey Interaction
- Information Centre.

### **2.8.7. PUBLIC SATISFACTION ON MUNICIPAL SERVICES**

The Sekhukhune District Municipality in her customer satisfaction survey conducted in 2015, revealed that majority of citizens in Sekhukhune (approximately 62%) is reasonably satisfied with provision of services by the municipality.

In between the year the municipality has a dedicated customer care unit which processes day to day community complaints and monitor adherence to Batho-Pele principles by municipal officials.

Batho Pele Forum as a platform to engage with government service points to assess the delivery of services. The Municipality through its council has adopted important policies and guidelines to guide Batho Pele and customer management processes. The policies include Batho-Pele service standards, Dingongorego/Complaints policy, and service charter.

The municipality has the following platforms to receive and manage queries from communities and stakeholders,

- Suggestion boxes in all offices
- 24-hour call centre
- Regular outreach for face-to-face interaction
- Premier hotline
- Presidential hotline
- Group what's up
- Emails

## **BATHO PELE PRINCIPLES**

### **1. COURTESY PRINCIPLE:**

SDM should give Citizens full, accurate information about the public services they are entitled to receive. This means making it easy for our customers to benefit from the services we provide.

- **Nametags**

Name tags provide personal identity and with a logo, they expand corporate branding as well. Very few employees of SDM had Name Tags that were printed by Risk Unit. Customer Care Unit is in a process of procuring a printing machine for printing prescribed name tags for all our staff members.

- **Frontline:**

SDM frontline desk is operated by 1 permanent employee and sometimes accompanied by interns at Bareki Mall. West Street does not have a Receptionist since the contract has ended. We are in a process of getting at least 2 extra permanent staff at Bareki offices, 2 receptionists at West street offices and Fire station.

- **Signage/Way finding.**

There is no signage/way finding in the entrances of Groblersdal to SDM Offices. We partnered with Public works department that will assist us in terms of the correct specification for procurement processes.

- **Suggestion boxes**

The boxes are available in our main entrances. New padlocks have been purchased. On weekly basis the boxes are opened, queries and complements are dispatched to the relevant department/unit.

- **Monitoring of 3-rings (telecommunication/ Call Centre)**

Our Call Centre is operating 24/7. The Call Centre toll free number is

**0800 33 00 22**

The Office of the Premier and the management of Customer Care are monitoring the telephone rings of our call centre phones on ad hoc basis.

## Challenges

Our call centre is still experiencing a serious challenge in terms of the ageing telephone system that is used and lack of tools of trade.

**Calls that manually recorded during the period 2022/23 are as follows:**

INCIDENT	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Motor Vehicle Accident	28	39	42	09	11	17	34	08	25	09	11	17
Structural fire	06	10	20	07	08	13	02	03	03	07	08	13
Special services	00	02	10	00	03	03	04	00	02	00	03	03
Veld fire	00	00	06	09	08	11	22	20	03	09	08	11
Water related	00	00	10	34	06	15	52	25	33	34	06	15
<b>Total</b>	<b>34</b>	<b>51</b>	<b>77</b>	<b>59</b>	<b>36</b>	<b>59</b>	<b>114</b>	<b>56</b>	<b>66</b>	<b>59</b>	<b>36</b>	<b>59</b>

## PRESIDENT'S AND PREMIER'S HOTLINES

Below is an analysis report from OTP.

District / Local Municipality	No of Open Calls	No of Resolved Calls	Avg. Time to Resolve (Gov. bus. hours)	Total Calls	% Resolved by Sept 2022	% Resolved 30 June 2023
<b>Sekhukhune District Municipality</b>	25	1225	1673	1250	<b>98%</b>	<b>98,07%</b>
Elias Motsoaledi Local Municipality	2	147	1080	149	<b>98,66%</b>	<b>98,66%</b>
Ephraim Mogale Local Municipality	1	58	1299	59	<b>98,31%</b>	<b>98,31%</b>
Fetakgomo - Tubatse Local Municipality	8	438	1517	446	<b>98,21%</b>	<b>98,65%</b>

Greater Sekhukhune District Municipality	0	399	2221	399	<b>100%</b>	<b>100%</b>
Makhuduthamaga Local Municipality	5	158	1290	163	<b>96,93%</b>	<b>96,91%</b>
Sekhukhune District Municipality	<u>9</u>	25	2439	34	<b>73,53%</b>	<b>70,59%</b>

### **ACCESS PRINCIPLE**

All citizens should have equal access to services.

- **Accessibility to Municipal Buildings**

SDM buildings are accessible.

- **Thushong Service Centres**

A Thushong Service Centre is a one-stop service centre providing Government information and services to communities based on the needs of the specific community.

SDM has 3 Thushong services centres that are located in different Local Municipalities. The strategic objectives of the Thushong service centre can be summarized as follows: -

- Ensure better communication between government and the people.
- Provide services to people at close proximity (reducing travel distance for people to access services)
- Thushong Centres to serve as centres for community events and democratic processes.

Thushong Centres	Municipality	Services Providers	Launched	Centre Manager
Fetakgomo - Atok (Hub)	Fetakgomo	Tele Centre, Home affairs, SASSA, Social Development, SAPS, Agriculture, Victim Empowerment Centre and ANGLO-Zimela.	Yes	Mr. Silence Mahlatji (Appointed) 071 714 3934
Leboeng (Hub)	Tubatse	Home Affairs, SAPS, Labour, Health, Social Development, Justice, Correctional services, Telecentre, SASSA and EMS	Yes	Captain Mogoane 082 565 7135
Kgautswana (Satellite)	Tubatse	SASSA, Health, social development, SAPS, Post Office (lobby box), Agriculture, Telecentre, Library services, Development and Tourism projects and ECD	Yes	Ms. Clara Masinga (NGO volunteer) 078 616 6796
Zamenkomst e (Cluster)	Ephraim Mogale	Water Affairs, SASSA, Home Affairs, Social Development, SAPS, Municipality Agriculture and Sekhukhune District Municipality	No	Mr. Manyaka (Municipal secondment) 082 456 7693
Tafelkop (Cluster)	Elias Motsoaledi	SASSA, Social Development, GCIS, Coghsta (operate in a cluster form within a walking distance)	No	Ms. Ntepane Mathunyane
Mapodile (Hub)	Tubatse	Social Development, SASSA, Agriculture, SAPS, Municipality (library services), Health, Community Work Programme, Sekhukhune District Water Affairs, Tele Centre & Coghsta	Yes	Mr. Lazarus Tau (Municipal secondment) 072 185 2031

### 1. CONSULTATION PRINCIPLE

We can only assume to know what customers want. The only way we can find out for certain is by asking them. This can be done through surveys, questionnaires, meetings, suggestion boxes, imbizo/Outreach and by talking to our customers.



## **Mass Service Provision (Batho Pele Outreach)**

Batho Pele Mass Service Provision has been the most effective consultation mechanism in districts. The rationale of these events is to popularize government services at district level, these types of events are rolled-out and budgeted for by respective Local Municipalities and the District municipality. Government departments, SOEs and businesses show case their services. The events are led by Mayors of the LM and Batho Pele Coordinators.

### **SERVICE STANDARDS PRINCIPLE**

The standards we set are the tools we can use to measure our performance, and therefore need to be realistic depending on and ensure that resources are available. In order for SDM to be able to assess the quality of the services that are being provided, precise and measurable service standards should be developed, and the Service Charter made available to public.

- **Service Standards**

Service standards are in place. They are in a process of being reviewed. The workshop for Managers, District and Local Batho Pele committee will take place in September.

#### **Health and safety**

Customer Care has developed a monitoring tool to be utilised by the Batho Pele committee when conducting a Service delivery surprise visit within different institutions. This is done in consultation and partnering with the LMs and sector departments.

### **INFORMATION PRINCIPLE**

Citizens should be given full accurate information about the public services they are entitled to receive. Information must reach all our customers to make sure they are well informed about the services our department provides. Our internet is up and running despite challenges at West street. The website is updated regularly. We have continuous radio slots. Internal and external newsletters are distributed.

The following are the means of communication:

- **Newsletters**
- **Electronic mails (Emails)**

- **Meetings**
- **Group What's up.**
- **Outreaches**

### **OPENNESS AND TRANSPARENCY PRINCIPLE**

This principle allows citizens to have access to timely and reliable information about decisions and the performance of our municipality.

- **IDP**
- **Hotlines /Toll-Free Lines**
- **Audit reports**

### **REDRESS PRINCIPLE**

Redress is making it easy for people to tell us if they are unhappy with our service. In Customer Care Unit we have 3 Staff members that are trained on a process plan to handle queries that are received and registered via the Premier/ Presidential Hotline and also our Customer walk in queries. They have been trained to deal with complaints in a friendly, helpful manner.

Our query management system is still manually operated. We have a query management register that is placed at our Reception desk and Suggestion/Complement Box

### **VALUE FOR MONEY**

For SDM to reap on the Return on investment, We need to make the best use of available resources. Avoid wastage of time, money, and other resources. It also means eliminating waste, fraud and corruptions and finding new ways of improving at little or no cost.

### **CHALLENGES**

- A notable disjuncture in terms of recording water and sanitation related queries is still a challenge with multiple reporting lines and lack of integrated approach which will enable proper and reliable reporting.
- Manual, Outdated and ageing system of recording and processing queries due to lack of modern technology system and modern call centre facility.

- Both Presidential and Premier hotline's reports are now analysed and reported in arrears (once per quarter) that makes it difficult to align our reporting with the monthly Portfolio and Mayoral Committee

## **CHAPTER THREE: SERVICE DELIVERY PERFORMANCE**

### **3.1. INTRODUCTION**

The district municipality as per section 152 (1) (b) of the Constitution of the Republic of South Africa mandates local government to ensure provision of services to communities in a sustainable manner. Municipalities are expected to strive within its financial and administrative capacity to achieve the objectives as set in the section 152 (2) of the Constitution of the Republic of South Africa. The district municipality is WSA (Water Service Authority) and WSP (Water Service Provider) as per the Water

### **COMPONENT A: BASIC SERVICES**

### **3.2. WATER SERVICES PROVISION**

The Department of Infrastructure and Water Services is responsible for delivery of water and sanitation services in the entire SDM area. The municipality planned to review its Water Services Development Plan (WSDP) and Water & Sanitation Master Plan in the current financial year (2022/2023) and has requested assistance from DBSA. Both WSDP and BWSMP are used as the guiding tool to ensure effective and efficient implementation of various water schemes and provide a blue-print of providing water sustainably in the district.

The Municipality is currently providing full water and sanitation services in the main towns such as Burgersfort (12 815 people), Marble Hall (4 025 people), Groblersdal (6 312 people), Steelpoort (3 374 people) and Ohrigstad (1 520 people). These areas have access to other high-level services such as refuse removal and roads.

The most villages in the vast rural areas are being provided with ground water as alternative sources and water tankers where necessary. Most of the rural villages in the Flag Boshielo Water Scheme are receiving water services in a much more improved way than most rural other villages.

Several villages are currently benefitting from water provided by a main pipe from De Hoop dam, namely: Mpelegane, Maepa, Ratau, Maphopha, Rantho, Masha, Malekana and Maseven. This is a notable progress as De Hoop dam's provision is beginning to reach villages.

### **3.2.1. INVESTMENTS ON INFRASTRUCTURE DEVELOPMENT DURING 2022/23 FINANCIAL YEARS:**

During 2022/2023 Financial Year, the following infrastructure grants were spent on water and sanitation projects:

Municipal Infrastructure Grant (GRANT): R 474,000,000.00

- The SDM has implemented 09 water infrastructure project and 5 VIP sanitation projects during 2022/23 financial year.
- Water Services Infrastructure Grant (WSIG): R71,652,000.00 The SDM has implemented 5 intervention water projects and 01 VDIP sanitation projects during 2022/23 financial year.
- Regional Bulk Infrastructure Grant (RBIG): R 130,000,000.00
- The SDM has implemented 07 bulk water projects during 2022/23 financial year.

### **BACKLOG IN ACCESS TO WATER AND SANITATION IN 2022/23**

The Sekhukhune District Municipality has the total population of 1 169 762 with 194 962 number of households.

The Sanitation -Ventilated Pit-latrine (VIP) infrastructure backlog was at 223 018 in 2015/16 financial year and reduced by 16 180 in 2016/17, reduced by 6840 in 2017/18, reduced by 6830 in 2018/19, reduced by 4948 in 2020/21 and further reduced by 8389 in 2021/22 financial year. further reduced by 774 in 2022/23 financial year. The sanitation backlog is currently at 180 497.

The Water infrastructure backlog was at 39% in 2015/16 financial year and reduced by 4% in 2016/17, reduced by 5% in 2017/18, reduced by 3% 2018/19, reduced by 2% in 2019/20 and in 2020/21 the infrastructure is still under implementation. The water backlog is currently at 25%. The total number of consumer units as of 2022/23 is 254 752.

The water services backlogs fluctuate based on the availability of water & new residential developments without water provisions.

The operation & maintenance patterns on the existing water infrastructure also affect the water services backlog.

**KEY WATER INFRASTRUCTURE DEVELOPMENT SCHEMES IMPLMENTED DURING 2022/23 TO DATE**

- The SDM continued with the implementation of Nkadimeng Bulk Water Supply Scheme, which is currently at Phase 11 to complete the water pipeline and reticulation network.
- The conditional assessment for commissioning and testing of Bulk pipeline from Malekana Water Treatment Works to Jane Furse command reservoir under (Nebo Plateau Bulk Water Scheme) will be done 2023/2024
- The implementation of phase 4 for Mooihoek-Tubatse Bulk Water Scheme is continuing in the current financial, which includes the bulk pipelines and concrete reservoirs. These projects will be completed in the next two financial years of 2022/23 to 2023/24
- The Lebalelo South Connector pipes and reticulation commenced with construction in the financial year 2018/2019 and to be completed by June 2024.
- The Lebalelo South Phase 3 (Ga-Maroga and Motlolo) commenced in 2018/19 financial year and to be completed in June 2024
- Moutse East and West Bulk Water supply is currently under implementation and will be completed in 2023/2024.

**The following projects were implemented in the 2022-2023 financial year.**

<b>MUNICIPAL INFRASTRUCTURE GRANT</b>				
<b>PROJECT NAME</b>	<b>LOCATION/VILLAGE</b>	<b>PROJECT VALUE</b>	<b>EXPENDITURE</b>	<b>PROGRESS TO DATE</b>
De Hoop/Nebo Plateau/Schoonoord Water Scheme Villages: Ga – Mogashoa (Senkapudi) and Ga-Mogashoa (Manamane)	Ga–Mogashoa (Senkapudi) and Ga-Mogashoa (Manamane)	R2,175,851.37	R337,917.15	41,5 kilometres of water pipeline constructed

NSD07 Regional Water Scheme Constructio n of concrete reservoirs	Schoonoord	R4,693,759.56	R3,705,039.15	0,1km of bulk pipelines constructed and 0 concrete reservoirs completed (Foundation and floor slabs of 2 reservoirs completed)
De Hoop/Nebo Plateau/Scho onoord Water Scheme Villages: Makgeru, Ga Ratau & Matekane	Makgeru, Matekane and Ga-Ratau	R13,554,104.00	R2,883,270.05	<b>Contractor 1 (Ga Ratau)</b> 57.326 km water reticulation pipeline, 6.7km of rising main,550 Erf connections (Standpipes with water meters), Installation of 275 gate valves,13 Fire hydrants,0 Pipeline markers  <b>Contractor 2 (Makgeru and Matekane)</b> 60.087km of water reticulation pipeline completed,100 Erf connection,0 Equipping of boreholes,0 Fire hydrants,0 Gate ,0 Pipeline markers
Motlailana, Makgemeng Water Supply	Motlailana, Makgemeng	R21,749,214.05	R14,392,701.41	15,5 Km of bulk & reticulation pipeline, 987-yard connections and 0 concrete reservoirs constructed.
Malekana Regional Water Scheme	Malekana, Maphopha Ga-Masha Ga-Maepa Ga-Rantho Ga-Ratau Kutollo Maseven Ga- Mpana	R123,354,717.4 8	R76,700,671.86	112.15 Km of reticulation and bulk pipeline constructed
Lebalelo South connector pipes and reticulations	GaRiba, Rivercross, Driekop	R8,373,757.24	R3,105,000.00	95%, The outstanding is contract administration, Supervision, closeout report and As-built drawing.  The outstanding variation order has been approved

				and work done thus far paid. Currently the engineer is mobilising to return to site and assessing all works on site.
Lebalelo South: Phase 3 (Ga-Maroga and Motlolo Bulk and Reticulation Infrastructure	Ga-Maroga Motlolo	R67,994,152.33	R56,548,126.07	425,361km of bulk & 31,756 km reticulation pipeline constructed, refurbishment of 1 borehole, 1 WTW and 1023 house water meters connections
Ga Maphopha Command reservoir	Maphopha	400,000.00	0	0 % reservoir Completed
SDM Disaster Management Pandemic Intervention Brooklyn Water Supply Malaeneng (Mahlokwen a) and Legolaneng	Brooklyn Malaeneng (Mahlokwen a) and Legolaneng	R6,860,756.57	R4,054,027.27	Equipping of two (2) drilled borehole, construct one (1) steel tank reservoir, construction of 0 pump house and connect to existing reticulation network.
<b>REGIONAL BULK INFRASTRUCTURE GRANT (RBIG)</b>				
<b>PROJECT NAME</b>	<b>LOCATION/VILLAGE</b>	<b>PROJECT VALUE</b>	<b>EXPENDITURE</b>	<b>PROGRESS TO DATE</b>
Construction of Mooihoek bulk water supply phase G1.1		R60,000,000.00	R21,943,103.50	Contractor appointed. Awaiting compliance with contractual obligations.
Construction of Mooihoek bulk water supply phase G1.2				4,7 km pipeline constructed.  99% overall physical progress. Contractor busy finalising snag-list, final inspection to follow shortly



Construction of Mooihoek bulk water supply phase G2				4,9km of bulk water supply pipeline constructed in Alverton.500KL Concrete reservoir in Alverton completed and tested for water tightness.  Overall progress at 100%
Nebo BWS Commission Jane Furse Pipeline		R40,000,000.00	R29,321,576.67	16% progress  0.8km of pipeline completed  Overall project progress at 92%
Nebo BWS Makgeru to Schoonoord BWS	-Makgeru -Matekane -Magane -Ga-Ratau -Ga-Mogashoa (Senggapudi) -Ga-Mogashoa (Manamane) -Kotsiri -Schoonoord -Ga-Maloma -Tsopaneng - Ga-Sekele - Emkhondweni			0 Kilometres of bulk water supply pipeline tested & 0 command reservoir tested.  0% progress
Moutse BWS Project 13 & 14		R30,000,000.00	R50,512,021.82	1 mechanical and 1 Electrical (M & E) components installed for the extensions to the Groblersdal Water Treatment Works and pump station. Civil works for 1 clarifier and 1 filter basin
Moutse BWS Project (7 to 12)				10 Kilometres of bulk water supply pipeline constructed and tested
<b>WATER SERVICES INFRASTRUCTURE GRANT</b>				
<b>PROJECT NAME</b>	<b>LOCATION/VILLAGE</b>	<b>PROJECT VALUE</b>	<b>EXPENDITURE</b>	<b>PROGRESS TO DATE</b>
Rutseng Water Intervention	Rutseng	R 3 822 906,06	R 1 191 622,61	4500m of bulk pipeline. Number of concrete reservoirs to be sealed. Number of concrete walls to be constructed

Tukakgomo water intervention and meter installations.	Tukakgomo	R 4 005 556,85	R 3 427 012,91	100% Site establishment is at 100%, Construction of water reticulation network is at 100%, Drilling of the four odex holes are at 100%, testing and equipping are at 100%.
Uitspanning Water Supply Intervention-Phase IV	Uitspanning	R 5 835 080,62	R4 974 116,60	Overall Progress 100%  Completion Certificate has been issued.
Phiring Water Supply Intervention Phase 2	Phiring	R 3 782 749.55	R517 250.46	Construction of 0.7km of water reticulation is 100% completed. Refurbishment of the borehole is at 95%. Elevated steel tank is at 40%. Overall Progress is at 92%
Tukakgomo water Supply Phase V	Tukakgomo	R 9 080 000.00	R173 466.72	Contractor appointed. 0 Km of pipeline constructed, and 0 water metres installed.
Legolaneng VDIP	Legolaneng	R7,000,000.00	R0.00	6 VIDP sanitation units constructed (206 pit excavation, 43 pit lining)

### **3.3. SANITATION SERVICES PROVISION**

The SDM is currently implementing a massive sanitation programme and providing Ventilated Improved Pit latrines (VIP's) to various households. In the 2015-2016 to 2022/2023, financial year's 50548 VIP Sanitation units were built across the district as part of providing communities with sanitation.

**The following sanitation projects were implemented in the 2022-2023 financial year**

<b>NUMBER OF VIP TO CONSTRUCT</b>	<b>MUNICIPALITY</b>	<b>PROJECT VALUE</b>	<b>EXPENDITURE</b>	<b>PROGRESS TO DATE</b>
192 VIP units to be constructed.	Ephraim Mogale	R177,903.84	R177,903.84	192 VIP units completed.
102 VIP sanitation units to be constructed	Makhuduthamaga	R6,111,818.26	R5,079,643.63	102 VIP units completed

192 VIP sanitation units to be constructed.	Tubatse	R5,192,831.10	R4,806,962.95	192 VIP Constructed
192 VIP units to be constructed.	Fetakgomo	R1,384,123.90	R106,145.00	192 units constructed
192 VIP sanitation units to be constructed	Elias Motsoaledi	1,382,073.40	R1,102,908.40	192 VIIP units constructed

**Grant spending of projects**

	<b>NUMBER OF PROJECTS IMPLEMENTED</b>	<b>EXPENDITURE AS AT 30 JUNE 2022</b>
Municipal Infrastructure Grant <b>(MIG)</b>	9 water projects and 5 VIP sanitation projects	<b>R 231,229,368.00</b>
Water Services Infrastructure Grant <b>(WSIG)</b>	4 intervention projects	<b>R10, 283,469.3</b>
Regional Bulk Infrastructure <b>(RBIG)</b>	5 bulk projects	<b>R101,776,701.00</b>
<b>Expanded Public Works Programme (EPWP)</b>	Various projects (Process controllers, general workers, fire fighters)	R13 010 000
<b>Finance Management Grant (FMG)</b>	8 Finance Interns funded	R2,300,000.00

### 3.4. MUNICIPAL HEALTH SERVICES 2022/ 2023 SUMMATIVE STATISTICS

Section 24 of the Constitution of RSA Act 108 of 1996 states that everyone has a right to an environment that is not harmful to their health or well-being. The Constitution allocates Municipal Health Services (MHS) as a Local Government function under section 156(1) (a) and Part B of Schedule 4. Section 237 provides that all Constitutional obligations must be performed diligently and without delay.

MHS functions are performed by professionals who register with the Health Professions Council of South Africa (HPCSA). The Health Professions Act, 1974 (Act no 56 of 1974) states that:

All health professionals required to register as provided for in section 17 of the Act, should register to be able to practice.

Only Environmental Health Practitioners registered with HPCSA and in good standing can be appointed to serve a Municipality in section 80 of the National Health Act of 2003.

#### ENVIRONMENTAL HEALTH

No	Component	Activities		Challenges	Remedial Action
1	Food safety control	1506 food premises were evaluated.	1089 premises complied while 430 were non-compliant.	Premises contravening legislation.	Issued fines and notices to deter non-compliance.
		167 certificates were issued to complying premises.		None.	None.
		5599 unsound chicken pieces, 2 bovine carcasses, 117,98 litres milk, and 12,1 tons foodstuff were condemned.		Fridge failure resulting in spoilage.	Food stuff condemned and properly disposed off.
2		1509 premises were	1404 were complying and 105 were	Premises contravening legislation.	Issued fines and notices to non-

	Health Surveillance of Premises	evaluated for compliance with minimum health requirements.	non-compliant.		compliant premises
		348 Health Certificate issued		None	None
3	Surveillance and prevention of contagious diseases.	6 Cases of Food poisoning investigated. 101 Awareness campaigns for prevention of Communicable diseases conducted on Food Safety		Communities lack information to make informed decisions.	Continuous health education
4	Vector control	1506 Premises inspected for effective abatement and control of vectors.	1087 were complying and 413 were found non-compliant.	None	None
5	Disposal of the dead	118 Funeral undertakers' premises were evaluated.	116 premises complied while 2 were non-compliant. .	Premises contravening legislation.	Issued notices and fines.
		7 Certificates of Competency were issued			
6	Chemical Safety	308 Chemical handling facilities were inspected.	295 premises complied while 13 were non-compliant. .	Premises contravening legislation.	Issued notices and fines.

## ENVIRONMENTAL MANAGEMENT

No	Activity	Progress	Challenges	Remedial actions
1	Atmospheric Emission Licence (AEL)	6x AELs applications on the system 1 AEL issued to Tubatse Chrome. 1x AEL issued (Annesley Andalusite) Processing 1 from Glencore 4 sent back (Duho drying, Tubatse Alloys, Annesley Andalusite and Loge Asphalt)	Facilities not returning applications in time after being sent back for amendment	Follow-up all the facilities where applications were sent back
2	Reporting	10 National Atmospheric Emission Inventory System (NAEIS) reports submitted on the system.  5 quarterly compliance reports were submitted by facilities.	None	None
3	Awareness Campaigns and community outreach	28 x Air Quality Awareness Campaigns were conducted.	None	Ongoing awareness campaign
		Earth programme award ceremony was attended and education on waste management was imparted to school representatives.	Poor waste management	Educate communities about importance of waste Management
		53 indigenous trees were planted at two waste disposal sites namely 4 landfill sites and Hlogotlou transfer station to reduce carbon footprint and progressively rehabilitate the sites.	Prevalence of carbon emissions	Plant more trees when available

		1 Awareness campaign on conservation and protection of Sehlakwana wetland		
		3X Environmental awareness campaign on waste separation and recycling were held at Tafelkop and Phaahlamanoge. Tree planting at Makhuduthamaga	Waste dumping and littering	Educate communities to separate waste to ease illegal dumping
		3 Awareness on waste management and 2 clean-up campaigns conducted	Waste dumping and littering.	Educate communities about waste management practices.
4	Ambient Air Quality Monitoring station	Analysers operational 41 station visits conducted. Back-up system for power outage installed	Analysers are old. Loss of data due to loadshedding	Procurement of new analysers Assessment for power utilisation of the station conducted for the purpose of solar panels installation
5	Monitoring of medical waste management	101 health care premises generating risk waste were evaluated.  6X hospitals namely Dilokong, Philadelphia, Groblersdal, Jane Furse, Mecklenburg and Matlala	None  All facilities did not comply with waste management legislations.	None  Engaged officials responsible for waste management to adhere to sound waste management practices.
6	Compliance monitoring	7x Air Quality management compliance monitoring	2 Facilities operating without permits	Section 22A of NEMAQA notice issued.
		7 Environmental management inspections at Agrochemical facilities	All facilities did not comply.	Compliance notices issued.

		were done in collaboration with LEDET and DFFE.		
		12 Facilities audited on National Atmospheric Emission Inventory System (NAEIS)	9 facilities have passed, and 3 failed	Awaiting resubmission from failed facilities
		Extensive waste dump next to a farm at Leeuwfontein was identified. Dumping of sewage effluent was inspected at an open field Moretsele village	Scattered litter  Land pollution	Engaged Ephraim Mogale LM and community for a clean-up.  Issue non-compliance notice and a fine.
		22X schools were inspected for management of waste within their premises and 3 found to be in non-compliance	Waste burning and littering.	To encourage schools to separate waste for recycling.
7	Clean up campaign	1x Waste dumping at Leeuwfontein was cleaned in collaboration with Ephraim Mogale LM and 250 refuse bags utilised for collection. 1x clean-up campaign at Monsterlus. 1x Clean-up campaign and tree planting during Arbor celebrations was held at Ditwebeleng village. 68 refuse bags and 56 bags of recyclable waste were collected.	Extensive waste dumping	To engage community members to develop a park.
8	Landfill site inspection	15x Landfill sites inspections to monitor	Lack of water quality testing in all facilities.	Continue inspecting landfill sites for



		compliance with permit conditions	Ineffective waste compaction and no fencing	compliance and issue notices
9	Waste recycling	1x Waste recycling forum meetings for EMLM. 3x meetings for Ephraim Mogale recycling forum	Waste dumping and littering	Coordination of environmental issues across the district
		553 kg of waste was collected for processing by waste picker at SDM Bareki Mall.	Lack of recycling bins at premises	Avail recycling bins
10	Waste transport permits	85 x Waste transportation inspection conducted, and permit issued.	None	None

### 3.5. EMERGENCY MANAGEMENT SERVICES 2022 / 2023 SUMMATIVE STATISTICS

#### 3.5.1. FIRE AND RESCUE OPERATIONS

INCIDENT	NUMBER
Structural Fire	107
Motor Vehicle Accident	131
Veld Fire	72
Vehicle Fire	10
Special Service	25
Hazmat Response	2

#### 3.5.2. EMERGENCY MANAGEMENT SERVICES TRAINING ACADEMY 2022/2023 TRAININGS

- a. During the first quarter in July 2022, **Firefighter 1** Course was facilitated, registered with SAESI with the no: SDM/FF/52/2022 for external candidates.
- b. In the second quarter in October **First Aid Level3** was facilitated and
- c. In the third quarter **Firefighter 1** course with registration no: 24/10/2022 FF1 was facilitated for external candidates.

### 3.5.3. FIRE SAFETY AND PREVENTION 2022 / 2023 SUMMATIVE STATISTICS

The annual fire safety and prevention unit summative stats on the table below cover all the twelve months proactive, preventative and mitigation approaches to ensure compliance prior construction, during construction and to existing constructions.

#### 2022/2023 STATS

SECTION	CATEGORY	Mid Term	3 <sup>rd</sup> Term	4 <sup>th</sup> Term	Total
Inspections					
Meetings		61	28	29	118
Reports generated		68	18	0	86
Number of inspections	Request	60	21	4	85
	Compliant	13	8	0	21
	Routine	43	15	2	60
Type of inspection	Flammable Liquid	20	11	9	40
	Gas	23	13	0	36
	Building	52	28	5	85
	Transport Dangerous Goods	15	1	0	16
	2nd hand	1	0	0	1
	Fire investigation	3	0	0	3
	Fire Works	4	0	0	4
	Warnings	12	1	0	13
	Certificate of compliance	3	0	1	4
Plan review					
Reports		39	19	0	58
Type of plan	Flammable Liquid	7	8	1	16
	Gas	6	4	0	10
	Building	43	22	29	94
	Fire Works	0	0	0	0
Approved	Compliance	5	6	42	53
<b>TOTAL</b>		<b>478</b>	<b>203</b>	<b>122</b>	<b>803</b>

### **3.6. DISASTER MANAGEMENT SERVICES 2022 / 2023 SUMMATIVE STATISTICS**

Disaster Management is an integrated and coordinated function, that focuses on preventing and reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters, and post disaster recovery and rehabilitation.

Disaster Management is further guided by the disaster management Act 57 of 2002 as amended, as well as the disaster management framework of 2005 under the four KPA`s and three enablers, namely:

#### **KPA 1 : Institutional Capacity**

The main objective is to establish integrated institutional capacity within the district to enable the effective implementation of disaster risk management policies and legislations.

#### **KPA 2 : Disaster Risk Assessment**

The objective is to establish a uniform approach to assessing and monitoring disaster risks that will inform disaster risk management planning and reduction undertaken by disaster management within the Sekhukhune district and other role players.

District disaster risk assessment is conducted as and when disaster incident is reported, and it is through these assessments that relief is provided to the assessed disaster victims.

#### **KPA 3 : Disaster Risk reduction**

Disaster Management plans for Sekhukhune District Municipality were reviewed and adopted by council structures and are implemented as per each local municipality to prevent and mitigate disaster risks. The plan is serving as the guiding and coordinating policy instrument for insuring an integrated and uniform approach to disaster risk management by all organs of state and other institutional role players.

#### **KPA 4 : Response and Recovery**

The key objective is to ensure effective and appropriate disaster response and recovery such as:

- Implementing a uniform approach to the dissemination of early warnings and implementing immediate integrated and appropriate response and relief measures when disasters occur or threatening to occur.

**Enabler 1 : Information Management and communication**

Objective: to guide the development of a comprehensive information management, communication management and communication system as well as establishing integrated communication links with all disaster management role players.

Sekhukhune district disaster management centre currently does not have communication systems in place to provide an institutional resource database, facilitate information, and provide risk analysis for disaster risk assessments and mapping for the district.

**Enabler 2 : Education, Training, Public awareness and Research.**

Objective– to promote a culture of risk avoidance among stakeholders by capacitating role players through awareness campaigns.

**Enabler 3 : Funding Arrangements**

Objective– To establish mechanisms for the funding of disaster risk management.

District and its Local Municipalities conducted preliminary impact assessment in respect of **253** Disaster incidents reported which were due to structural fire and storm as per attached list below.

ITEM	Number	Relief provided by Local Municipality	Relief provided by District Municipality	Cost	Total
Blankets	687	590	97	R220.00	R151,140.00
Sponges	228	64	164	R150.00	R34,200.00
Food Parcel	<b>06</b> food parcels supplied by Elias Motsoaledi Local Municipality				
Temporary shelters	<b>11</b> Temporary shelters supplied by				

	Makhuduthamaga Local Municipality	
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### 3.6.1. **AWARENESS CAMPAIGNS**

Fifty (50) awareness campaigns were conducted on disaster mitigation strategies, Basic firefighting, Schools and road safety, Fire prevention and Evacuation Awareness Campaigns.

NO	VENUE	MUNICIPALITY	PROGRAMME	DATE
1.	Ga- Phasha Clinic	Fetakgomo Tubatse	Basic firefighting training and disaster management	20/07/2022
2.	Swaranang Clinic	Fetakgomo Tubatse	Basic firefighting training and disaster management	27/07/2022
3.	Ngwalemong (Baleming)	Ephraim Mogale	Disaster Management awareness Campaign	04/08/2022
4.	Zaaiplaas	Elias Motsoaledi	Basic firefighting awareness Campaign	16/08/2022
5.	Ga- Selala Clinic	Fetakgomo Tubatse	Basic firefighting awareness Campaign	18/08/2022
6.	Mmutlane Clinic	Fetakgomo Tubatse	Basic firefighting awareness Campaign	30/08/2022
7.	Nchabeleng Clinic	Fetakgomo Tubatse	Basic firefighting awareness Campaign	14/09/2022
8.	Thushanang Service Centre	Fetakgomo Tubatse	Basic firefighting awareness Campaign	15/09/2022
9.	Makofane Clinic	Fetakgomo Tubatse	Basic firefighting awareness Campaign	22/09/2022
10.	Mamphokgo Creche	Ephraim Mogale	Disaster Management awareness campaign	22/09/2022
11.	Dept of Public Works	Fetakgomo Tubatse	Road Safety Awareness Campaign on Drivers Education	19/10/2022
12.	Apel Cross	Fetakgomo Tubatse	NDADZI Operation	21/10/2022

13.	Ga- Motshana Clinic	Fetakgomo Tubatse	Basic firefighting awareness Campaign	25/10/2022
14.	Brooklyn	Makhuduthamaga	Disaster Management awareness campaign	25/10/2022
15.	Dept. of Agriculture Strydkraal farms	Fetakgomo Tubatse	Awareness Campaign on Food and mouth diseases	26/10/2022
16.	Ga- Seroka Clinic	Fetakgomo Tubatse	Basic firefighting awareness Campaign	26/10/2022
17.	Moroke Along R37	Fetakgomo Tubatse	NDADZI Operation	11/11/2022
18.	Mamphokgo	Ephraim Mogale	Disaster Management Awareness campaign	17/11/2022
19.	Tshehlwaneng	Fetakgomo Tubatse	Joint awareness campaign on road safety	18/11/2022
20.	Tsantsabela	Ephraim Mogale	Disaster Management awareness campaign	22/11/2022
21.	Apel Cross Junction and Makhuduthamaga Local Municipality	Makhuduthamaga	Safer Festive Season awareness campaign	02/01/2023
22.	Moroke R37 road	Fetakgomo Tubatse	Road Safety Awareness/ Ndazi Operations	13/01/2023
23.	N11 Marble Hall	Ephraim Mogale Local Municipality	Road Safety awareness / Ndazi Operations campaign/Pedestrian safety	20/01/2023
24.	Mohlaletsi Clinic	Makhuduthamaga	Fire prevention and Evacuation awareness campaign	08/02/2023
25.	Marishane Clinic	Makhuduthamaga	Fire prevention and Evacuation awareness campaign	09/02/2023

26.	Jane Furse gateway	Makhuduthamaga	Fire prevention and Evacuation awareness campaign	10/02/2023
27.	Mamone Clinic	Makhuduthamaga	Fire prevention and Evacuation awareness campaign	13/02/2023
28.	Seroka Clinic	Fetakgomo Tubatse	Fire prevention and Evacuation awareness campaign	14/02/2023
29.	Tubatse Tribal Authority	Fetakgomo Tubatse	Joint operational meeting	02/03/2023
30.	Maseven Clinic	Fetakgomo Tubatse	Fire prevention and Evacuation awareness campaign	14/03/2023
31.	Mogaladi Tribal Authority	Makhuduthamaga	Alcohol and Drug abuse awareness campaign	14/03/2023
32.	Mphanama Clinic	Fetakgomo Tubatse	Fire prevention and Evacuation awareness campaign	15/03/2023
33.	Eerste Geluk	Fetakgomo Tubatse	Fire prevention and Evacuation awareness campaign	16/03/2023
34.	Elandskraal	Ephraim Mogale	Alcohol and Drug abuse awareness campaign	23/03/2023
35.	Maklerekeng Community Hall	Ephraim Mogale	Disaster management awareness campaign	28/03/2023
36.	St. Ritas Gateway Clinic	Makhuduthamaga	Fire prevention and Evacuation awareness campaign	31/03/2023
37.	Strydkraal Farmers	Fetakgomo Tubatse	Farmers livestock awareness campaign	13/04/2023
38.	Hosia Aphane Combined school	Elias Motsoaledi	Safety at Schools awareness campaign	19/04/2023

39	Tshehlwaneng clinic	Makhuduthamaga	Fire prevention and emergency evacuation awareness campaign	19/04/2023
40	Mampuru Clinic	Fetakgomo Tubatse	Fire prevention and emergency Evacuation awareness campaign	20/04/2023
41.	Dilokong gateway	Fetakgomo Tubatse	Fire prevention and emergency Evacuation awareness campaign	21/04/2023
42.	Motlolo Clinic	Fetakgomo Tubatse	Fire prevention and emergency Evacuation awareness campaign	25/04/2023
43.	Matjageng Clinic	Fetakgomo Tubatse	Fire prevention and emergency Evacuation awareness campaign	26/04/2023
44.	Fetakgomo High School	Fetakgomo Tubatse Local Municipality (Mohlaleitse)	School Safety awareness campaign	17/05/2023
45.	Marble Hall	Ephraim Mogale Local Municipality	Road Safety Awareness Campaign for Pedestrian	19/05/2023
46.	Mecklenburg Gateway Clinic	Fetakgomo Tubatse Local Municipality	Fire Prevention and Evacuation awareness campaign	23/05/2023
47.	Mashabela Clinic	Makhuduthamaga Local Municipality	Fire Prevention and Evacuation awareness campaign	25/05/2023
48.	Manotoane Clinic	Fetakgomo Tubatse Local Municipality	Fire prevention and evacuation awareness campaign	30/05/2023
49.	Phafogang Home Based Care	Fetakgomo Tubatse Local Municipality	Fire Safety Campaign and Education Training	02/06/2023
50.	Nkoana Multipurpose Centre	Fetakgomo Tubatse Local Municipality	Fire Safety Campaign and Education Training	13/06/2023



## COMPONENT B: PLANNING AND ECONOMIC DEVELOPMENT

### 3.7. LOCAL ECONOMIC DEVELOPMENT

#### 3.7.1. INTRODUCTION

Sekhukhune District Municipality (SDM) is responsible for facilitation and coordination of Local Economic Development (LED) in the district as a whole as provided for in the legislation. Section 26 (c) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) which provides core components of integrated development plans, states that an Integrated Development Plan must reflect Council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs. Council's LED priorities and objectives are packaged in the form of LED Strategy. SDM LED Strategy was developed and approved by Council in 2019, it is currently under implementation and is due for review in 2024/2025 financial year.

#### 3.7.2. STATE OF THE DISTRICT ECONOMY

Economic growth is one of the main indicators of a progressing and developing district. The main sectors of Sekhukhune District that contribute to the growth of the economy in the district are Mining and Community Services and Finance. Mining is the biggest contributor in the economy of the district. Tourism although it has not reached its full potential and needs to be fully developed is however identified together with Agriculture and Mining as the main pillars of the economy of Sekhukhune.

#### **GROSS DOMESTIC PRODUCT BY REGION (GDP-R)**

The Gross Domestic Product (GDP), an important indicator of economic performance, is used to compare economies and economic states.

#### GROSS DOMESTIC PRODUCT (GDP) - SEKHUKHUNE, LIMPOPO AND NATIONAL TOTAL, 2010-2020 [R BILLIONS, CURRENT PRICES]

	Sekhukhune	Limpopo	National Total	Sekhukhune as % of province	Sekhukhune as % of national
2010	24.2	202.2	2,748.0	12.0%	0.88%
2011	26.9	222.2	3,023.7	12.1%	0.89%

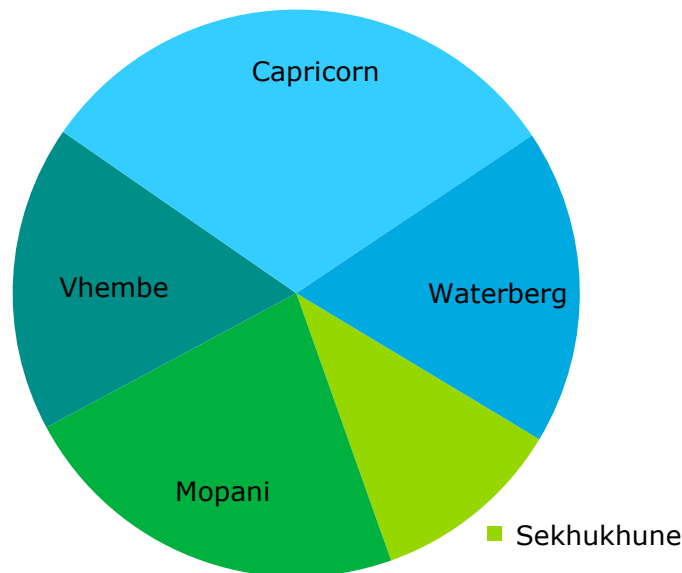
	<b>Sekhukhune</b>	<b>Limpopo</b>	<b>National Total</b>	<b>Sekhukhune as % of province</b>	<b>Sekhukhune as % of national</b>
2012	28.6	238.5	3,253.9	12.0%	0.88%
2013	30.5	258.2	3,540.0	11.8%	0.86%
2014	31.8	273.3	3,805.3	11.6%	0.84%
2015	33.1	289.1	4,049.9	11.4%	0.82%
2016	35.7	315.9	4,359.1	11.3%	0.82%
2017	38.3	340.6	4,653.6	11.3%	0.82%
2018	39.9	359.7	4,873.9	11.1%	0.82%
2019	41.4	374.2	5,077.6	11.1%	0.82%
2020	40.3	367.9	4,973.0	11.0%	0.81%

*Source: IHS Markit Regional eXplorer version 2142*

With a GDP of R 40.3 billion in 2020 (up from R 24.2 billion in 2010), the Sekhukhune District Municipality (SDM) contributed 10.96% to the Limpopo Province GDP of R 368 billion in 2020. The SDM contributes 0.81% to the GDP of South Africa which had a total GDP of R 4.97 trillion in 2020 (as measured in nominal or current prices). SDM's contribution to the national economy stayed similar in importance from 2010 when it contributed 0.88% to South Africa, but it is lower than the peak of 0.89% in 2011.

GROSS DOMESTIC PRODUCT (GDP) - SEKHUKHUNE DISTRICT MUNICIPALITY  
AND THE REST OF LIMPOPO, 2020 [PERCENTAGE]

**Gross Domestic Product (GDP)**  
Limpopo Province, 2020

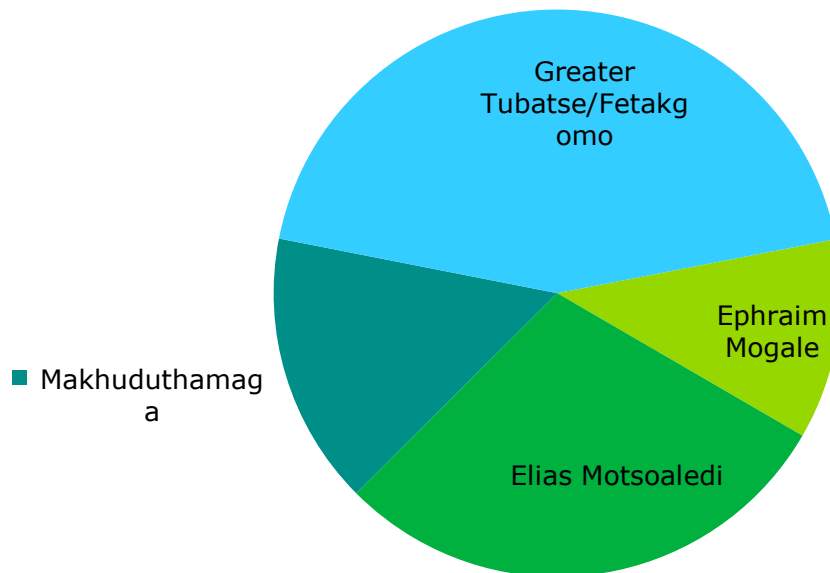


Source: IHS Markit Regional eXplorer version 2142

The Sekhukhune District Municipality had a total GDP of R 40.3 billion and in terms of total contribution towards Limpopo Province the Sekhukhune District Municipality ranked lowest relative to all the regional economies to total Limpopo Province GDP. This ranking in terms of size compared to other regions of Sekhukhune remained the same since 2010. In terms of its share, it was in 2020 (11.0%) slightly smaller compared to what it was in 2010 (12.0%). For the period 2010 to 2020, the average annual growth rate of -0.7% of Sekhukhune was the fourth relative to its peers in terms of growth in constant 2010 prices.

## GDP CONTRIBUTION - LOCAL MUNICIPALITIES OF SEKHUKHUNE DISTRICT MUNICIPALITY, 2020 [CURRENT PRICES, PERCENTAGE]

### Gross Domestic Product (GDP) Sekhukhune District Municipality, 2020



Source: IHS Markit Regional eXplorer version 2142

The greatest contributor to the SDM economy is the Greater Tubatse/Fetakgomo Local Municipality with a share of 43.86% or R 17.7 billion, increasing from R 11.3 billion in 2010. The economy with the lowest contribution is the Ephraim Mogale Local Municipality with R 4.61 billion growing from R 2.53 billion in 2010.

### ECONOMIC GROWTH FORECAST

It is expected that SDM will grow at an average annual rate of 5.52% from 2020 to 2025. The average annual growth rate of Limpopo Province and South Africa is expected to grow at 3.88% and 2.69% respectively.

### GROSS VALUE ADDED BY REGION (GVA-R)

The SDM's economy is made up of various industries. The GVA-R variable provides a sector breakdown, where each sector is measured in terms of its *value added* produced in the local economy.

The summary table below puts the Gross Value Added (GVA) of all the regions in perspective to that of the SDM.

GROSS VALUE ADDED (GVA) BY BROAD ECONOMIC SECTOR - SEKHUKHUNE DISTRICT MUNICIPALITY, 2020 [R BILLIONS, CURRENT PRICES]

	Sekhukhune	Limpopo	National Total	Sekhukhune as % of province	Sekhukhune as % of national
Agriculture	0.8	10.1	119.6	8.4%	0.70%
Mining	15.9	92.7	371.9	17.2%	4.29%
Manufacturing	0.8	8.3	573.4	10.1%	0.15%
Electricity	1.0	14.6	167.2	7.0%	0.61%
Construction	0.5	7.8	140.2	6.4%	0.36%
Trade	4.3	49.6	655.2	8.6%	0.65%
Transport	1.1	15.2	396.4	7.5%	0.29%
Finance	5.0	47.3	879.5	10.5%	0.57%
Community services	6.5	82.2	1,125.3	7.9%	0.58%
<b>Total Industries</b>	<b>36.1</b>	<b>327.7</b>	<b>4,428.7</b>	<b>11.0%</b>	<b>0.81%</b>

Source: IHS Markit Regional eXplorer version 2142

In 2020, the mining sector is the largest within SDM accounting for R 15.9 billion or 44.2% of the total GVA in the district municipality's economy. The sector that contributes the second most to the GVA of the SDM is the community services sector at 18.1%, followed by the finance sector with 13.8%. The sector that contributes the least to the economy of SDM is the construction sector with a contribution of R 501 million or 1.39% of the total GVA.

### TOTAL EMPLOYMENT

**Definition:** Total employment consists of two parts: employment in the formal sector, and employment in the informal sector

TOTAL EMPLOYMENT - SEKHUKHUNE, LIMPOPO AND NATIONAL TOTAL, 2010-2020 [NUMBERS]

	<b>Sekhukhune</b>	<b>Limpopo</b>	<b>National Total</b>
2010	103,000	881,000	13,500,000
2011	107,000	906,000	13,700,000
2012	115,000	963,000	14,000,000
2013	122,000	1,030,000	14,500,000
2014	132,000	1,120,000	15,100,000
2015	141,000	1,200,000	15,600,000
2016	144,000	1,260,000	15,900,000
2017	147,000	1,310,000	16,100,000
2018	148,000	1,330,000	16,300,000
2019	146,000	1,330,000	16,300,000
2020	134,000	1,250,000	15,600,000

**Average Annual growth**

2010-2020	<b>2.71%</b>	<b>3.55%</b>	<b>1.42%</b>
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Source: IHS Markit Regional eXplorer version 2142

In 2020, Sekhukhune employed 134 000 people which is 10.74% of the total employment in Limpopo Province (1.25 million), 0.86% of total employment in South Africa (15.6 million). Employment within Sekhukhune increased annually at an average rate of 2.71% from 2010 to 2020.

**3.7.3. UNEMPLOYMENT**

In 2020, there were a total number of 114 000 people unemployed in Sekhukhune, which is an increase of 41 100 from 72 300 in 2010. The total number of unemployed people within Sekhukhune constitutes 27.67% of the total number of unemployed people in Limpopo Province. The Sekhukhune District Municipality experienced an average annual increase of 4.60% in the number of unemployed people, which is worse than that of the Limpopo Province which had an average annual increase in unemployment of 3.10%.

**UNEMPLOYMENT RATE (OFFICIAL DEFINITION) - SEKHUKHUNE, LIMPOPO  
AND NATIONAL TOTAL, 2010-2020 [PERCENTAGE]**

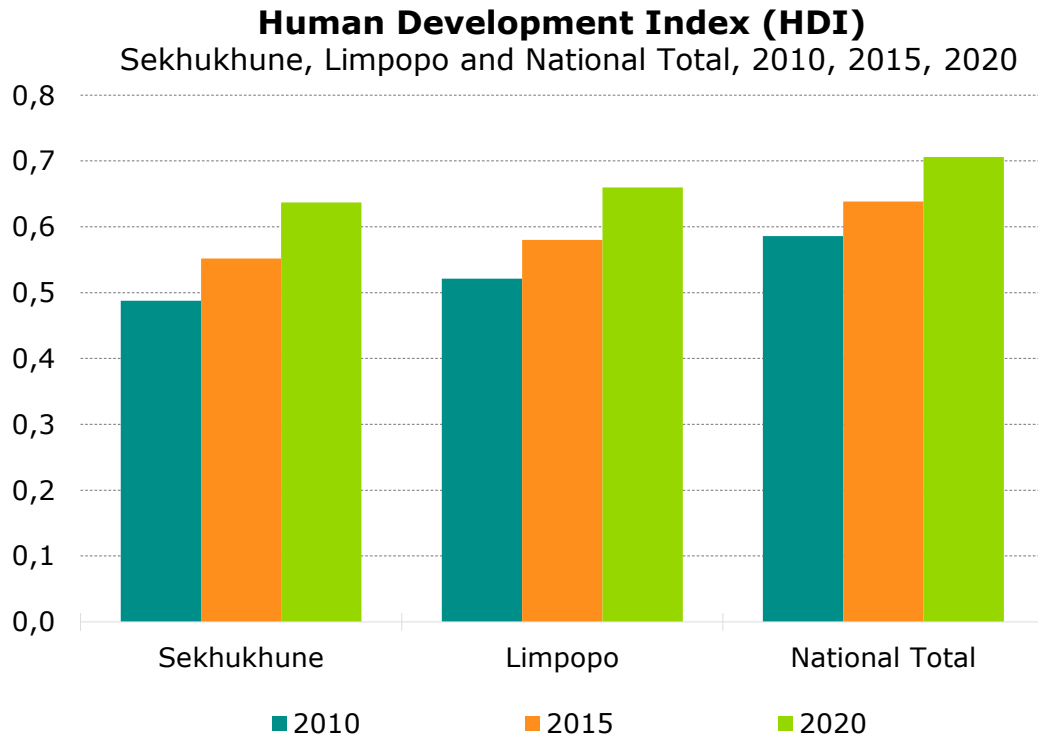
	<b>Sekhukhune</b>	<b>Limpopo</b>	<b>National Total</b>
2010	35.3%	24.6%	24.9%
2011	32.3%	22.3%	25.1%
2012	30.7%	20.8%	25.1%
2013	29.2%	19.3%	25.2%
2014	28.2%	18.2%	25.2%
2015	29.1%	18.6%	25.5%
2016	32.1%	19.7%	26.4%
2017	33.1%	20.0%	27.2%
2018	33.2%	19.7%	27.4%
2019	35.6%	21.0%	28.4%
2020	40.0%	24.0%	29.9%

*Source: IHS Markit Regional eXplorer version 2142*

In 2020, the unemployment rate in Sekhukhune District Municipality (based on the official definition of unemployment) was 39.99%, which is an increase of 4.69 percentage points. The unemployment rate in Sekhukhune District Municipality is higher than that of Limpopo. The unemployment rate for South Africa was 29.93% in 2020, which is a increase of 5 percent from 24.93% in 2010.

## HUMAN DEVELOPMENT INDEX (HDI)

### HUMAN DEVELOPMENT INDEX (HDI) - SEKHUKHUNE, LIMPOPO AND NATIONAL TOTAL, 2010, 2015, 2020 [NUMBER]



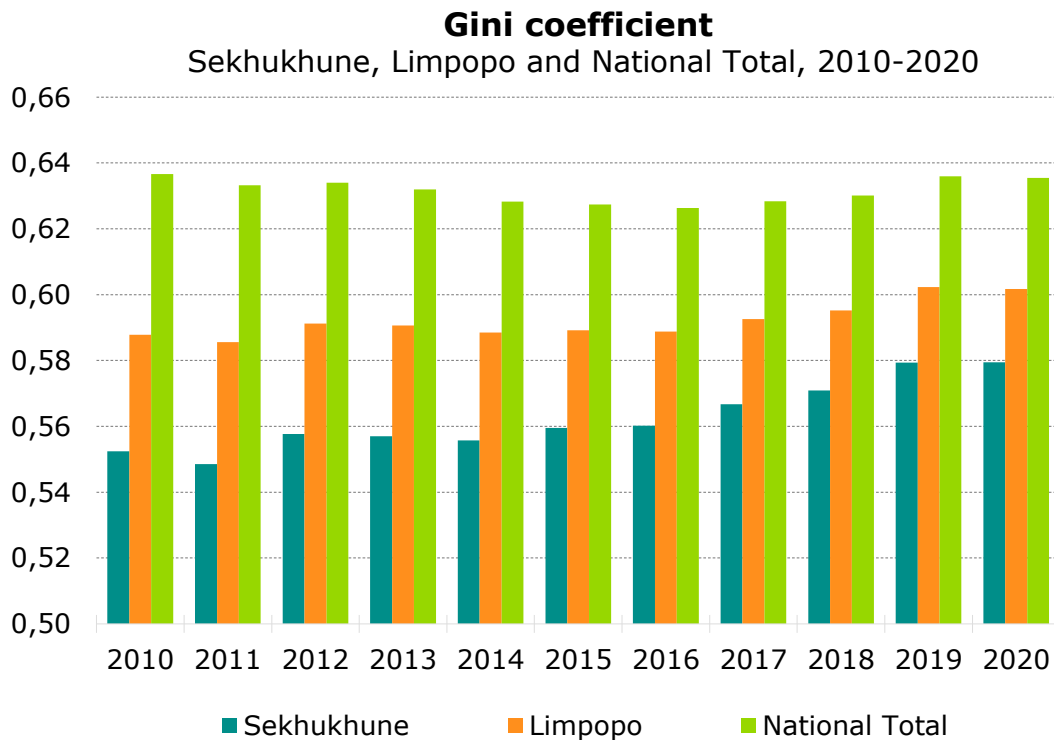
*Source: IHS Markit Regional eXplorer version 2142*

In 2020 Sekhukhune District Municipality had an HDI of 0.637 compared to the Limpopo with a HDI of 0.66 and 0.706 of National Total as a whole. Seeing that South Africa recorded a higher HDI in 2020 when compared to Sekhukhune District Municipality which translates to worse human development for Sekhukhune District Municipality compared to South Africa. South Africa's HDI increased at an average annual growth rate of 1.88% and this increase is lower than that of Sekhukhune District Municipality (2.71%).



## GINI COEFFICIENT

GINI COEFFICIENT - SEKHUKHUNE, LIMPOPO AND NATIONAL TOTAL, 2010-2020 [NUMBER]



*Source: IHS Markit Regional eXplorer version 2142*

In 2020, the Gini coefficient in Sekhukhune District Municipality was at 0.579, which reflects a increase in the number over the ten-year period from 2010 to 2020. The Limpopo Province and South Africa, both had a more unequal spread of income amongst their residents (at 0.602 and 0.635 respectively) when compared to Sekhukhune District Municipality.

### 3.8. LOCAL ECONOMIC DEVELOPMENT INITIATIVES

The following is progress made in terms of coordination and facilitation of local economic development from 01 July 2022 to 30 June 2023:

#### 3.8.1. TOURISM DEVELOPMENT

##### 3.8.1.1. Joint District and Provincial Tourism Forum

Sekhukhune District Tourism Forum was one of the economic development fora's planned to held in the 2022/2023 financial as per the Department of Planning and Economic Development Service Delivery and Budget Implementation Plan (SDBIP).

A joint District and Provincial Tourism Forum meeting was held on the 10<sup>th</sup> to 11<sup>th</sup> August 2022 to amongst others review progress on tourism development in the district and the province and plan activities of the upcoming Tourism Month (September 2022). Sekhukhune District Municipality (SDM) partnered with Limpopo Department of Economic Development, Environment and Tourism (LEDET) and Limpopo Tourism Agency (LTA) to hold the meeting.

### **3.8.1.2. Installation of Tourism Signages**

District Tourism Signage for Tourism Establishments and Products is one of the 2022/2023 Local Economic Development (LED) Service Delivery and Budget Implementation Plan (SDBIP) projects. The project was allocated R100 000 in the period under review based on the approved SDBIP. The municipality managed to provide 4 Tourism signages for Manche Masemola (2) and Tjate (2) Heritage sites.

## **3.8.2. AGRICULTURE DEVELOPMENT**

### **3.8.2.1. Agri Park Programme**

#### **Farmers Support through the Vleeschboom Farmer Production Support Unit (FPSU)**

During the 2015 State of the Nation Address, the President of the Republic of South Africa announced the establishment of Agri Parks in committing government to transforming rural economies. The Agri-Parks concept is designed to support farmers and grow rural economies. It is also meant to drive job creation, generate revenue as well as to empower women and youth in the country. 27 districts were identified and Sekhukhune District Municipality (SDM) was one of the districts identified to benefit from this multi-year programme. A decision was later taken by Cabinet to establish Agri-Parks in all 44 district municipalities.

In its essence, the creation of Agri Parks will assist the districts with amongst others, to contribute to economic growth with the Department of Agriculture, Land Reform and Rural Development (DALRRD), Provincial Departments of Agriculture and districts being leaders of the programme. Agri-Parks are areas designed for multiple activities that accommodate small farmers, commercial farmers, public area, processing area and natural habitat. They will allow small farmers access to local markets, provide

fresh food and are an educational, environmental, and aesthetic amenity for nearby communities.

Agri-Parks have three components through which it seeks to deliver on the mandate on rural economic transformation namely; (a) Farmer Production Support Unit (FPSU) which is mainly about supporting production by farmers with inputs, ploughing units, capacity building, skills development, marketing services, etc. (b) The second component is Agri-hub which is about processing, packaging, logistics and training, whilst the third one is the (c) Rural Urban Market Centre (RUMC) and its focus is on market linkages and information feedback to Agri-hub and FPSU. This one will probably be situated at a strategic location to support farmers in various districts.

In the district, the Vleeschboom FPSU has been constructed at Vleeschboom village, on Portion 0 (R/E) of the farm Vierfontein 871 KS. It is currently being operationalized with some further construction work under phase 2 infrastructure development. The Agri-hub site is in Groblersdal and was fenced off in December 2021.

**Milestones achieved as at the end of the financial year 2022/2023:**

- The directorate Rural Social Infrastructure Development (RSID) under DALRRD appointed the Professional Service Provider (engineer) who started the work of designing the FPSU phase 2 construction-related activities which, amongst others, covers expansion of pavement around the FPSU building, creation of storm water drainage, installation of back-up generator, strengthening of security features around the building, etc. A tender was advertised in February 2023. A briefing session to interested contractors was conducted physically at Vleeschboom FPSU on 02 March 2023, and the advertisement of the work closed on 13 March 2023.
- Cooperatives and Enterprise Development (CED) directorate in DALRRD got approval of an amount of R2 272 800.00 for institutional building at the Centre, equipping and operationalization of the FPSU, and R5 704 000.00 for production support to five agricultural cooperatives/enterprises within the 30KM radius of the Vleeschboom FPSU in the 2022/23 FY. The support on production entails inputs such as fertilizers and seeds. 920 farmers were supported with production inputs in October and November 2022.

- FPSU institutional arrangements: The election of the Ten-Member Board (5 men & 5 women) for the Vleeschboom FPSU Secondary Cooperative was conducted on 27 September 2022. The formal registration of the secondary cooperative with the CIPC was obtained on 29 March 2023. The cooperative will assist in the operationalization and administration of the services of the facility on behalf of farmers. As at the end of June 2023, 33 primary cooperatives have pledged for membership with the Vleeschboom FPSU Secondary Cooperative.
- Eskom installed the transformer which supplies electricity to the FPSU. The transformer was activated for functionality on 25 November 2022.
- 217 farmers were trained on Business Compliance by SARS and on Crop Production Agri-SETA accredited course by Marvel Solution (Pty) LTD in March 2023 in partnership with the Agri- SETA
- Limpopo Department of Agriculture and Rural Development (LDARD) supported 642 farmers around Vleeschboom Farmers Production Support Unit with production inputs (seeds, fertilisers and livestock feeds) between October 2022 and December 2022.

### **3.8.3. MINING DEVELOPMENT**

#### **3.8.3.1. Facilitation of Fetakgomo Tubatse Special Economic Zone (FTSEZ)**

The following milestones have been achieved in the facilitation of FTSEZ together with processes which are underway in preparation for the submission of the application for sez licence:

- FTSEZ Engineering Master Plan and Business Case completed.
- **Land Ownership and Private Partnership:**
  - ✓ MoA signed in 2014 between LEDA and Dithamaga Trust to be used with application for licence.
  - ✓ Notarial Deed of Lease July 2023 to be ratified by the Board and be signed before 30 July 2023 •
  - ✓ Transactional Agreement between Glencore and FTIP SOC on the acquisition of the MISP was received and LEDA Task Team was processing

for consideration & approval by the Board meeting which is scheduled on 25th July 2023

- **Township Establishment Progress:**
  - ✓ A Township Establishment Committee has been established in May 2022 with all critical stakeholders:
  - ✓ An application for Township establishment was prepared and submitted to FTLM on the 23rd of June 2023.
  - ✓ The Township Establishment committee sits monthly to track progress on the application process.
- **SMMEs and Skills Development Plan:**
  - ✓ A formal request has been sent to Office of Premier (OTP) to help facilitate the collaboration with the SETAs.
  - ✓ OTP is arranging with SETA's for collaboration engagements to be kickstarted in the 2023/2024 financial year.
- **District-wide community stakeholder consultations on SEZ:**
  - ✓ The stakeholders have been mapped and categorised accordingly.
  - ✓ Steelpoort/Ngwaabe Cluster area has been identified which will be the key focus area (target area 1) for the roll-out of the programme. The FTLM has delegated a team of 4 officials to work with the FTSEZ to roll-out the stakeholder consultation programme in the 2023/2024 financial year.
- **Investment commitment:**
  - ✓ 10 companies have been assessed as ready to locate and are mainly South African companies.
  - ✓ 10 Companies have signed investment assessment forms with projected R7,148 billion investment and potential to create 2200 jobs.
- Procurement for various infrastructure designs are underway and is expected to be completed in November 2023
- Procurement for clearance and construction of perimeter fence is underway and is expected to be completed in November 2023

### **3.8.4. ECONOMIC INFRASTRUCTURE DEVELOPMENT**

#### **Malekana Steel Bridge Replacement Project**

Department of Mineral Resources and Energy (DMRE) facilitated an initiative to

replace Malekana Steel Bridge. The initiative is a joint collaboration of DMRE, Mining Companies operating in Sekhukhune District, Sekhukhune District Municipality (SDM), Sekhukhune Development Agency (SDA), Fetakgomo Tubatse Local Municipality (FTLM), Limpopo Department of Public Works, Roads and Infrastructure (LDPWRI) and Road Agency Limpopo (RAL). The project includes construction of a new bridge and refurbishment of the old bridge as a pedestrian bridge and a monument. According to the preliminary designs and financial projections, construction of the new bridge will cost R69,600,000.00 and refurbishment of the steel bridge as a monument will cost R 10,000,000.00 with the overall amount of R 79,600,000.00.

The project obtained financial assistance from mining companies and the following mining companies contributed towards the Steel Bridge Replacement Project fund:

- Dwarsrivier Chrome Mine (Pty) Ltd
- Rakhoma Mining Resources (Pty) Ltd
- Glencore South Africa (Pty) Ltd
- Rustenburg Platinum Mines (De Brochen) (Pty) Ltd
- Samancor Chrome (Pty) Ltd
- Samancor Chrome (Pty) Ltd
- Booyendal Platinum (Pty) Ltd
- Tjate Platinum Corporation (Pty) Ltd
- Two Rivers Platinum
- Road Agency Limpopo (RAL)

RAL was appointed the implementing agent of the project starting from design, procurement of service providers to monitoring and evaluation of the construction process.

**Milestones cumulatively achieved as at the end of 2022/2023 financial year (1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023).**

RAL appointed SFC Engineers to carry out the designs for the upgrading and maintenance of bridge over Steelpoort River on Road D2219.

**The following stages have been executed of June 2023:**

- **Scoping report:** 100% complete and approved by the Technical Committee comprising of RAL and the Mines.
- **Preliminary Design report:** 100% complete and approved by the Technical Committee.
- **Detail Design report:** 100% completed and approved by the Technical Committee.

**The following sub-activities have been executed:**

- ✓ **Environmental approvals:** Heritage permit for restorative maintenance of existing steel bridge and the Record of Decision for the road servitude has been granted. Water Use License has been granted.
- ✓ **Traffic studies:** The appointed Traffic Engineer has been approved by SANRAL. A round-about is proposed at intersection of road D2219 and R555.
- ✓ **Geotechnical Drilling and Road centreline investigations** are 100% complete.
- ✓ **Topographic survey** including the 3D scanning of existing steel bridge is 100% complete.
- ✓ **Vibration/ deflection analysis** of the existing steel bridge is 100% complete and input used to conclude designs.
- ✓ **Material Sources identification:** Glencore material waste dump material was sampled and tested at the laboratory. Material from the mine waste dump will be used in the project.
- ✓ **Stakeholder Consultations:** Consultations with Fetakgomo Tubatse Local Municipality have been successfully completed. During consultations with the Municipality, RAL was cautioned about thirteen (13) Traditional Leaders adjacent to the project which fall under “Ngwaabe” cluster. Out of thirteen, only two (2) are directly affected by the project.
- ✓ **Project Launch:** The project was launched on the 21<sup>st</sup> of Feb 2023 at Malekana Sports Field. The event was graced by MEC of LPWPD, and other stakeholders.
- ✓ **PSC and CLO** have been appointed from directly affected villages i.e., Malekana and Rantho CPA.

- ✓ All **construction drawings** are 100% complete and shared with the contractor.
- ✓ **Construction Work Permit:** Approval granted: LP – BRG – 318/05/2023.
- ✓ **Site Establishment:** The contractor has identified a suitable spot for site establishment. Establishment is 95% complete.
- ✓ **Progress Update:** The contractor is busy with clearing; layer works and drilling for bridge foundation. Physical progress is on 8%.
- ✓ **SMME Database:** SMME database developed and approved.

### **Contractor Procurement**

RAL has confirmed the appointment of a Contractor from the panel of Contractors. The final tender amount has now escalated to R127 403 147,77 (construction costs plus professional fees). RAL and the 8 Mines were still working on a contribution ration for of the additional variation amount. The Contractor is expected to complete the restorative maintenance of the existing steel bridge and the construction of a new concrete bridge within 16 months of the site establishment i.e., Start date 22 May 2023 to completion date 23 September 2024.

### **3.8.5. SMMES AND COOPERATIVES DEVELOPMENT**

Support to SMMEs and Cooperatives is one of the 2022/2023 Local Economic Development (LED) Service Delivery and Budget Implementation Plan projects. The council approved Sekhukhune District Municipality (SDM) Local Economic Development 2021/2022 Funding Policy on the 27<sup>th</sup> January 2022. This meant that Department of Planning and Economic Development was allowed to implement the project Support to SMMEs and Cooperatives which was allocated R2 000 000 in the 2022/2023 financial year based on the approved policy. A call for applications was advertised and closed on the 11<sup>th</sup> April 2022 from which 127 applications were received.

SDM appointed SMMEs and Cooperatives Development Fund Projects Selection Committee which is constituted by officials from Local Municipalities and Development Agencies involved in economic development in the district. The committee held its inception meeting on the 4<sup>th</sup> May 2022 followed by subsequent adjudication sessions and projects viability assessment sessions visits until the final adjudication session on the 26<sup>th</sup> May 2022. The committee recommended 41 SMMEs and Cooperatives for



support after the adjudication process out of the 74 shortlisted after viability assessment sessions visits were conducted. The project could not be finalised due to delays in the procurement process. The final tender closed on the 08<sup>th</sup> June 2023 and as at the end of June 2023 the tender was at adjudication stage.

### **FACILITATION OF ECONOMIC DEVELOPMENT FORUMS**

Section 4 of the Intergovernmental Relations Framework Act 2005 (Act No.13 of 2005) read together with Chapter 3 of the Constitution of the Republic of South Africa provides for the establishment of Intergovernmental Relations (IGR) Forums. Departments of Planning and Economic Development in the local government sphere quarterly hold technical IGR Forum meetings. The municipality successfully facilitated 4(Agriculture, Tourism, Mining and LED) Economic Development Forums as planned.

### **3.9. JOB CREATION THROUGH VARIOUS PROJECTS AND EXPANDED PUBLIC WORKS PROGRAMME (EPWP)**

The National Department of Public Works (NDPW) annually incentivize implementing bodies with incentive grant allocation to augment job creation efforts. The municipality was allocated a total incentive grant amounting to R 13 010 000.00 for 2022/2023 financial year. The municipality through its various projects and programmes including EPWP incentive grant managed to cumulatively create 3219 job opportunities as at the end of 2022/2023 financial year. Out of the 3219 jobs that were created, 1882 were males and 1337 females. Youth comprised 1566 job opportunities and there were only 06 people living with disabilities that were employed as at the end of 2022/2023 financial year.

### **REFERENCE:**

1. *IHS Markit Regional eXplorer version 2142*

### 3.10. SPATIAL RATIONALE

#### 3.10.1 SPATIAL PLANNING AND LAND USE MANAGEMENT ACT (SPLUMA) IMPLEMENTATION

The Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) has been developed to provide broad principles that regulate planning. It therefore sets parameters for different economic development initiatives in ensuring that the development principles are adhered to. The district has further reestablished the Planning Tribunal during the financial year 2022/23 in terms of section 34 (1, 2 & 3) and 36 (1) (b) of the Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013) read together with regulation 7 (1, 4 & 5) of the Spatial Planning and Land Use Management and General Matters, 2013 to ensure that all economic development initiatives comply with SPLUMA principles. The district's joint district planning tribunal became effective in June 2022 and all four Local Municipalities within the District forms part of the re-established Joint District Municipal Planning Tribunal (JDMPT).

For the Financial year under review, a total of 30 Development Applications were received, where 14 applications were approved, 12 deferred, 2 postponed and 2 not approved in line with the Spatial Development Framework. Below is summary of applications received:

<b>Name of Municipality</b>	<b>No. of Application received</b>	<b>Approved/Not Approved</b>
Ephraim Mogale	8 applications received	2 applications approved, 5 deferred and 1 not approved
Fetakgomo Tubatse	10 applications received	6 Application approved, 3 deferred and 1 not approved.
Elias Motsoaledi	12 Applications received, (8 new & 4 returning)	6 applications approved, 4 deferred and 2 postponed
Makhuduthamaga	No applications were received for the year	None

<b>Total Sekhukhune</b>	<b>30</b>	<b>Applications</b>	<b>14 Applications approved, 12 deferred, 2 postponed and 2 not approved</b>
	<b>received</b>		

During this financial year, the District Municipality facilitated the Spatial Planning and Land Use Management Act (SPLUMA) workshop for Portfolio members of both district and local municipalities as well as Planners in the district on appraisal for matters relating to land development Applications because the Land Development applications are re-summitted time and again.

### **3.10.2 LAND FOR MUNICIPAL OFFICES**

Limpopo Premier requested MECs CoGHSTA, Public Works, Road & Infrastructure, and Provincial Treasury on the 12<sup>th</sup> of August 2021 to engage with Pedi Mamone and obtain an unconditional community resolution within three months and on the 11<sup>th</sup> December 2021 pre-community resolution meeting was held at Pedi Mamone Tribal Authority, where a 21 days' notice for signing final community resolution was issued on the 13<sup>th</sup> December 2021. This Pre-community resolution paved way to obtain final resolutions for the development of municipal and districts offices, the construction of Mall and private hospital, which was signed on the 5<sup>th</sup> February 2022. The resolutions were signed off separately by various community members. Below is the progress report for 2022-2023 financial year:

- DPWRI appointed Land Surveyor, presented Sketch Diagram to Pedi Mamone in August 2022, 53ha sketch diagrams submitted to DALRRD for consent and approval on the 7<sup>th</sup> of October 2022.
- Batlokwa Ba Mogodumo filed a case against office development on Vergelegen Farm 819KS, summoning Pedi Mamone, Sekhukhune district, DALRRD and Makhuduthamaga municipality. DALRRD's legal representative stated that they were not consulted during the process. DALRRD filed an oppose affidavit, stating they are the claimant, and the case is not finalized.
- DALRRD issued consent for sketch diagram approval on 6<sup>th</sup> of April 2023, after submitting an exemption application. Makhuduthamaga local municipality issued

consent on 2<sup>nd</sup> of May 2023, and SG approved Sketch diagrams on 6<sup>th</sup> of June 2023.

- Approved sketch diagrams submitted for land disposal and transfer to DPWRI and Makhuduthamaga local municipality.
- DALRRD finalizes submission to DSSC committee for recommendation in August 2023 and it is expected that in September 2023, application will be submitted to National DALRRD office consideration by the Minister.
- The Sekhukhune District Municipality was delegated to appoint service provider for land surveyor services, while Makhuduthamaga Local Municipality was assigned the responsibility of appointing town planner in the 2023-24 financial year.

### **3.10.3. SPATIAL DEVELOPMENT FRAMEWORK (SDF)**

The Spatial Development Framework (SDF) is a core component of the Municipality 's economic, sectorial, spatial, social, institutional, and environmental vision. The vision is to fulfil the potential for prosperity of the District in a socially cohesive, sustainable, prosperous, and peaceful manner. This will be attained by emphasising participatory leadership aimed at promoting excellence and an entrepreneurial spirit, improved service delivery, facilitation of decent jobs.

Sekhukhune District Municipality reviewed its SDF during the financial year 2017/18 and will be reviewing it again in the 2023 / 2024 financial year. Municipalities were also required to review their SDFs in order to ensure that decisions of the Planning Tribunals are well guided by these SDFs.

### **3.10.4 CHALLENGES ON SPATIAL DEVELOPMENT**

- Unresolved and competing land claims in the area threaten to destabilize future development.
- Growing of Informal settlements and housing backlog as mining activities intensify.
- Competing land uses (i.e., mining and agriculture, Commercial, etc.) cause spatial, social, environmental, and economic constraints.
- Poor implementation of sector plans (SDF, LUS) and Policies by the municipalities.

## **CHAPTER FOUR: ORGANISATIONAL DEVELOPMENT PERFORMANCE**

### **4.1. ORGANISATIONAL DEVELOPMENT PERFORMANCE**

Sekhukhune District Municipality through its Performance Management System developed the Service Delivery and Budget Implementation Plan (SDBIP) for 2022/2023 financial year.

The District Municipality had planned to achieve a total of **188** targets for the 2022/2023 financial year. The Municipality managed to achieve **117** of the **188** set targets which is an equivalence of **62%** and **71** set targets were not achieved.

However, the municipality has slightly improved with 3% from the previous financial year. The Department of Infrastructure and Water Services [as the key Department of the district] with **46** targets and only achieved **5** targets at **10%**. Due to poor provision of water services to communities, the Municipality faces challenges of community unrest caused by the business forums as they continue to affect the performance of the municipality.

The Department is constantly experiencing challenges relating to slow procurement processes, lack of source developments, poor performance by contractors and inability of ESKOM to provide electricity to water sources.

**Table 1** below is an executive summary of the performance per the Key Performance Areas for the 2022/2023 financial year:

**Table 1:**

KEY PERFORMANCE AREAS	2021/2022 PERFORMANCE	2022/2023 PERFORMANCE			
	% ACHIEVED	NUMBER OF SET TARGETS	NUMBER OF ACHIEVED TARGETS	NUMBER OF TARGETS NOT ACHIEVED	% ACHIEVED
<b>BASIC SERVICE DELIVERY AND INFRASTRUCTURE</b>					
Infrastructure & Water Services	17%	46	05	41	10%
Community Services	100%	17	17	00	100%
<b>TOTAL</b>	<b>40%</b>	<b>63</b>	<b>22</b>	<b>41</b>	<b>35%</b>
<b>GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>					
Office of the Speaker	76%	15	12	03	80%

Office of the Executive Mayor	72%	22	18	04	88%
Office of the Municipal Manager	83%	20	16	04	80%
<b>TOTAL</b>	<b>77%</b>	<b>57</b>	<b>46</b>	<b>11</b>	<b>81%</b>
<b>INSTITUTIONAL DEVELOPMENT AND ORGANISATIONAL DEVELOPMENT</b>					
Corporate Services	72%	21	14	07	67%
IDP, PMS & Legal Services	77%	15	14	01	87%
<b>TOTAL</b>	<b>74%</b>	<b>36</b>	<b>28</b>	<b>08</b>	<b>80%</b>
<b>FINANCIAL MANAGEMENT AND VIABILITY</b>					
<b>TOTAL</b>	<b>53%</b>	<b>15</b>	<b>11</b>	<b>04</b>	<b>73%</b>
<b>SPATIAL RATIONALE</b>					
<b>TOTAL</b>	<b>75%</b>	<b>06</b>	<b>06</b>	<b>00</b>	<b>100%</b>
<b>LOCAL ECONOMIC DEVELOPMENT</b>					
<b>TOTAL</b>	<b>40%</b>	<b>11</b>	<b>04</b>	<b>07</b>	<b>36%</b>
<b>TOTAL Performance</b>	<b>59%</b>	<b>188</b>	<b>117</b>	<b>71</b>	<b>62%</b>
<b>SEKHUKHUNE DEVELOPMENT AGENCY</b>	<b>36%</b>	<b>09</b>	<b>05</b>	<b>04</b>	<b>55%</b>

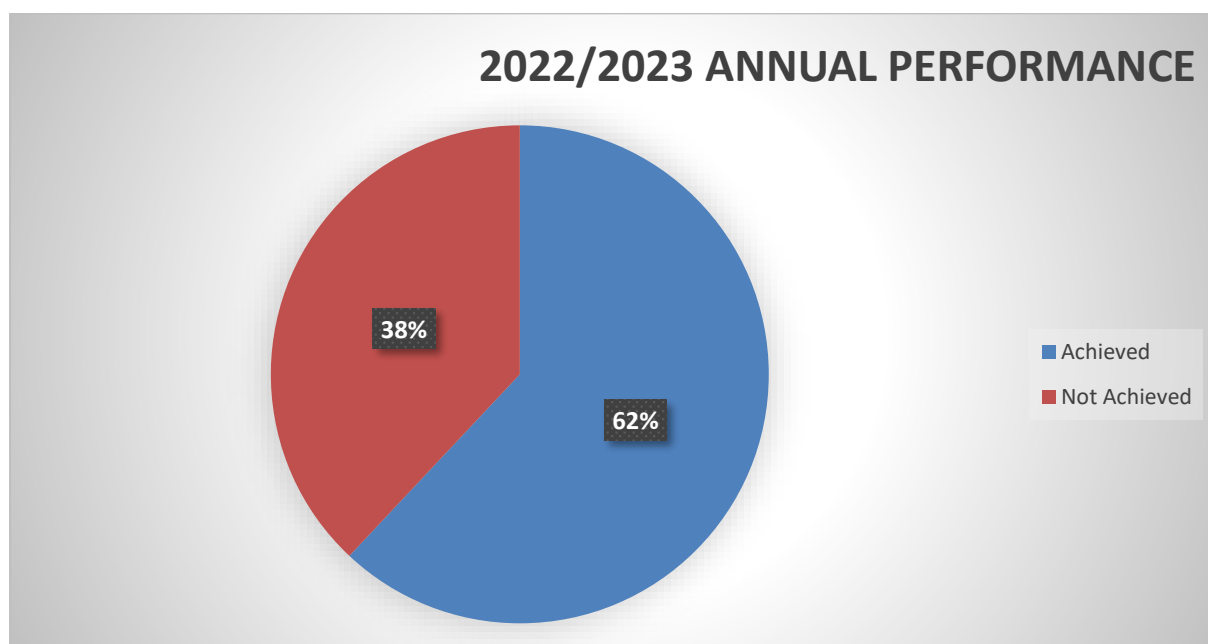
**TABLE 2: 2022/2023 ANNUAL PERFORMANCE AS PER DEPARTMENTS**

DEPARTMENT	NO. OF TARGETS	TARGETS ACHIEVED	TARGETS NOT ACHIEVED	% ACHIEVED
Infrastructure & Water Services	46	05	41	10%
Community Services	17	17	00	100%
Corporate Services	21	14	07	67%
Municipal Manager's Office	31	26	5	84%
Office of the Executive Mayor	22	18	04	88%
Office of the Speaker	15	12	03	80%

Budget & Treasury Office	15	11	04	73%
Planning & Economic Development	21	14	07	<b>67%</b>
<b>Total</b>	<b>188</b>	<b>117</b>	<b>71</b>	<b>62%</b>

A full excel report outlining set targets, achieved targets and targets not achieved with reasons for non-achievements is attached as **Annexure APR1**.

Below is a graphical depiction of the overall performance of the Municipality in the financial year 2022/2023:



**Figure 1**

There are number of challenges as to why some targets could not be achieved by the municipality. The challenges are outlined in the Annual Performance Report per KPA. These can be summarised as follows:

**Measures to improve performance.**

Challenge	Measures to improve performance
The poor quality of technical reports due to lack of technical capacity within the Municipality	Experienced PSP's to be appointed and monitored, The existing design committee to be strengthened for reviewing technical reports prior to submission to Department of Water & Sanitation (DWS) & Bid Specification Committee (BSC). MISA has deployed officials to support the Municipality.

Poor planning due to lack of capacity within the planning department of the municipality	MISA has deployed professional engineers to support the Municipality
Lack of alignment in terms of (knowledge, experience and qualifications) against the functions & organisational structure	Technical skills audit, structured skills development & training for technical personnel by MISA
Inadequate application of Project Management Techniques in Planning & Implementation of projects	Continuous technical skills training & development through SAICE training programme. MISA is providing training combined with on-the-job training.
Disagreement between Traditional Leaders on land where projects are to be implemented. One village does not agree to share with neighbouring community.	Extensive consultation before the approval of the project by DWS. Obtain prior approval of Traditional Leaders for the projects to continue.
Lack of water source within the region. Sometimes the quality of water cannot be used for consumption which compels the Municipality to stall the projects. Additional funding will therefore be required to build a package plant. This funding acquisition process takes time.	At planning stage, the quality and quantity of underground water must be determined before the technical report to drill a borehole is submitted for funding.
Delays by ESKOM to energise completed projects for commissioning.	Submit application for connection to ESKOM grid at the planning stage of the projects to accommodate their sourcing period.
Structuring of the RBIG to be paid to the Municipality via DWS whereas the DORA allocates it directly to the Municipality. DWS delays the payment of service providers funded from this grant.	Engage the National Treasury to transfer the RBIG grant directly to the municipality

## 2022/2023 AUDITOR'S GENERAL OPINION ON AUDIT OF ANNUAL PERFORMANCE REPORT (APR)

The Auditor General of South Africa audited the performance for the Key Performance Area of Basic Service Delivery and Local Economic Development. The opinion expressed was **qualified and the following were the basis for the opinion.**

1. Performance indicators were not well defined, targets were not specific and measurable. (Recurring).
1. Achievement reported in the annual performance report materially differed from the supporting evidence. (Recurring)



## **COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL**

### **4.1.1 INTRODUCTION**

In terms of the White Paper on Human Resource Management in the Public Service, HR management will result in diverse competent and well-managed workforce; capable of and committed to delivering the high-quality services to the people of South Africa. It should be a model of excellence in which service to society stems from individual commitment instead of compulsion. The mission of the White Paper also emphasises that the management of people should be regarded as a significant task for those who have been charged with the responsibility and should be conducted in a professional manner. In the same breath, Section 57 of the Municipal Systems Act, 32 of 2000 requires the municipalities to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration. The above legislations direct Municipalities to put in place HR policies, procedures, practices and strategies that will enable the attainment of the organizational strategic objectives. Human Resource is an important role player and an enabler in this regard. In order to succeed the mission and vision of Human Resource unit should be aligned to those of SDM and the IDP.

### **4.1.2. Human Resource Vision and Mission**

#### **4.1.2.1. HR Vision**

To be a unit that champions effective, efficient, and economic human resource support service.

#### **4.1.2.2. HR Mission Statement**

To provide human resource service through high impact, sustainable and strategic objectives to attain shared growth and productivity through:

- Provision of recruitment, selection and appointment of staff
- Provide staff retention and terminations.
- Provision of leave administration
- Provision of employees benefits administration.
- Provision of HR policies and procedures development
- Implementation of Employment equity Act
- Provision of training and development
- Provision of performance management system
- Provision of employee database

### **4.1.3. Legal Framework**

Human resource derives its mandate from, inter-alia, the following legislative prescriptions:

- The Constitution of RSA ( Act, 108 of 1996)

- The Basic Conditions of Employment Act, 75 of 1997
- Employment Equity Act, 55 of 1998
- Skills Development Act, 97 of 1998
- Labour Relations Act, 66 of 1995
- Municipal Systems Act, 32 of 2000
- The White Paper on Human Resource Management in the Public Service.

## 4.2. EMPLOYEES

### 4.2.1. TOTAL NUMBER OF EMPLOYEES, STAFF TURN- OVER AND VACANCIES

- As per Organizational structure of the 2021 / 2022, **810** posts were filled. This means that the total number of personnel was **810 at the end of June 2022**. As at the end of **June 2022**, there were 253 Community Volunteers, which does not form part of the 810 number of employees. The following positions were vacant at the end of June 2022; Chief Financial Officer, Director Corporate Services and Director IWS.
- A breakdown of the posts in the organization is reflected in the table below:

### 4.2.2. Total Number of Employees

Department	Total	Female	Male
Executive Mayors Office	38	19	19
Office of the Speakers	18	8	10
MM's Office	15	7	8
CPS	59	33	26
BTO	55	35	20
PED	8	5	3
<b>COMMUNITY SERVICES</b>			
Bareki Mall	6	2	4
AB Skhosana	35	13	22
Disaster Management	5	1	4
Ephraim Mogale	11	5	6
Makhuduthamaga	19	3	16
Tubatse	10	2	8
Mashilabela	8	4	4
Community Services Health	20	14	6
<b>IWS</b>			
Bareki Mall	39	17	22
Fetakgomo	45	18	27
Makhuduthamaga	90	22	68
Elias Motsoaledi	135	48	87

Tubatse	135	36	99
Ephraim Mogale	45	8	37
Workshop	14	2	12
EPWP (COMMUNITY VOLUNTEERS)	253	124	129
<b>TOTAL NO OF EMPLOYEES</b>	<b>1063</b>	<b>426</b>	<b>637</b>

#### 4.2.3. Senior management posts' vacancy rate in comparison with the SDM local municipalities for 2022-2023

Municipality	Number of posts	Filled	Vacant	Vacancy rate
Fetakgomo Tubatse	7	4	3	43%
Makhuduthamaga	6	4	2	33%
Ephraim Mogale	6	5	1	17%
Elias Motsoaledi	6	3	3	50%
Sekhukhune	8	5	3	71%
Total	33	21	12	36%

#### 4.3. HR ORGANISATIONAL POLICIES

A policy is defined as a system of principles to guide decision making and achieve rational outcomes. In order for human resource practices to be fair, transparent, effective, efficient, consistent and economic, the policies, guidelines and Standard Operating Procedures should be developed in line with the applicable legislations for attainment of the organizational imperatives as enshrined in the IDP. In compliance with the above, the following CPS policies were developed/reviewed:

- Individual Performance Management Policy
- Training and Development Policy
- Standby and Overtime Policy
- Substance Abuse Policy
- Sexual Harassment Policy
- Job Evaluation Policy
- Recruitment and Selection Policy
- Bursary Policy
- Local Labour Forum Policy

- Scarce Skills Policy
- Secondment Policy
- Acting Policy
- Cost Containment Policy
- Succession Planning Policy
- Employee Assistance Programme Policy
- ICT Firewall Policy
- ICT Disaster Recovery Policy
- ICT Data Backup and Recovery Policy
- Data Centre Access Control and Environment Policy
- Subsistence and Travelling Allowance
- Human Resource Unit has identified policies that are necessary in the practice and are considered for development and also the Standard Operating Procedures for all the developed/reviewed:
  - Official Working Hours
  - Business Code of Ethics Policy
  - Human Resource Development Strategy
  - Personal Clothing and Equipment Policy
  - Remuneration Policy
  - Managing Underperformance Policy
  - Fraud and Bribery Policy
  - Equality and Diversity Policy
  - Fleet Management Policy
  - Facility Management Policy
  - Personal File Access Policy
  - Bereavement and Funeral Policy
  - Gift Policy

NB Human Resource Unit has developed the HR Strategic Plan and it is on the consultation process

#### **4.4. INJURY ON DUTY REPORT**

##### **Injury On Duty Report**

##### **INJURY ON DUTY (IOD) ANNUAL REPORT (2022 – 2023 FINANCIAL YEAR)**

The following is the Injury on duty report (accidents/ incidents) from July 2022 to June 2023. This is done in terms of Compensation for Occupational Injuries and Diseases Act 130 of 1993. The report is categorized as follows: (a) name of the employee, (b) claim number, (c) employee identity number, (d) date of the injury, and (e) case progress.

<b>No</b>	<b>Name of employee</b>	<b>Claim number</b>	<b>ID Number</b>	<b>Date of incident/diagnosis</b>	<b>Case Progress</b>
1	Mashilane M	Not allocated	6607145581084	15.01.2023	Waiting for progress medical report from the Doctor on the case.
2	Monama A	11823365	9512045511081	02.02.2023	Waiting for finalisation report on the case from Labour
3	Mahlare MS	11727712	8510200577408 6	10.05.2022	Claim finalised with no Permanent Disablement (PD)
4	Magampa GF	Not yet accepted	7301050388081	05.01.2023	Claim finalised with no Permanent Disablement (PD)
5	Tlamama MD	11821075	6901021400083	26.01.2023	Waiting final medical report from the Doctor on the case
6	Magabane I. R	11697271	8601066824085	01/03/2022	Waiting for final medical report from the Doctor on the case
7	Skhosana N. B	11799480	7501150658086	06/08/2022	Waiting for final medical report from

					the Doctor on the case
8	Masilela T, P	11823579	9403200986088	02/02/2023	Claim finalised with no Permanent Disablement (PD)
09	Mokgwatsane T	11823502	8609121077085	02/02/2023	Claim finalised with no Permanent Disablement (PD)
10.	Moimana B. L	1182378	8311225716086	02/02/2023	Waiting final medical report from the Doctor on the case
11	Mokolo M. K	Claim Number not yet received	0004230672082	02/02/2023	Claim Number not yet received from Labour.
12.	Seerane J. G	11826375	8209215583088	30.01.2023	Final medical report submitted, waiting for finalisation of the case by Labour.
13	Aphane M	11873289	7804225734084	24.05.2023	Waiting final medical report from the Doctor on the case
14	Madisa SS	11799480	8304276387089	21.11.2022	Employee is currently receiving treatment as outpatient - under Physiotherapy Services.

## **LABOUR RELATIONS CASES**

In the year under review (2022-2023) we had to deal with the following cases affecting our employees.

Misconduct cases are dealt with in terms of s23 of the Constitution, Labour Relations Act, and Disciplinary Procedure Collective Agreement, Municipal Systems Act (code of conduct for municipal staff members), SDM policies, SDM Circulars and other labour legislations.

Eight (08) misconduct cases were facilitated and not finalized.

### **Warning/s issued.**

There were no warnings issued in terms of the Schedule 8 of the Labour Relations Act and Disciplinary procedure collective agreement.

### **Grievance cases**

Grievance cases are dealt with in terms of s23 of the Constitution and Section C, Clause 13 of the SALGBC Main Collective Agreement.

There were no Grievances lodged and facilitated during the period under review.

### **Dispute resolution**

Dispute resolutions are dealt with in terms of the Labour Relations Act, SALGBC Main Collective Agreement, Commission for Conciliation, Mediation & Arbitration (CCMA) rules and other labour legislations.

Three (03) labour disputes received and facilitated.

## **4.6. SKILLS DEVELOPMENT AND TRAINING**

The following table indicates various programmes as well as budget commitments undertaken by the Municipality to address the skills of its employees as well as the general communities.

#### 4.7. TRAINING SPEND IN 2022/2023

PROJECTS	BUDGET ALLOCATED	REVIEWED BUDGET
External bursaries	R 459 301. 44	-R300 000 (The R300 000 was adjusted to the accommodation vote which depleted)
Staff bursaries	R720544.24	
WSP Implementation	R825 787.04	
Experiential learning	None	
Internship	None	

#### 4.8. BURSARIES

In the 2022/2023 financial year Sekhukhune District Municipality has been supporting students financially to study for various programmes at universities.

The municipality is currently providing financial assistance to needy students who are attending various tertiary institutions. There are **thirty-two (32)** students that are currently in the programme through the internal bursary scheme that we provide. These employees study in the various fields. There three students who are catered through external bursaries.



## **CHAPTER FIVE: FINANCIAL PERFORMANCE**

### **COMPONENT A**

#### **5.1. STATEMENT OF FINANCIAL PERFORMANCE**

The total revenue realised by the SDM for the 2022/2023 financial year reported at R1 482 055 773 compared to R1 486 650 215 for the 2021/2022 financial year. Revenue from exchange items is summarised as follows:

Service charges which are sale of water and sewer services stood at R104 342 357 as compared to R94 213 108 in the 2021/2022 financial year.

Interest received debtors reported at R 26 068 995 as compared to R 16 324 673 in the 2021/2022 financial year. Other sources of revenue such as sale of tender documents contributed R1 404 470 as compared to R996 456 in the 2021/2022 financial year.

Interest on investments reported at R 57 878 945 as compared to R 21 517 320 the 2021/2022 financial year. Actuarial gains stood at R 10 290 979 while previous year we had reported at R 4 136 237.

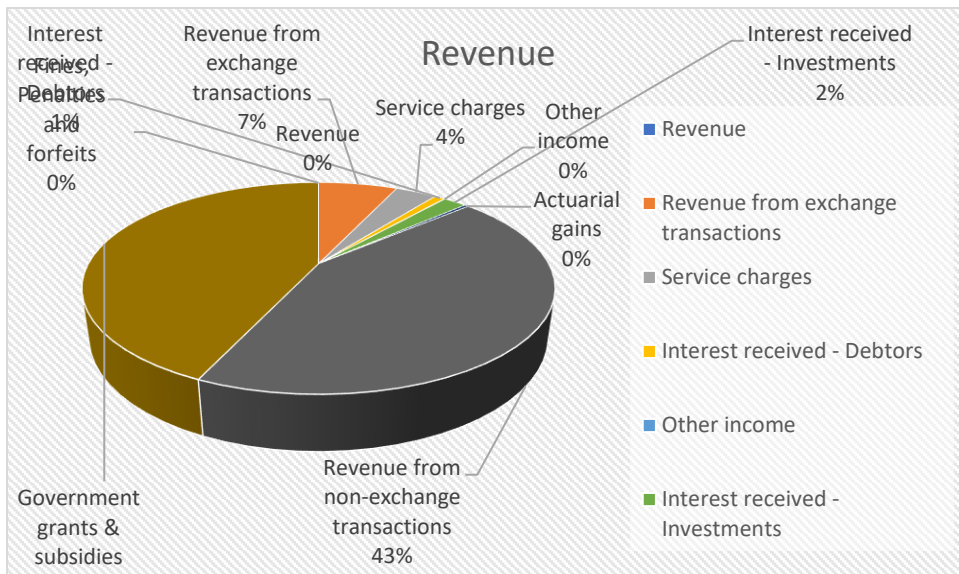
Revenue from non-exchange items reported at R 1 282 070 027 as compared to R1 349 458 204 in the 2021/2022 financial year. The revenue from non-exchange is the government subsidies and grants represent 87% of the total revenue as of 30 June 2023 and clearly that indicates dependency on grants.

#### **5.2. Revenue sources**

The chart below shows the proportions of revenue for 2021/2022 amount to R1 486 650 215. The chart indicates that the municipality is still receiving a large chunk of its revenue from government subsidies and grants at 89% R1 349 458 204. Service charges had increased by 9,7%%, which represent R104 342 357 compared to the R94 213 108 of the previous financial year and Interest received from debtors which is at 37% amounting to R26 068 995 compared to R16 324 673 of the previous financial year. Furthermore, interest on investment is stated at 63% which represent R57 878 945 as compared to previous year at R21 517 320.

**TABLE 1: 2022/2023 REVENUE FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS**

Revenue	2023	2022	Change in %
<b>Revenue from exchange transactions</b>	<b>199 985 746</b>	<b>137 187 794</b>	
Service charges	104 342 357	94 213 108	<b>10%</b>
Interest received - Debtors	26 068 995	16 324 673	<b>37%</b>
Other income	1 404 470	996 456	<b>29%</b>
Interest received - Investments	57 878 945	21 517 320	<b>63%</b>
Actuarial gains	10 290 979	4 136 237	<b>60%</b>
<b>Revenue from non-exchange transactions</b>	<b>1 282 070 027</b>	<b>1 349 462 421</b>	
Government grants & subsidies	1 282 065 599	1 349 458 204	<b>-5%</b>
Fines, Penalties and forfeits	4 428	4 217	<b>5%</b>



### 5.3. Expenditure

The total expenditure for the municipality in 2022/2023 was at R1 213 605 074 as compared to R1 187 571 719 in 2021/2022 financial year.

Employee related cost is the highest contributor amounting to R 391 822 556 compared to R403 889 686 in 2021/2022 financial year.

The general expenses is the second highest contributor amounting to R202 022 658 as compared to R171 098 174 in 2021/2022 financial year.

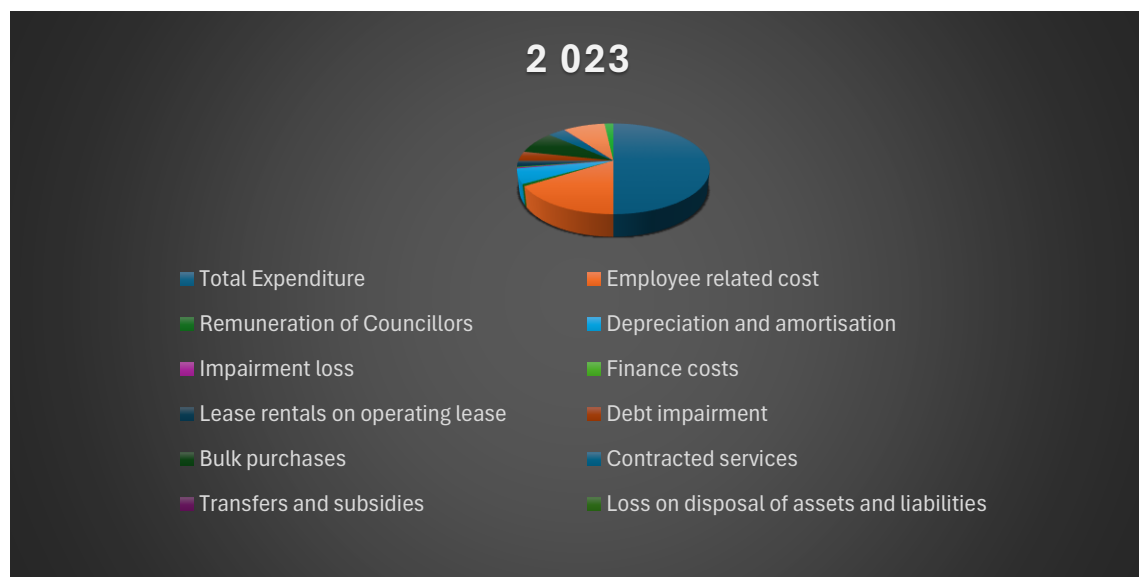
The bulk purchases are the third contributor at R194 129 214 in 2022/2023 as compared to R 167 797563 in 2021/2022 financial year. Depreciation and amortisation

are the fourth contributors at R129 806 551 compared to R119 905 926 in 2021/2022 financial year. Debt impairment is the fifth highest contributor at R 83 091 600 compared to R49 637 037.

Lease rentals on operating lease also one of the major contributors at R 51 858 861 as compared to R59 923 819 and lastly is repairs and maintenance reported at R42 500 480 as compared to R 49 327 141 in 2021/2022 financial year.

**TABLE 2: 2022/2023 EXPENDITURE**

Column1	2 023	2022	Change in
<b>Total Expenditure</b>	<b>1 213 605 074,00</b>	<b>1 186 412 605</b>	<b>2</b>
Employee related cost	391 822 556,00	403 889 686	-3
Remuneration of Councillors	17 649 118,00	15 631 493	11
Depreciation and amortisation	129 806 551,00	119 905 926	8
Impairment loss	7 804 285,00	1 332 338	83
Finance costs	6 834 076,00	4 546 324	33
Lease rentals on operating lease	51 858 861,00	59 923 819	-16
Debt impairment	83 091 600,00	49 637 037	40
Bulk purchases	194 129 214,00	167 797 563	14
Contracted services	81 131 695,00	136 394 336	-68
Transfers and subsidies	3 217 479,00	3 205 267	0
Loss on disposal of assets and liabilities	254 480,00	1 121 813	-341
Inventories losses/ write-down	1 482 021,00	2 601 687	-76
General expenses	202 022 658,00	171 098 175	15
Repairs and maintenance	42 500 480,00	49 327 141	-16



#### **5.4. Asset management**

The Municipality has during 2022/2023 financial year used the appointed service provider to deal with asset management matters over the 12 months. During 2022/2023 all the movable assets have been dealt with, 100% of immovable assets were verified and accounted for. The municipality is continuing the process to clean-up immovable assets during 2022/2023 and beyond. It must be emphasised that these immovable assets are mainly the water services infrastructure that were transferred to the district municipality during the establishment of water services authority and provider functions.

Thus, the municipality has several assets in the form of water and sanitation infrastructure (immovable assets) as well as those assets that are movable (office furniture and vehicles). In the 2022/2023 financial year the total assets were at R5 661 730 891 as compared to the 2021/2022 financial year at R5 181 210 914. Thus, 2% overall increase in assets.

The total liabilities for the 2022/2023 financial year were at R858 778 603 compared to 2021/2022 financial year which stood at R640 643 323.

#### **5.5. Net asset position = Assets: Liabilities**

The Municipality has during 2022/2023 financial year used the appointed service provider to deal with asset management matters on a three (3) years contract. During 2022/2023 all the movable assets have been dealt with, 100% of immovable assets were verified and accounted for.

The municipality is continuing the process to clean-up immovable assets during 2022/2023 and beyond. Thus, far the municipality has number of assets in the form of water and sanitation infrastructure (immovable assets) as well as those assets that are movable (office furniture and vehicles). In the 2022/2023 financial year the assets were at R4 777 842 289 as compared to the 2021/2022 financial year at R4 509 391 596.

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

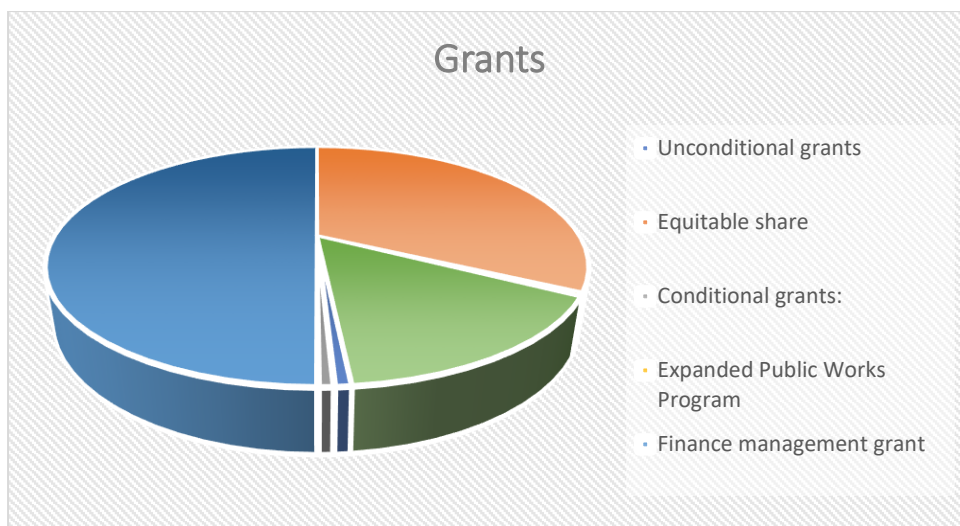
### 5.6. Grants received.

- Sekhukhune District Municipality received an amount of R 1 282 065 599 for 2022/2023 financial year as compared to R 1 349 458 204 for 2021/2022 financial year. The grants were received as follows:
- Equitable share R 989 171 905 (2022: R878 833 464)
- Municipal Infrastructure Grant R 241 034 811 (2022: R413 027 095)
- Expanded Public Works Program R 13 009 981 (2022: R8 180 000)
- Finance management grant R 2 400 000 (2022: R2 300 000)
- Water Services Infrastructure Grant R 97 88 789 (2022: R8 621 171)
- Regional Bulk Infrastructure Grant R22 885 825 (2022: R36 898 058)
- National Department of Labour: SETA R 2 790 804 (2022: R1 598 516)

### 5.7. Sources of finance for capital funding

**TABLE 3**

Unconditional grants	2023	Unspent Opening balance	Expenditure	Unspent
Equitable share	989 171 905			
<b>Conditional grants:</b>				
Expanded Public Works Program	13 010 000	-	13 010 000	-
Finance management grant	2 400 000	-	2 400 000	-
Municipal Infrastructure grant	474 000 000	-	241 034 810	232 965 190
Regional Bulk Infrastructure Grant	22 885 828	-	22 885 828	-
Rural Roads Assets Management System Grant	2 341 000	2 341 000	983 484	3 698 516
Water Services Infrastructure Grant	20 000 000	4 897 603	9 788 589	15 109 014
National Department of Labour: SETA	2 790 804	-	2 790 804	-
	<b>1 526 601 560</b>	<b>7 238 603</b>	<b>292 893 515</b>	<b>251 772 720</b>



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

### **5.9. Cash equivalents**

By the end of the financial year 2022/2023 Sekhukhune District Municipality closed cash and cash equivalents of R732 695 367 as compared to R395 918 102 in 2021/2022 financial year.

Cash flow from investing activities (purchase of plant and equipment) stood at R 248 096 878 financial year 2022/2023 as compared to R333 302 495 financial year 2021/2022 financial year.

### **5.10. Borrowing and investments**

By the end of the 2022/2023 financial year the municipality has short term investment of R730 884 004 compared to R410 828 232 in 2021/2022 financial year.

## **COMPONENT D: OTHER FINANCIAL MATTERS**

### **5.11. Supply Chain Management**

Procurement of goods and services done during the year were following supply chain management policy and regulations. All SCM issues reported under corporative governance.

### **5.12. Bid Committees**

It is the competency of the Municipal Manager to appoint bid committees in the municipality. All bid committees were established and functioned well. The following committees were established:

- Specification
- Quotation
- Evaluation
- Adjudication

### **5.13. Oversight role of Council**

The municipality has the following committees to play oversight role to Council and its committees:

- Rules committee enforces council rules during council meetings.
- Petition committee attend to petitions submitted to the municipality and reports to council.
- Ethics committee investigates the conduct of councillors.
- Municipal Public Account Committee (MPAC) ensures accountability of administration to council and Audit committee which advice the municipal council, the political office bearers the accounting officer and the management staff of the municipality as reflected in section 166(2) of MFMA.

### **5.14. GRAP Compliance**

The annual financial statements (AFS) have been prepared according to GRAP standards as required by the Municipal Finance Management Act, of 2003.

## **CHAPTER SIX: AUDITOR GENERAL FINDINGS AND OPINION**

### **COMPONENT A: 2022/2023 AUDITOR GENERAL OPINION AND FINDINGS**

#### **6.1. 2022/2023 financial year Auditor General South Africa (AGSA) Report and findings**

During the 2022/2023 financial year, the Auditor General of South Africa issued a Qualified Audit Opinion.

#### **REPORT ON THE ANNUAL PERFORMANCE REPORT (APR)**

1. Performance indicators were not well defined; targets were not specific and measurable- repeating

The municipality has developed an action plan to address the issue raised by the AGSA.

### **COMPONENT B: 2021/2022 AUDITOR GENERAL OPINION AND FINDINGS**

#### **6.2. 2021/2022 financial year Auditor General South Africa (AGSA) Report and findings**

During the 2021/2022 financial year the Auditor General of South Africa issued a Qualified Audit opinion. The municipality did not improve on the opinion as it is the same as the previous year.

#### **6.3. Progress on 2021/2022 financial year Auditor General South Africa findings**

During the 2021/2022 financial year the Auditor General of South Africa issued a Qualified Audit opinion with 11 matters for the basis for the qualified opinion and 2 matters of emphasis.

In terms of audit of performance information only Basic Service Delivery key performance area was audited. Qualified Audit Opinion was issued. The challenges of accurate evidence, inconsistency, verifiable, indicators not well defined and completeness were recorded and led to the municipality to maintain the Qualified Audit Opinion



The municipality had 149 matters inclusive of management report. Out of 149, 75 were addressed as at end of 30 June 2023 at 50%. The remaining 74 of the issues not addressed will be addressed in the coming financial year of 2022/2023. During the second quarter 30 of 74 were addressed, currently 44 in progress for the period under review. Out of the 149 findings issued by a total of 105 was fully addressed by management and 44 was still InProgress during the reporting period.

## **CONCLUSIONS**

The Annual Report for 2022/2023 financial year is hereby presented to reflect the performance of the municipality during the period under review. Many challenges remain to be resolved and it requires the collaboration of all stakeholders to put their shoulders behind the wheel to ensure that service delivery is achieved whilst at the same time proper administrative systems and processes are also put in place to comply with best practices.

This Annual Report must not be read in isolation, the annexures to the Annual Report as stated below are also central towards overall understanding of the Annual Report namely:

Annexure A: Audited Annual Financial Statement 2022/2023

Annexure B: Audit Report SDM & SDA 2022/2023

Annexure C: SDBIP Cumulative Performance Report 2022/2023

: Performance of Service Providers Report 2022/2023

Annexure D: Sekhukhune Development Agency Annual Report 2022/2023

Annexure E: Audit Committee Report 2022/2023

Annexure F: Audit Action Plan 2022/2023

Annexure G: Community consultation Report 2022/2023

Annexure H: Oversight Report 2022/2023.

# **Annexure A: Audited Financial Statements 2022/2023 (SDM)**



**SEKHUKHUNE**  
District Municipality

Sekhukhune District Municipality  
Financial statements  
for the year ended 30 June 2023  
Auditor General (SA)

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## General Information

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### Legal form of entity

Municipality in terms of section 1 of the Local Government: Municipal Structures Act 11 of 1998 read with section 155(1) of the Constitution of the Republic of South Africa, Act 108 of 1996.

### Nature of business and principal activities

The provision of services (water and sanitation) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.

### Mayoral committee

Executive Mayor

Cllr Mathebe JL (Executive Mayor: 1st July 2022 - 30 November 2022)

Cllr Mokganyetji MJ (Executive Mayor: 1st December 2022 - 30th June 2023)

### Councillors

Cllr Chego KS (Council Speaker)

Cllr Phokane K (Chief Whip of Council)

Cllr Kupa CR

Cllr Sefala RE

Cllr Ratau MF

Cllr Nkosi SM

Cllr Malatji MN

Cllr Lekwatsipa LR

Cllr Mafefe O

Cllr Leshaba B

Cllr Mohlala MJ

Cllr Mabatane MC

Cllr Ramaila KS

Cllr Mogofe A

Cllr Tladi MD

Cllr Maloba AM

Cllr Machai MJ

Cllr Maelane KM

Cllr Letsela NS

Cllr Magatla LN

Cllr Lekoatsipa LR

Cllr Makobe PA

Cllr Mashegoana MC

Cllr Thokwane KZ

Cllr Mokomane ML

Cllr Mosoane E

Cllr Rankoe TP

Cllr Leokana MD

Cllr Matsomane SD

Cllr Sithole ME

Cllr Nkosi SB

Cllr Maibelo LS

Cllr Mohlamonyane TE

Cllr Mashilo MS

Cllr Malau TS

Cllr Makofane IT

Cllr Ngwatle AT

Cllr Mabelane JM

Cllr Molapo WS

Cllr Tlape MM

**General Information**

General Information

	Cllr Thobejane LM
	Cllr Mokgato K
	Cllr Mgiba NP
	Cllr Mathipa MP
	Cllr Makutu TS
	Cllr Makofane T
	Cllr Magabe MS
	Cllr Senongj MR
	Cllr Mosotho MT
	Cllr Matsetela ML
	Cllr Komane LM
	Cllr Kgwedi JL
	Cllr Tshivhula MP
	Cllr Mogotji FM
<b>Grading of local authority</b>	Grade 4 Municipality
<b>Accounting Officer</b>	Ms. Ntshudisane MJ (1st July 2022 - 30th October 2022) Mr. Matumane ND (Acting) (1st November 2022 - 31st March 2023) Ms. Rampedi MN(Acting) (1st April 2023 - 30th June 2023)
<b>Chief Finance Officer (CFO)</b>	Mr. Nkadameng HL
<b>Registered office</b>	03 West Street Groblersdal 0470
<b>Postal address</b>	Private Bag X8611 Groblersdal 0470
<b>Bankers</b>	Standard Bank
<b>Auditors</b>	Auditor General (SA)

**Index**

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

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Notes to the Financial Statements	37 - 83	Cir Mphahlele

**Abbreviations used:**

MFMA	Municipal Finance Management Act	
GRAP	Generally Recognised Accounting Practices	
IAS	International Accounting Standards	
mSCOA	Municipal Standard Chart of Accounts	
MIG	Municipal Infrastructure Grant	
RBIG	Regional Bulk Infrastructure Grant	
WSIG	Water Services Infrastructure Grant	
RRAMS	Rural Road Asset Management System	
SALGA	South African Local Government Association	

## **Accounting Officer's Responsibilities and Approval**

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003); to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the 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 financial statements and were given unrestricted access to all financial records and related data.

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

The accounting officer acknowledges that she 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is at most dependent on the government grants and transfers for continued funding of operations. The financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, she is supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's financial statements. The financial statements have been examined by the municipality's external auditors. 7.

The financial statements set out on page 5 to 70, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:

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**Accounting Officer**

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2023. The Auditor-General of South Africa (AGSA) has audited the financial statements of the Municipality for the year ended 30 June 2023. The AGSA's report is available on the website of the Auditor-General of South Africa.

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year the term for the previous audit committee expired on the 31st of March 2023, the new audit committee took effect from the 1st of April 2023 and the number of meetings held by the both committees are listed here under:

Name of member	Number of meetings attended
Ms. Ndhlovu M (Chairperson) (1st July 2022 - 31st March 2023)	7
Ms. Mothelesi M (1st July 2022 - 31st March 2023)	8
Adv. Thubakgale L (1st July 2022 - 31st March 2023)	8
Mr. Mathabathe M (1st July 2022 - 31st March 2023)	7
Mr. Mofokeng LS (Chairperson) (1st April 2023 - 30 June 2023)	3
Ms. Ngoetjana S (1st April 2023 - 30th June 2023)	1
Adv. Thubakgale L (1st April 2023 - 30th June 2023)	3
Ms. Manyisana V (1st April 2023 - 30th June 2023)	2
Mr. Mathabathe M (1st April 2023 - 30th June 2023)	2

### Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the Municipal Finance Management Act.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### The effectiveness of internal control

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

### Evaluation of financial statements

The audit committee has:

- reviewed and discussed the audited financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the financial statements, and are of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

### Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

### Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Chairperson of the Audit Committee





## **Accounting Officer's Report**

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

### **1. Review of activities**

#### **Main business and operations**

Net surplus of the municipality was 268 450 699 as at 30 June 2023: (2022 299 078 496).

### **2. Going concern**

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus of R 4 777 842 289.00

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

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 municipality to ensure that all matters of compliance are adhered to so as to ensure that all the conditional and unconditional grants allocated to the municipality are received in full as the municipality is currently grant dependent to fund its operations. The municipality is currently implementing the revenue strategy that is aimed at enhancing its revenue base over time to ensure that there is financial sustainability without having to rely heavily on government grants and subsidies.

### **3. Subsequent events**

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

### **4. Accounting policies**

The financial statements prepared in accordance with the prescribed standards of Generally Accepted Accounting Practice (GRAP), including any interpretations of such Statements issued by the Accounting Standard Board as prescribed by the Municipal Finance Management Act.

### **5. Bankers**

The Standard Bank South Africa is the primary banker of the municipality for a period of five years.

### **6. Auditors**

Auditor-General (SA) will continue in office for the next financial period.

### **7. Provincial and National Treasury**

The municipality is required, in terms of section 126(1)(a) of the MFMA, to submit its annual financial statements and those of the Sekhukhune Development Agency to the Auditor General South Africa within two months of the end of the annual financial year.

The financial statements set out on page 7, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2023 and were signed on its behalf by:

**Accounting Officer**

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Statement of Financial Position as at 30 June 2023

Figures in Rand

	Note(s)	2023	2022 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	9	18 154 154	18 898 982
Other financial assets	4	1 000	1 000
Receivables from non-exchange transactions	10	2 577 805	2 695 049
VAT receivable	11	128 425 149	95 381 884
Prepayments	8	5 105 341	4 481 840
Receivables from exchange transactions	12	60 845 045	60 138 616
Cash and cash equivalents	13	732 695 367	395 918 102
		<b>947 803 861</b>	<b>577 515 473</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	4 713 927 030	4 603 695 441
<b>Total Assets</b>		<b>5 661 730 891</b>	<b>5 181 210 914</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Operating lease liability	5	483 598	419 703
Payables from exchange transactions	6	574 983 395	565 685 462
Consumer deposits	7	5 213 578	4 876 358
Taxes and transfers payable (non-exchange)	14	254 103 032	48 759 800
Provisions	15	23 995 000	20 902 000
		<b>858 778 603</b>	<b>640 643 323</b>
<b>Non-Current Liabilities</b>			
Provisions	15	25 110 000	31 176 000
<b>Total Liabilities</b>		<b>883 888 603</b>	<b>671 819 323</b>
<b>Net Assets</b>		<b>4 777 842 288</b>	<b>4 509 391 591</b>
Accumulated surplus		4 777 842 289	4 509 391 596
<b>Total Net Assets</b>		<b>4 777 842 289</b>	<b>4 509 391 596</b>

\* See Note 40 & 39

**Sekhukhune District Municipality**  
Financial Statements for the year ended 30 June 2023

Sekhukhune District Municipality  
Financial Statements for the year ended 30 June 2023

**Statement of Financial Performance**

Statement of Financial Performance for the year ended 30 June 2023

Figures in Rand

	Note(s)	2023	2022 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	17	104 342 357	94 213 108
Interest received - Debtors		26 068 995	16 324 673
Other income	20	1 404 470	996 456
Interest - Investments	21	57 878 945	21 517 320
Actuarial gains		10 290 979	4 136 237
<b>Total revenue from exchange transactions</b>		<b>199 985 746</b>	<b>137 187 794</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants & subsidies	23	1 282 065 599	1 349 458 204
Fines, Penalties and Forfeits	18	4 428	4 217
<b>Total revenue from non-exchange transactions</b>		<b>1 282 070 027</b>	<b>1 349 462 421</b>
<b>Total revenue</b>	16	<b>1 482 055 773</b>	<b>1 486 650 215</b>
<b>Expenditure</b>			
Employee related costs	24	(391 822 556)	(403 889 686)
Remuneration of councillors	25	(17 649 118)	(15 631 493)
Depreciation and amortisation	26	(129 806 551)	(119 905 926)
Impairment loss	27	(7 804 285)	(2 535 868)
Finance costs	28	(6 834 076)	(4 546 324)
Lease rentals on operating lease	19	(51 858 861)	(59 923 819)
Debt Impairment	30	(83 091 600)	(49 637 037)
Bulk purchases	32	(194 129 214)	(167 797 563)
Contracted services	33	(81 131 695)	(136 394 336)
Transfers and Subsidies	22	(3 217 479)	(3 205 267)
Loss on disposal of assets and liabilities		(254 480)	(1 077 398)
Inventories losses/write-downs		(1 482 021)	(2 601 687)
General Expenses	31	(202 022 658)	(171 098 174)
Repairs and maintenance		(42 500 480)	(49 327 141)
<b>Total expenditure</b>		<b>(1 213 605 074)</b>	<b>(1 187 571 719)</b>
<b>Surplus for the year</b>		<b>268 450 699</b>	<b>299 078 496</b>

\* See Note 40 & 39

**Sekhukhune District Municipality**  
 Financial Statements for the year ended 30 June 2023

Sekhukhune District Municipality  
 Financial Statements for the year ended 30 June 2023

**Statement of Changes in Net Assets**

Statement of Changes in Net Assets

Figures in Rand		Accumulated surplus / deficit	Total net assets
Opening balance as previously reported		4 251 947 788	4 251 947 788
Adjustments			
Prior year adjustments 40		(41 634 688)	(41 634 688)
<b>Balance at 01 July 2021 as restated*</b>		<b>4 210 313 100</b>	<b>4 210 313 100</b>
Changes in net assets			
Surplus for the year		299 078 496	299 078 496
Total changes		299 078 496	299 078 496
<b>Restated* Balance at 01 July 2022</b>		<b>4 509 391 590</b>	<b>4 509 391 590</b>
Changes in net assets			
Surplus for the year		268 450 699	268 450 699
Total changes		268 450 699	268 450 699
<b>Balance at 30 June 2023</b>		<b>4 777 842 289</b>	<b>4 777 842 289</b>

Note(s)

1. The opening balance as previously reported is based on the financial statements for the year ended 30 June 2021, which were restated to reflect the impact of the reclassification of certain assets and liabilities.

2. The surplus for the year is derived from the Statement of Financial Performance for the year ended 30 June 2023.

3. The total net assets at the end of the year are derived from the Statement of Financial Position for the year ended 30 June 2023.

\* See Note 40 & 39

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

Approved on behalf of the Council: 2023/24

## Cash Flow Statement

Figures in Rand

	Note(s)	2023	2022 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		52 712 473	45 621 253
Grants		1 483 803 690	1 367 902 645
Interest income		57 734 127	21 517 320
Other receipts		1 404 470	996 456
		1 595 654 760	1 436 037 674
<b>Payments</b>			
Employee costs		(391 822 556)	(403 889 686)
Suppliers		(618 958 061)	(540 329 479)
		(1 010 780 617)	(944 219 165)
<b>Net cash flows from operating activities</b>	34	<b>584 874 143</b>	<b>491 818 509</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(248 096 878)	(333 302 495)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>336 777 265</b>	<b>158 516 014</b>
Cash and cash equivalents at the beginning of the year		395 918 102	237 402 088
<b>Cash and cash equivalents at the end of the year</b>	13	<b>732 695 367</b>	<b>395 918 102</b>

The accounting policies on pages 17 to 36 and the notes on pages 37 to 83 form an integral part of the financial statements.

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

## Statement of Financial Performance

### Revenue

#### Revenue from exchange transactions

Service charges	103 570 014	-	103 570 014	104 342 357	772 343
Interest received (Outstanding debtors)	15 221 206	-	15 221 206	26 068 995	10 847 789
Other Income	2 174 811	-	2 174 811	1 404 470	(770 341)
Interest received - investment	21 659 405	-	21 659 405	57 878 945	36 219 540
Actuarial gains	430 021	-	430 021	10 290 979	9 860 958
<b>Total revenue from exchange transactions</b>	<b>143 055 457</b>	<b>-</b>	<b>143 055 457</b>	<b>199 985 746</b>	<b>56 930 289</b>

\*. See Note 40 & 39

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Cash Flow Statement

### Revenue from non-exchange transactions

#### Transfer revenue

Government grants & subsidies	1 087 843 560	(35 751 249)	1 052 092 311	1 041 030 788	(11 061 523)
Fines, Penalties and Forfeits	50 132	-	50 132	4 428	(45 704)

<b>Total revenue from non-exchange transactions</b>	<b>1 087 893 692</b>	<b>(35 751 249)</b>	<b>1 052 142 443</b>	<b>1 041 035 216</b>	<b>(11 107 227)</b>
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<b>Total revenue</b>	<b>1 230 949 149</b>	<b>(35 751 249)</b>	<b>1 195 197 900</b>	<b>1 241 020 962</b>	<b>45 823 062</b>
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#### Expenditure

Personnel	(459 428 896)	4 847 883	(454 581 013)	(391 822 556)	62 758 457
Remuneration of councillors	(18 422 108)	-	(18 422 108)	(17 649 118)	772 990
Depreciation	(106 884 864)	12 070 000	(94 814 864)	(129 806 551)	(34 991 687)
Impairment of assets	-	-	-	(7 804 285)	(7 804 285)
Finance costs	(509 411)	409 511	(99 900)	(6 834 076)	(6 734 176)
Lease rentals on operating lease	-	-	-	(51 858 861)	(51 858 861)
Debt Impairment	(11 309 600)	6 000 000	(5 309 600)	(83 091 600)	(77 782 000)
Inventory consumed - Bulk	(191 075 226)	24 081 642	(166 993 584)	(194 129 214)	(27 135 630)
Water Supply	-	-	-	-	-
Contracted Services	(239 331 123)	39 367 417	(199 963 706)	(81 131 695)	118 832 011
Transfers and Subsidies	-	-	-	(3 217 479)	(3 217 479)
Inventory write-down	-	-	-	(1 482 021)	(1 482 021)
General expenses	(183 894 508)	(25 890 977)	(209 785 485)	(202 022 658)	7 762 827
Repairs and maintenance	-	-	-	(42 500 480)	(42 500 480)

<b>Total expenditure</b>	<b>(1 210 855 736)</b>	<b>60 885 476</b>	<b>(1 149 970 260)</b>	<b>(1 213 350 594)</b>	<b>(63 380 334)</b>
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<b>Operating surplus</b>	<b>20 093 413</b>	<b>25 134 227</b>	<b>45 227 640</b>	<b>27 670 368</b>	<b>(17 557 272)</b>
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Loss on disposal of assets and liabilities	-	-	-	(254 480)	(254 480)
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Transfers and subsidies - Capital	469 076 440	98 246 708	567 323 148	241 034 811	(326 288 337)
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	<b>469 076 440</b>	<b>98 246 708</b>	<b>567 323 148</b>	<b>240 780 331</b>	<b>(326 542 817)</b>
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<b>Surplus before taxation</b>	<b>489 169 853</b>	<b>123 380 935</b>	<b>612 550 788</b>	<b>268 450 699</b>	<b>(344 100 089)</b>
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<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>489 169 853</b>	<b>123 380 935</b>	<b>612 550 788</b>	<b>268 450 699</b>	<b>(344 100 089)</b>
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# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

Sekhukhune District Municipality  
Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

### Revenue - Material variances

1. Service Charges - No material variances on service charges for the 2022/23 financial year.
2. Fines & penalties - Non-implementation of the by-laws contributed largely to the material variance in the actual revenue amount recognized for the current year.
3. Interest on outstanding debtors - Interest is charged on all overdue accounts of more than 90 days as per the credit control policy, the policy also applies an interest rate that is linked to the prime rate to charge for the outstanding debts, the rate was increased several times during the 2022/23 financial year resulting in a higher charge interest charges on all outstanding debts of more than 90 days.
4. Other income - collection on revenue from other income sources was materially below the annual budget due to low sales of tender documents, contractors do have an option to download documents free of cost on the e-tender portal than buying it from the municipality.
5. Government grants and subsidies - The material variances on government grants and subsidies was due to the underspending on the Water Services Infrastructure Grant, Rural Asset Management Grant and Municipal Infrastructure Grant.

### Expenditure - Material variances

1. Employee related cost - No material variances on employee related cost in terms of the total cost to company, however there was a huge reduction on overtime, shift and standby allowance during the 2022/23 financial year as the municipality implemented new control measures around the three allowances which were become more expensive for the municipality.
2. Remuneration of councillors - Upper limits on council remuneration were implemented during the 2022/23 financial year.
3. Finance costs - The finance costs on the actuarial calculations were under budgeted for in the 2022/23 financial year.
4. Operating lease rentals - Operating lease expenditure budgeted for as part of the general expenditure in the 2022/23 financial year.
5. Inventory consumed (Bulk Water Purchases) - No material variance on bulk water purchases for the 2022/23 financial year.
6. Contracted services - The contracted services expenditure was materially lower in the 2022/23 financial year due to the VIP toilets program which was discontinued in the 2022/23 financial year.



# Sekhukhune District Municipality

Financial Statements for the year-ended 30 June 2023

Sekhukhune District Municipality

Financial Statements for the year-ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	184 437 555	24 081 642	208 519 197	18 154 154	(190 365 043)	
Other financial assets	-	-	-	1 000	1 000	
Prepayments	-	-	-	5 105 341	5 105 341	
Consumer debtors	94 223 040	-	94 223 040	60 845 045	(33 377 995)	
VAT Receivables	92 568 313	-	92 568 313	128 425 149	35 856 836	
Receivables from non-exchange transaction	100 001 000	232 770 831	332 771 831	2 577 805	(330 194 026)	
Cash and cash equivalents	171 870 583	(54 918 725)	116 951 858	732 695 367	615 743 509	
	<b>643 100 491</b>	<b>201 933 748</b>	<b>845 034 239</b>	<b>947 803 861</b>	<b>102 769 622</b>	
<b>Non-Current Assets</b>						
Property, plant and equipment	3 772 526 586	121 872 043	3 894 398 629	4 713 927 030	819 528 401	
Intangible assets	-	1 500 000	1 500 000	-	(1 500 000)	
	<b>3 772 526 586</b>	<b>123 372 043</b>	<b>3 895 898 629</b>	<b>4 713 927 030</b>	<b>818 028 401</b>	
<b>Total Assets</b>	<b>4 415 627 077</b>	<b>325 305 791</b>	<b>4 740 932 868</b>	<b>5 661 730 891</b>	<b>920 798 023</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Operating lease liability	-	-	-	483 598	483 598	
Payables from exchange transactions	274 289 515	122 815 376	397 104 891	574 983 395	177 878 504	
Taxes and transfers payable (non-exchange)	-	-	-	254 103 032	254 103 032	
Provisions	-	-	-	23 995 000	23 995 000	
Consumer Deposits	4 314 762	-	4 314 762	5 213 578	898 816	
	<b>278 604 277</b>	<b>122 815 376</b>	<b>401 419 653</b>	<b>858 778 603</b>	<b>457 358 950</b>	
<b>Non-Current Liabilities</b>						
Provisions	51 802 526	-	51 802 526	25 110 000	(26 692 526)	
<b>Total Liabilities</b>	<b>330 406 803</b>	<b>122 815 376</b>	<b>453 222 179</b>	<b>883 888 603</b>	<b>430 666 424</b>	
<b>Net Assets</b>	<b>4 085 220 274</b>	<b>202 490 415</b>	<b>4 287 710 689</b>	<b>4 777 842 288</b>	<b>490 131 599</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	4 085 220 274	202 490 415	4 287 710 689	4 777 842 288	490 131 599	
<b>Current Assets</b>						

1. Inventory - The material variance between the annual budgeted inventory balance at year end and the actual inventory balance was due to the over-budgeting on the inventory items at year end for the 2022/23 financial year.

**Statement of Comparison of Budget and Actual Amounts**

Budget on Cash Basis	Budget on Cash Basis			Budget on Cash Basis		Reference
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	
<b>Figures in Rand</b>						
<p>2. Receivables from exchange transactions - The material variance on the receivables from exchange transactions was due to the budgeted amounts at year end which were meant for the spending on the capital projects funded through the Regional Bulk Infrastructure Grant while awaiting the refund from the Department of Water and Sanitation.</p> <p>3. VAT receivables - The variance was due to the omission of the budget on VAT receivable in the 2022/23 financial year. The budget amount was erroneously included in the inventory budget for the 2022/23 financial year.</p> <p>4. Pre-payments - The material variance on pre-payments was due to the omission of the budget in the 2022/23 financial year. The budget was amount erroneously included in the inventory budget for the 2022/23 financial year.</p> <p>5. Cash and cash equivalents - The material variance on cash and cash equivalents was due to the unspent conditional grants and some of the operational projects which could not be implemented as budgeted for in the 2022/23 financial year.</p>						
<b>Non-current assets</b>						
<p>1. Property, plant and equipment - The variance on property, plant and equipment was due to the under-budgeting on the on the basis of the prior period errors which were expected to be processed in addressing the historical cost issues around the fixed assets of the municipality.</p>						
<b>Current Liabilities</b>						
<p>Operating lease liability - The variance on operating lease liability was due to the lease contracts which expired during the 2022/23 financial year.</p> <p>2. Payables from exchange transactions - The variance on payables from exchange transactions was due to the large amounts of accrual invoices as at the 30th of June 2023.</p> <p>3. Unspent conditional grants - The municipality did not plan to have any unspent conditional grants as at the 30th of June 2023. The material variance was due to the fact that there was no budget provision as the intention was to achieve 100% spending on conditional grants by end of the financial year.</p> <p>4. Provisions (Current year) - There was no budget provision for the current portion of the provisions in the current financial year.</p>						

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Sale of goods and services	62 142 009	-	62 142 009	52 712 473	(9 429 536)
Grants	1 556 920 000	62 495 460	1 619 415 460	1 483 803 690	(135 611 770)
Interest income	21 659 404	-	21 659 404	57 734 127	36 074 723
Other receipts	2 109 611	-	2 109 611	1 404 470	(705 141)
	<b>1 642 831 024</b>	<b>62 495 460</b>	<b>1 705 326 484</b>	<b>1 595 654 760</b>	<b>(109 671 724)</b>

##### Payments

Suppliers and employees	(1 092 661 272)	42 815 376	(1 049 845 896)	(1 010 780 617)	39 065 279
<b>Net cash flows from operating activities</b>	<b>550 169 752</b>	<b>105 310 836</b>	<b>655 480 588</b>	<b>584 874 143</b>	<b>(70 606 445)</b>

#### Cash flows from investing activities

Purchase of property, plant and equipment	(489 206 441)	(123 372 043)	(612 578 484)	(248 096 878)	364 481 606
Proceeds from sale of property, plant and equipment	430 021	-	430 021	-	(430 021)
Decrease (Increase) in non-current investment	(239 925 390)	239 925 390	-	-	-
<b>Net cash flows from investing activities</b>	<b>(728 701 810)</b>	<b>116 553 347</b>	<b>(612 148 463)</b>	<b>(248 096 878)</b>	<b>364 051 585</b>

#### Cash flows from financing activities

Increase (Increase) in consumer deposits	105 582	-	105 582	-	(105 582)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(178 426 476)</b>	<b>221 864 183</b>	<b>43 437 707</b>	<b>336 777 265</b>	<b>293 339 558</b>
Cash and cash equivalents at the beginning of the year	310 372 585	128 360 555	438 733 140	395 918 102	(42 815 038)
<b>Cash and cash equivalents at the end of the year</b>	<b>131 946 109</b>	<b>350 224 738</b>	<b>482 170 847</b>	<b>732 695 367</b>	<b>250 524 520</b>

#### Reconciliation

**Accounting Policies**

Figures in Rand

Page	Note(s)	2023	2022
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**1. Presentation of Financial Statements**

The 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 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 financial statements, are disclosed below.

**1.1 Presentation currency**

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

**1.2 Going concern assumption**

These 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 Significant judgements and sources of estimation uncertainty**

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 financial statements. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

**1.4 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.

**Accounting Policies**

**1.4 Property, plant and equipment (continued)**

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite lifespan
Community assets	Straight-line	15 to 30 years
Machinery and Equipment	Straight-line	2 to 19 years
Transport assets	Straight-line	5 to 15 years
Furniture and office equipment	Straight-line	3 to 10 years
IT equipment	Straight-line	2 to 17 years
Leasehold improvements	Straight-line	5 to 10 years
Infrastructure	Straight-line	5 to 80 years

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

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 in terms of the Standard of GRAP on Accounting Policies, Changes in Estimates and Errors.

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

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.

## Accounting Policies

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

- The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.
- Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.
- The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note ).
- The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note ).

### 1.5 Financial instruments

- A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.
- The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.
- A concessionary loan is a loan granted to or received by an entity on terms that are not market related.
- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.
- A derivative is a financial instrument or other contract with all three of the following characteristics:
  - Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
  - It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
  - It is settled at a future date.

- The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.5 Financial instruments (continued)

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

A financial asset is:

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

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

A 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.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

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

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

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

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

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

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

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;

**Accounting Policies**

**1.5 Financial instruments (continued)**

- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies;
- combined instruments that are designated at fair value; and
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking; or
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

**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.

The entity recognises financial assets using trade date accounting.

**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.

**1.5 Financial instruments (continued)**

- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies;
- combined instruments that are designated at fair value; and
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking; or
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

**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.

The entity recognises financial assets using trade date accounting.

**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.



**1.5 Financial instruments (continued)**

**Subsequent measurement of financial assets and financial liabilities**

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.

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.

**Reclassification**

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- a combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

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 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.

**1.6 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.

**Accounting Policies**

**1.6 Leases (continued)**

**Finance leases - lessor**

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

**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 - lessor**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

**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.

**1.7 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.

## Accounting Policies

### 1.7 Inventories (continued)

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 distributed, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.8 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

### 1.9 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

## Accounting Policies

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### 1.9 Cash and cash equivalents (continued)

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

### 1.10 Impairment of 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.

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 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:

#### Designation

At initial recognition, the municipality designates an asset as non-cash-generating or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset, or contract cannot be assumed to be

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

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

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

## **Accounting Policies**

### **1.10 Leases (continued)**

#### **Identification**

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

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

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

#### **Value in use**

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

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

#### **Basis for estimates of future cash flows**

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

#### **Discount rate**

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

#### **Recognition and measurement (individual asset)**

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued 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 cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, 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.

**Accounting Policies**

Accounting Policies

**1.10 Leases (continued)**

**Reversal of impairment loss**

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

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

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

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

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

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

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

**1.11 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.

## Accounting Policies

## Accounting Policies

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

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:

[Specify judgements made]

#### Designation

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

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

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

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

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

#### Identification

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

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

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

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

**Accounting Policies**

**Accounting Policies**

**1.11 Impairment of non-cash-generating assets (continued)**

**Reversal of an impairment loss**

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

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

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

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

**1.12 Employee benefits**

**Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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 expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

**Defined contribution plans**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.



**Accounting Policies**

Accounting Policies

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

**Defined benefit plans**

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and a reduction in future contributions to the plan.

**1.13 Provisions and contingencies**

Provisions are recognised when:

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

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

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

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

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

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

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

## **Accounting Policies**

### **1.13 Provisions and contingencies (continued)**

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

Provisions are not recognised for future operating deficits.

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 37.

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

**Accounting Policies**

**Accounting Policies**

**1.14 Commitments**

**1.13 Provisions and contingent liabilities**

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the net 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.

**1.15 Revenue from exchange transactions**

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

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

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

**Measurement**

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

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

**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.

**Accounting Policies**

**Accounting Policies**

**1.15 Revenue from exchange transactions (continued)**

**1.15 Revenue from exchange transactions (continued)**

**Rendering of services**

Liabilities are classified as current liabilities if the entity has committed itself to pay the liability out of cash.

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by:

**Interest, royalties and dividends**

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

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

**1.16 Revenue from non-exchange transactions**

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

**Accounting Policies**

Accounting Policies

**1.16 Revenue from non-exchange transactions (continued)**

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

**Recognition**

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

**Measurement**

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

**Accounting Policies**

**Accounting Policies**

**1.16 Revenue from non-exchange transactions (continued)**

**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.

**1.17 Comparative figures**

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

**1.18 Unauthorised expenditure**

Unauthorised expenditure means:

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

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

**1.19 Fruitless and wasteful expenditure**

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

**1.20 Irregular expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

**1.21 Revaluation reserve**

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

**1.22 Budget information**

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

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

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

**Accounting Policies**

**1.22 Budget information (continued)**

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

**1.23 Related parties**

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

**1.24 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.





# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

Figures in Rand:

### 3. Property, plant and equipment

	2023		2022	
	Cost / Valuation	Accumulated Carrying value depreciation and accumulated impairment	Cost / Valuation	Accumulated Carrying value depreciation and accumulated impairment
Land	14 460 000	14 460 000	14 460 000	14 460 000
Plant and machinery	9 855 232	4 714 892	8 466 123	5 086 848
Furniture and office equipment	8 659 276	2 997 676	8 904 207	3 867 319
Transport assets	55 724 771	36 585 093	47 645 158	34 671 414
IT equipment	24 255 700	11 530 305	19 801 470	10 928 472
Leasehold improvements	7 309 495	4 796 911	7 309 495	4 812 254
Roads Infrastructure	65 704 027	22 710 437	65 704 027	41 597 811
Community assets	26 142 911	4 941 126	25 639 140	4 781 624
Wastewater network	107 225 528	60 082 198	105 671 527	61 033 482
Water network	4 730 154 240	3 615 509 552	4 506 233 252	3 509 764 733
Assets under construction (WIP)	948 536 808	937 883 167	940 826 720	930 173 079
<b>Total</b>	<b>5 998 027 988</b>	<b>(1 284 100 958)</b>	<b>5 750 661 119</b>	<b>(1 146 965 678)</b>



# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

Figures in Rand

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

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers received from work in progress	Transfers	Depreciation	Impairment loss	Total
Land	14 460 000	-	-	-	-	-	-	14 460 000
Plant and machinery	6 812 736	321 833	(505 266)	-	-	(1 462 687)	(69 768)	5 096 848
Furniture and office equipment	4 550 195	444 737	(97 244)	-	-	(1 021 913)	(8 456)	3 867 319
Transport assets	36 563 442	3 389 711	(48 367)	-	-	(5 233 372)	-	34 671 414
IT equipment	10 754 474	4 024 511	(426 521)	-	-	(3 419 775)	(4 217)	10 928 472
Leasehold improvements	7 089 160	18 254	-	-	-	(2 295 160)	-	4 812 254
Roads infrastructure	25 504 552	-	-	-	-	(1 398 336)	-	24 106 216
Community assets	5 130 426	-	-	-	-	(348 802)	-	4 781 624
Wastewater network	61 277 289	2 183 749	-	-	-	(2 427 505)	(51)	61 033 482
Water network	2 983 557 354	31 149 439	-	599 809 694	-	(102 298 378)	(2 453 376)	3 509 764 733
Assets under construction (WIP)	1 236 287 367	293 695 406	-	-	(599 809 694)	-	-	930 173 079
	<b>4 391 986 995</b>	<b>335 227 640</b>	<b>(1 077 398)</b>	<b>599 809 694</b>	<b>(599 809 694)</b>	<b>(119 905 928)</b>	<b>(2 535 868)</b>	<b>4 603 695 441</b>

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

Figures in Rand	2023	2022
<b>3. Property, plant and equipment (continued)</b>		
<b>Property, plant and equipment in the process of being constructed or developed</b>		
<b>Cumulative expenditure recognised in the carrying value of property, plant and equipment</b>		
Infrastructure - Water	937 883 167	930 173 079
<b>Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected</b>		
RBIG: Makgeru/Magnetheights to Schoonoord Bulk Water Supply. Delayed procurement of materials as well as community protesting activities by the ordinary community members and local business forums.	65 209 046	62 341 081
MIG: NKadimeng Regional Bulk Water Supply Scheme Phase Ext 2. Professional fees were not apportioned across the completed phase	2 624 910	1 259 160
WSIG: Rutseng Water Bulk Line. The water source was not sufficient to warrant the equipping of the boreholes.	5 599 423	5 214 083
WSIG: Mogoroane Water Supply. Construction works were suspended due to Covid 19 alert level 5 lockdown regulations as well as the protesting activities by members of the community.	-	5 668 674
Ga Maphopha Command Reservoir	41 554 265	41 364 057
Mahlolkwena Water Supply	3 432 149	3 016 448
	<b>118 419 793</b>	<b>118 863 503</b>
<b>Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)</b>		
RBIG: Mooihoek/Tubatse Bulk Water Supply Phase 4H, Only professional fees paid to date, the contractor is yet to be appointed.	2 429 695	2 429 695
WSIG: Rutseng Water Intervention, access to the water source was denied by the community leader.	2 254 728	2 254 728
WSIG: Equipping of borehole in Vlakfontein, only professional consulting fees incurred to date, the contractor is yet to be appointed.	132 835	132 835
WSIG: Mpita Water Source Development and Bulk Services, only professional consulting fees incurred to date, the contractor is yet to be appointed.	562 957	562 957
WSIG: Nkosini Water Supply and Package Plant, only professional fees incurred to date, the contractor was appointed but construction works not yet commenced.	500 322	500 322
Flag Boshelo: Letebejane Water Meter Installations. The project was delayed due to the escalation of prices and delayed approval of the variation order	10 046 498	10 046 498
WSIG: Mapodile Water Conservation and Demand Management. Only professional services were completed on the project.	433 319	433 319
MIG: NKadimeng Regional Bulk Water Supply Scheme Phase 9C1. The project was delayed due to contractor underpricing on the construction works, the project subsequently encountered cash flow challenges and the proposed options by the engineer and the contractor to complete the project not actioned by the municipality	6 080 944	6 080 944
Legolaneng Water Supply	767 925	767 925
MIG: Jane Furse to Lobethal Bulk Water Supply/De Hoop Augmentation North. The contractor withdrew from the project and there was also no sufficient funding for the project.	55 893 246	55 893 246
WSIG:UITSPANNING WATER SOURCE DEVELOPMENT only professional consulting fees incurred to date, the contractor is yet to be appointed.	604 623	604 623
FETAKGOMO HOTSPOTS PROJECTS	158 990	158 990
CRR PROJECTS -PUMPS	29 023	29 023
RBIG: Mooihoek/Tubatse Bulk Water Supply Phase 4H, Only professional fees paid to date, the contractor is yet to be appointed.	3 685 227	3 685 227
MAHLOKWENA WATER SUPPLY- MORWA MOLEKE TRADING	3 016 448	3 016 448
WSIG:NEBO PHASE 1A TESTING AND COMMISSIONING	5 059 945	5 059 945

# Sekhukhune District Municipality

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

MIG: Lebalelo south villages connector pipes and reticulation phase 2  
Suspension of construction works due to interruptions by community members

42 375 612 42 375 612

134 832 337 134 832 337

### Expenditure incurred to repair and maintain property, plant and equipment

#### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Repairs and Maintenance - Infrastructure Assets

42 500 480 49 327 141

### 4. Other financial assets

#### Residual interest at cost

Investment in Sekhukhune Development Agency

1 000 1 000

#### Current assets

Residual interest at cost

1 000 1 000

#### Financial assets at cost

#### Nominal value of financial assets at cost

The municipality did contact an assessment as the 30th June 2023 on the whether there is an objective evidence that the residual interest in the Sekhukhune Development Agency should be impaired or not, the results of the assessment where not indicative of any objective evidence that there is impairment on the residual interest in the entity.

Terms and conditions

1 000 1 000

### 5. Operating lease asset (liability)

Current liabilities

483 598 419 703

### 6. Payables from exchange transactions

Trade payables

351 512 959 324 633 716

Other payables

4 827 561 20 132 607

Retention and sessions

199 638 772 204 266 361

Deposits received

9 884 163 8 048 092

Bonus provision

9 119 940 8 604 686

574 983 395 565 685 462

### 7. Consumer deposits

Water

5 213 578 4 876 358

# Sekhukhune District Municipality

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Sekhukhune District Municipality

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### 8. Prepayments

The municipality is a member of the South African Local Government Association. An annual membership fee is payable in advance for each financial year at a rate of 1% of the total annual employee related cost budget. The municipality has paid an amount of R 5 105 341.00 as an annual membership fee for the 2023/2024 financial year, R 4 481 840 was the expenditure incurred in the 2021/22 financial year.

### 9. Inventories

Water inventory	1 583 349	1 887 413
Consumable stores	11 366 569	1 377 421
Maintenance materials	5 204 236	15 634 148
	<b>18 154 154</b>	<b>18 898 982</b>

### Inventory reconciliation

Opening balance	18 898 982	20 698 423
Issues (Inventory recognized as expenditure during the year)	(24 572 345)	(47 968 998)
Purchases	25 745 978	48 727 664
Write-down to net realizable value (Fair value less cost to sell)	(1 636 375)	(2 558 107)
<b>Closing balance</b>	<b>18 436 240</b>	<b>18 898 982</b>

### 10. Receivables from non-exchange transactions

Sundry debtors	2 577 805	2 695 049
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### Receivables from non-exchange transactions pledged as security

Receivables from non-exchange transactions were not pledged as security.

### 11. VAT receivable

VAT	128 425 149	95 381 884
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### Reconciliation

Balance at the beginning of the year	95 381 884	69 182 671
Add: Net refunds as per VAT receivable	57 036 846	134 460 434
Add: Current year VAT suspense account	107 385 922	99 661 261
Less: Prior-year suspense account	(98 642 224)	(94 257 478)
Less: Payments received from SARS	(63 006 141)	(113 665 004)
Adjustment: Impairment of doubtful debts	30 268 862	-
	<b>128 425 149</b>	<b>95 381 884</b>

### 12. Receivables from exchange transactions

#### Gross balances

Water	407 267 558	325 666 002
Waste water	28 824 839	23 292 934
Other	2 964 134	2 628 358
Water consumption from the last readings	5 430 868	3 662 981
	<b>444 487 399</b>	<b>355 250 275</b>

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

Approved by the Council on 19 July 2023

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	2023	2022
<b>12. Receivables from exchange transactions (continued)</b>		
<b>Less: Allowance for impairment</b>		
Water	(370 588 702)	(274 771 907)
Waste water	(12 734 981)	(17 970 769)
Other	(318 671)	(2 368 983)
	<b>(383 642 354)</b>	<b>(295 111 659)</b>
<b>Net balance</b>		
Water	36 678 856	50 894 095
Waste water	16 089 858	5 322 165
Other	2 645 463	259 375
Water consumption from the last readings	5 430 868	3 662 981
	<b>60 845 045</b>	<b>60 138 616</b>
<b>Water</b>		
Current (0 -30 days)	49 696 362	10 130 820
31 - 60 days	11 066 319	6 865 357
61 - 90 days	5 890 920	6 869 770
91 - 120 days	6 786 232	6 186 110
121 days and above	321 439 706	295 613 944
Less: Allowance for impairment	(358 200 683)	(274 771 906)
	<b>36 678 856</b>	<b>50 894 095</b>
<b>Waste water</b>		
Current (0 -30 days)	1 332 853	1 227 979
31 - 60 days	923 407	787 392
61 - 90 days	800 386	881 521
91 - 120 days	770 094	512 284
121 days and above	35 017 135	19 883 758
Less: Allowance for impairment	(22 754 017)	(17 970 769)
	<b>16 089 858</b>	<b>5 322 165</b>
<b>Other</b>		
Current (0 -30 days)	41 660	36 643
31 - 60 days	21 841	16 968
61 - 90 days	121 030	15 492
91 - 120 days	24 336	16 060
121 days and above	5 124 250	2 543 195
Less: Allowance for impairment	(2 687 654)	(2 368 983)
	<b>2 645 463</b>	<b>259 375</b>
<b>Water consumption from the last readings</b>		
Current (0 -30 days)	5 430 868	3 662 981
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(295 111 659)	(270 942 820)
Contributions to allowance	(80 309 277)	(60 002 667)
Reversal of allowance	(8 221 418)	35 833 828
	<b>(383 642 354)</b>	<b>(295 111 659)</b>

### 13. Cash and cash equivalents

Cash and cash equivalents consist of:

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Sekhukhune District Municipality - 2023

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### 13. Cash and cash equivalents (continued)

Bank balances	732 695 367	395 918 102
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The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
Standard Bank Primary Cheque Account: 271149418	1 806 363	6 572 440	218 823 577	34 879 119	23 288 035	218 823 577
FNB Call Account: 62858613980	177 403 537	119 787 946	20 374 598	177 403 537	119 787 946	20 374 598
Standard Bank Call Account: 238890708008	151 855 260	75 092 576	-	151 855 260	75 092 576	-
ABSA Call Account: 9368456281	400 722 310	193 621 096	-	400 722 310	193 621 096	-
Nedbank Call Account: 03/7881071850/000019	907 897	844 044	-	907 897	844 044	-
<b>Total</b>	<b>732 695 367</b>	<b>395 918 102</b>	<b>239 198 175</b>	<b>765 768 123</b>	<b>412 633 697</b>	<b>239 198 175</b>

### 14. Taxes and transfers payable (non-exchange)

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts	2023	2022
Municipal Infrastructure Grant (MIG)	232 965 189	41 524 905
Expanded Public Works Program (EPWP)	19	-
Water Services Infrastructure Grant (WSIG)	19 670 308	4 897 603
Rural Roads Asset Management System Grant (RRAMS)	1 467 516	2 341 000
<b>Total</b>	<b>254 103 032</b>	<b>48 763 508</b>

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

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

See note for reconciliation of grants from National/Provincial Government



# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

Sekhukhune District Municipality  
Financial Statements for the year ended 30 June 2023

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### 15. Provisions

#### Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Unused leave provision	29 535 000	3 363 000	(1 926 024)	3 073 000	(6 970 976)	27 074 000
Long service award provision	22 543 000	1 929 000	(1 446 997)	2 326 000	(3 320 003)	22 031 000
	<b>52 078 000</b>	<b>5 292 000</b>	<b>(3 373 021)</b>	<b>5 399 000</b>	<b>(10 290 979)</b>	<b>49 105 000</b>

#### Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Reduction due to re-measurement or settlement without cost to entity	Total
Unused leave provision	30 019 381	3 694 867	(2 831 619)	2 749 324	(4 096 953)	29 535 000
Long service award provision	20 839 000	1 876 000	(1 929 716)	1 797 000	(39 284)	22 543 000
	<b>50 858 381</b>	<b>5 570 867</b>	<b>(4 761 335)</b>	<b>4 546 324</b>	<b>(4 136 237)</b>	<b>52 078 000</b>
Non-current liabilities					25 110 000	31 176 000
Current liabilities					23 995 000	20 902 000
					<b>49 105 000</b>	<b>52 078 000</b>

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**15. Provisions (continued)**

**Long service provision**

This is the present value of the total LSA expected to become payable under the employer's current arrangements and based on the assumptions made. This may be regarded as the amount of money that should be set aside in present-day terms to cover all expected LSA for current employees. The Municipality offers employees LSA for every five years of service completed, from ten years of service to 45 years of service. In the month that each "Completed Service" milestone is reached, the employee is granted an LSA. Working days awarded are valued at 1/261th of annual earnings per day. In the month that each "Completed Service" milestone is reached, the employee is granted an LSA. Working days awarded are valued at 1/261th of annual earnings per day.

In estimating the unfunded liability for LSA of the Municipality a number of actuarial assumptions are required.

**1. Key Financial Assumptions**

Assumption	Value p.a
Discount rate	10.81%
General earnings inflation rate (long-term)	7.33%
Net effective discount rate	3.24%

The next general earnings increase was assumed to take place on 1 July 2023.

**2. Key Demographic assumptions**

Assumption	Value p.a		
Average retirement age	62		
Mortality during employment	SA 85-90(-1)		
Withdrawal from service (sample annual rates)	Age	Female	Male
	20	9%	9%
	30	6%	6%
	40	5%	5%
	50	3%	3%
	55	0%	0%

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Financial Statements for the year ended 30 June 2023 or the year ended 30 June 2022

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### 15. Provisions (continued)

#### Unused leave provision

This is the present value of the total Unused Leave benefit expected to become payable under the employer's current arrangements and based on the assumptions made. This may be regarded as the amount of money that should be set aside in present-day terms to cover all expected Unused Leave benefit for current employees. It is apparent that most employees accumulate a portion of their total annual leave allocation, in which case they become entitled to a benefit payable on withdrawal or retirement.

Employees are granted two days ordinary leave per month. This implies that a maximum of 24 days leave can be accumulated in any given year. Employees may accumulate Unused Leave up to a maximum of 48 days after which further leave is forfeited. All Unused Leave at the date of retirement or withdrawal is payable as a cash lump sum. The value of the Unused Leave (the benefit being valued) at the date of receipt is determined as follows:

- Estimated Unused Leave days at date of retirement or withdrawal: multiplied by
- Expected monthly salary at date of retirement or withdrawal: divided by
- 21.67

Employees' leave days are based on basic salary.

In estimating the unfunded liability for Unused Leave benefits of the Municipality a number of actuarial assumptions are required.

#### 1. Key Financial Assumptions

Assumption	Value p.a
Discount rate	11.15%
General salary inflation (long term)	7.48%
Net effective discount rate	3.41%

#### 2. Key Demographic Assumptions

Assumption	Value
Average retirement age	62
Mortality during employment	SA 85-90 (-1)
Rate of leave accumulation	Appendix 2.4 of the actuarial report
Withdrawal from service (sample annual rates)	Table A2.2 of the actuarial report

There were no expected reimbursements as at the 30th of June 2022.

### 16. Revenue

Service charges	104 342 357	94 213 108
Interest received (trading)	26 068 995	16 324 673
Other income	1 404 470	996 456
Interest received - investment	57 878 945	21 517 320
Government grants & subsidies	1 282 065 599	1 349 458 204
Fines, Penalties and Forfeits	4 428	4 217
Actuarial gains	10 290 979	4 136 237
	<b>1 482 055 773</b>	<b>1 486 650 215</b>

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	104 342 357	94 213 108
Interest received (trading)	26 068 995	16 324 673
Other income	1 404 470	996 456
Interest received - investment	57 878 945	21 517 320
	<b>189 694 767</b>	<b>133 051 557</b>

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

Sekhukhune District Municipality

Annual Financial Statements for the year ended 30 June 2023

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### 16. Service concession arrangements (continued)

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

	2023	2022
<b>Taxation revenue</b>		
<b>Transfer revenue</b>		
Government grants & subsidies	1 282 065 599	1 349 458 204
Fines, Penalties and Forfeits	4 428	4 217
Actuarial gains	10 290 979	4 136 237
	<b>1 292 361 006</b>	<b>1 353 598 658</b>

### 17. Service charges

	2023	2022
Sale of water	89 545 013	80 127 623
Sewerage and sanitation charges	14 797 344	14 085 485
	<b>104 342 357</b>	<b>94 213 108</b>

### 18. Fines, Penalties and Forfeits

	2023	2022
Building Fines	4 428	4 217

### 19. Lease rentals on operating lease

	2023	2022
<b>Premises</b>		
Contractual amounts	40 409 599	43 898 418
<b>Equipment</b>		
Contractual amounts	11 449 262	16 025 401
	<b>51 858 861</b>	<b>59 923 819</b>

The municipality did not enter into any sublease contracts with another party, as a result there were no future minimum sublease payments expected to be received under non-cancellable sublease payments as at the 30th of June 2023.

### Significant Leasing Arrangements

- (i) The contingent rentals are based on the variable units of consumables as per the rental agreement.
- (ii) The existence and terms of renewal or purchase options and escalations clauses.
  - Operating lease contracts exist for the duration of the lease term as per the lease agreement, unless otherwise terminated before expire date. Extensions on operating lease contracts are implemented within the provisions of the supply chain management regulations in applicable to local government. Escalations and purchase options on operating leases are implemented through the contract management of the municipality.

	2023	2022
<b>Future minimum payments</b>		
Not later than one year	22 255 961	9 432 230
Later than one year but not later than five years	24 448 219	10 732 450
	<b>46 704 180</b>	<b>20 164 680</b>

### 20. Other income

	2023	2022
Other income	1 404 470	996 456

**Notes to the Financial Statements**

**Notes to the Financial Statements**

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<b>21. Investment revenue</b>		
<b>Interest revenue</b>		
Short term investments	54 255 839	19 962 732
Primary bank account	3 623 106	1 554 588
	<b>57 878 945</b>	<b>21 517 320</b>
<b>22. Transfer and subsidies</b>		
<b>Other subsidies</b>		
Sekhukhune District Development Agency Grants	3 217 479	3 205 267

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

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### 23. Government grants & subsidies

#### Operating grants

Equitable share	989 171 905	878 833 464
Expanded Public Works Program	13 009 981	8 180 000
Finance Management Grant	2 400 000	2 300 000
RRAMS	983 484	-
LG SETA	2 790 804	1 598 416
	<b>1 008 356 174</b>	<b>890 911 880</b>

#### Capital grants

Municipal Infrastructure Grant	241 034 811	413 027 095
Regional Bulk Infrastructure Grant	22 885 825	36 898 058
Water Services Infrastructure Grant	9 788 789	8 621 171
	<b>273 709 425</b>	<b>458 546 324</b>
	<b>1 282 065 599</b>	<b>1 349 458 204</b>

#### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	273 709 425	458 546 324
Unconditional grants received	1 008 356 174	890 911 880
	<b>1 282 065 599</b>	<b>1 349 458 204</b>

#### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. R 989 171 905 was received by the municipality as the Equitable Share grant for the 2022/23 financial year.

#### Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	41 524 905	5 874 155
Current-year receipts	474 000 000	454 052 000
Conditions met - transferred to revenue	(241 034 810)	(413 027 095)
Unapproved roll-over funds	(41 524 905)	(5 374 155)
	<b>232 965 190</b>	<b>41 524 905</b>

Conditions still to be met - remain liabilities (see note 14).

The Municipal Infrastructure Grant aims to eradicate municipal infrastructure backlogs in within the Sekhukhune District to ensure the provision of basic services such as water and sanitation. R 474 000 000.00 was received as a Municipal Infrastructure Grant in the 2022/23 financial year, spending on the grant was 51% as at 30 June 2023.

#### Expanded Public Works Programme (EPWP)

Current-year receipts	13 010 000	8 180 000
Conditions met - transferred to revenue	(13 009 981)	(8 180 000)
	<b>19</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 14).

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### 23. Surrender of surpluses (continued)

The Expanded Public Works Programme is one of government's key programmes aimed at providing poverty and income relief through temporary work for the unemployed residents of the Sekhukhune District. The programme provides an important avenue for labour absorption and income transfers to poor households, in the short to medium-term. R 13 000 000.00 was received as a grant for the Expanded Public Works Program grant in the 2022/23 financial year, spending on the grant was 100% as at 30 June 2023.

#### Water Services Infrastructure Grant (WSIG)

Balance unspent at beginning of year	4 897 603	26 754 244
Current-year receipts	29 122 588	8 621 171
Conditions met - transferred to revenue	(9 788 589)	(8 621 171)
Unapproved rolled-over funds	(4 561 294)	(21 856 641)
	<b>19 670 308</b>	<b>4 897 603</b>

Conditions still to be met - remain liabilities (see note 14).

The main goal of the Water Services Infrastructure Grant is to assist the municipality as the water authority to reduce the backlogs faced by the municipality in the provision of water and sanitation services within the district. R 20 000 000.00 was received as a Water Services Infrastructure Grant during the 2022/23 financial year, spending on the grant was 49% as at 30 June 2023.

#### Finance Management Grant (FMG)

Current-year receipts	2 400 000	2 300 000
Conditions met - transferred to revenue	(2 400 000)	(2 300 000)
	-	-

Conditions still to be met - remain liabilities (see note 14).

The main purpose of the finance management grant is to promote and support reforms to municipal financial management and the implementation of the Municipal Finance Management Act (MFMA). The Grant is meant specifically to capacitate the officials in the budget and treasury office of the municipality through various training programmes in financial management and also to maintain the systems of financial management employed by the municipality in managing its finances. R 2 400 000.00 was received as a Finance Management Grant in the 2022/23 financial year, spending on the grant was 100% as at 30 June 2023.

#### Rural Roads Assets Management System Grant (RRAMS)

Balance unspent at beginning of year	2 341 000	-
Current-year receipts	2 451 000	2 341 000
Conditions met - transferred to revenue	(983 484)	-
Unapproved rolled-over funds	(2 341 000)	-
	<b>1 467 516</b>	<b>2 341 000</b>

Conditions still to be met - remain liabilities (see note 14).

The Rural Roads Asset Management System Grant seeks to assist the municipality to set up rural roads asset management systems, and collect road, bridges and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa. R 2 451 000.00 was received during the 2022/23 financial year, 40% was the spending percentage as at 30 June 2023.

#### Regional Bulk Infrastructure Grant (RBIG)

Current-year receipts	22 885 828	36 898 058
Conditions met - transferred to revenue	(22 885 828)	(36 898 058)
	-	-

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

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# Sekhukhune District Municipality

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### 23. Surrender of surpluses (continued)

Conditions still to be met - remain liabilities (see note 14).

The main goal of the Regional Bulk Infrastructure Grant is to assist the municipality in facilitating the successful execution and implementation of bulk projects which are characterized by regional significance. The implementation of the grant is currently administered by the Department of Water and Sanitation on behalf on the municipality since the 2019/2020 financial year wherein the municipality will incur expenditure on projects funded through the grant and claim such expenditures from the department on a monthly basis. R 22 885 828.00 was the amount received during the 2022/23 financial year, same amount was spend and claimed from the Department of Water and Sanitation during the 2022/23 financial year.

#### National Department of Labour:SETA

Current-year receipts  
Conditions met - transferred to revenue

	2 790 804	1 598 516
	(2 790 804)	(1 598 516)

Conditions still to be met - remain liabilities (see note 14).

The main aim of this grant is to encourage the municipality to contribute to skills development, address critical and scarce skills shortages, and create jobs and employment opportunities for its employees. R 2 790 804.00 was the amount received as the LG:SETA grant for the 2022/23 financial year, same amount was incurred as expenditure during the year.



# Sekhukhune District Municipality

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# Sekhukhune District Municipality

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### 24. Employee related costs

Basic	275 475 231	274 178 834
Medical aid - company contributions	14 331 790	13 879 215
UIF	1 717 487	1 634 391
SDL	3 064 969	3 223 073
Bargaining council	210 879	121 706
Leave pay provision charge	205 449	689 356
Group life insurance	1 261 255	1 368 773
Pension Fund	40 200 295	39 016 077
Travel, motor car, accommodation, subsistence and other allowances	30 604 632	24 710 202
Overtime payments	12 399 534	28 032 029
Current service cost: Long service awards and unpaid leave provision expense	5 292 000	5 570 867
Transport allowance (bus coupons)	-	116 225
Housing benefits and allowances	2 529 927	3 016 238
Cellphone allowance	1 886 620	1 616 894
Shift and standby allowance	2 612 488	6 625 806
Uniform allowance	30 000	90 000
	<b>391 822 556</b>	<b>403 889 686</b>

### Remuneration of municipal manager

Annual Remuneration	409 941	1 229 824
Travel Allowance	112 082	120 000
Cellphone allowance	10 400	31 200
Contributions to UIF, Medical and Pension-Funds	6 570	15 819
Leave Payout	72 684	-
	<b>611 677</b>	<b>1 396 843</b>

### Remuneration of chief finance officer

Annual Remuneration	729 489	-
Travel Allowance	26 347	-
Cellphone allowance	23 988	-
Contributions to UIF, Medical and Pension Funds	46 977	-
Acting allowance	13 900	83 118
	<b>840 701</b>	<b>83 118</b>

The chief financial officer position was vacant for the first four months of the 2022/23 financial year. The position was filled from the 1st of November 2022. The Deputy Chief Financial Officer of Makhuduthamaga Local Municipality did occupy the position on a secondment basis from 6th May 2021 till the 31st of May 2022.

### Director - Community Services

Annual Remuneration	345 425	1 036 275
Travel Allowance	49 503	72 000
Performance bonus	66 497	-
Contributions to UIF, Medical and Pension Funds	5 941	13 517
Cellphone allowance	5 997	23 988
Travel claims	-	32 955
Leave payout	59 677	-
	<b>533 040</b>	<b>1 178 735</b>

The position became vacant during the second quarter of the 2022/23 financial year and it remains vacant as at 30 June 2023.

### Director Infrastructure and Water Services

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

Figures in Rand	2023	2022
<b>24. Employee related costs (continued)</b>		
Annual Remuneration	518 746	139 641
Travel Allowance	129 686	20 000
Performance Bonuses	-	116 225
Contributions to UIF, Medical and Pension Funds	8 242	28 341
Cellphone allowance	15 992	3 998
Acting allowance	-	8 144
	<b>672 666</b>	<b>316 349</b>

The position of the director for the Infrastructure and Water Services was vacant for the first four months of the financial year. The position was filled from the 1st of November 2022.

### Director Planning and Economic Development

Annual Remuneration	246 810	968 990
Travel Allowance	-	156 000
Contributions to UIF, Medical and Pension Funds	55 309	129 026
Cellphone allowance	5 997	23 988
Travel claims	6 553	26 714
Leave payout	3 995	-
	<b>318 664</b>	<b>1 304 718</b>

The position remained vacant for the most part of the financial year, the position was filled during the 3rd quarter of the financial year.

### Director Corporate Services

Annual Remuneration	729 486	-
Cellphone Allowance	17 991	-
Contributions to UIF, Medical and Pension Funds	9 127	-
Travel claims	7 295	-
Acting allowance	-	2 369
	<b>763 899</b>	<b>2 369</b>

### Chief Operating Officer

Annual Remuneration	257 079	-
Travel Allowance	74 904	-
Cellphone allowance	7 996	-
Contributions to UIF, Medical and Pension Funds	3 945	-
	<b>343 924</b>	<b>-</b>

### Acting Municipal Manager

### Director Corporate Services

Acting allowance	-	9 474
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The position for the director in the corporate services department was vacant for the entire duration of the first four months of the financial year. The director for the department was appointed from the 1st of November 2022.

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

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### 25. Remuneration of councillors

Figures in Rand	2023	2022
Executive Mayor		
Chief Whip of council		
Mayoral Committee Members		
Council Speaker		
Other Councillors		
	<b>17 649 118</b>	<b>15 631 493</b>

#### Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

#### Executive Mayor: Cllr Mathebe JL

Annual remuneration	327 398	256 532
Cellphone allowance	13 900	14 800
Contributions to UIF, Medical and Pension	74 104	71 976
	<b>415 402</b>	<b>343 308</b>

#### Executive Mayor: Cllr Mokganyetji MJ

Annual remuneration	603 303	439 048
Cellphone allowance	30 900	29 600
Contribution to UIF, Medical and Pension	41 837	72 278
	<b>676 040</b>	<b>540 926</b>

#### Council Speaker: Cllr Chego DK

Annual remuneration	901 953	399 168
Cellphone allowance	34 600	29 600
Contribution to UIF, Medical and Pension	61 167	34 701
Backpay	1 908	7 770
	<b>999 628</b>	<b>471 239</b>

#### Chief Whip: Cllr Phokane MJ

Annual remuneration	652 555	373 952
Travel allowance	19 263	33 292
Cellphone allowance	41 100	29 600
Contribution to UIF, Medical and Pension	48 942	32 698
Other	-	148
	<b>761 860</b>	<b>469 690</b>

#### Mayoral Committee Members

Annual remuneration	4 726 192	3 672 603
Travel allowance	985 044	2 150 605
Cellphone allowance	356 300	222 000
Contribution to UIF, Medical and Pension	542 138	353 521
	<b>6 609 674</b>	<b>6 398 729</b>

### 26. Depreciation and amortisation

Property, plant and equipment	129 806 551	119 905 926
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# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

Notes to the Financial Statements

Figures in Rand	2023	2022
<b>27. Impairment loss</b>		
<b>Impairments</b>		
Property, plant and equipment	7 804 285	2 535 868
During the physical verification of asset evidence of damage was noted which led to the change in the condition of the assets and assessment of impairment, this could also be evident by the verification report and the picture taken during verification. The recoverable amount of the asset could not be determined		
<b>28. Finance costs</b>		
Interest on overdue accounts	1 435 076	
Discounting of provisions	5 399 000	4 546 324
	<b>6 834 076</b>	<b>4 546 324</b>
<b>29. Auditors' remuneration</b>		
Fees	8 020 486	7 874 194
<b>30. Debt impairment</b>		
Debt impairment	83 091 600	49 637 037
<b>31. General expenses</b>		
Advertising	2 404 477	1 202 954
Auditors remuneration	8 020 486	7 874 194
Bank charges	2 556 096	3 005 923
Cleaning	941 444	369 981
Computer expenses	199 530	124 800
Consulting and professional fees	25 111 004	21 282 781
Audit committee expenses	1 222 707	636 254
IT support	3 350 854	2 096 497
Entertainment	219 828	438 697
Town planning expenses	154 331	2 585 371
Accommodation	1 443 032	473 474
Hire charges	5 006 579	1 572 971
Insurance	5 838 241	3 278 463
Workman Compensation fund	10 024 773	2 284 077
Fuel and oil	25 872 418	22 099 859
Printing and stationery	3 247 469	2 709 053
Protective clothing	229 368	327 734
Software expenses	5 916 706	4 440 264
Staff welfare	403 967	29 783
Subscriptions and membership fees	4 481 840	3 977 058
Telephone and fax	4 224 576	3 128 102
Transport and freight	841 449	298 189
Training	601 915	309 711
Travel - local	1 748 339	819 920
Electricity	65 130 066	57 351 545
Other expenses	12 394 549	16 974 404
Catering services	3 913 124	2 204 630
Staff recruitment	500 698	169 727
Meter reading	1 150 308	2 630 763
Bursaries	354 820	619 584
Audio-visual services	4 517 664	5 781 411
	<b>202 022 658</b>	<b>171 098 174</b>

**Sekhukhune District Municipality**

Financial Statements for the year ended 30 June 2023

**Notes to the Financial Statements**

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**35. Financial instruments disclosure (continued)**  
 Residual interest in Sekhukhune Development Agency  
 Other receivables from non-exchange transactions

**Sekhukhune District Municipality**

Financial Statements for the year ended 30 June 2023

**Notes to the Financial Statements**

Figures in Rand	2023	2022
Residual interest in Sekhukhune Development Agency	1 000	1 000
Other receivables from non-exchange transactions	5 105 341	5 105 341
	<b>834 977 373</b>	<b>834 977 373</b>

**Financial liabilities**

Trade and other payables from exchange transactions

	At amortised cost	Total
Trade and other payables from exchange transactions	(351 512 959)	(351 512 959)

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

Figures in Rand

Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

	2023	2022
<b>35. Financial instruments disclosure (continued)</b>		
<b>2023</b>		
<b>Financial assets</b>		
	<b>At amortised cost</b>	<b>Total</b>
Cash and cash equivalents	398 717 988	398 717 988
Receivables from exchange transactions	48 502 028	48 502 028
Receivables from non-exchange transactions	45 749 649	45 749 649
Residual interest in Sekhukhune Development Agency	1 000	1 000
	<b>492 970 665</b>	<b>492 970 665</b>
<b>Financial liabilities</b>		
	<b>At amortised cost</b>	<b>Total</b>
Trade and other payables from exchange transactions	(279 005 326)	(279 005 326)
<b>36. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	384 798 195	202 428 610
<b>Not yet contracted for and authorised by accounting officer</b>		
• Property, plant and equipment	6 900 000	-
<b>Total capital commitments</b>		
Already contracted for but not provided for	384 798 195	202 428 610
Not yet contracted for and authorised by accounting officer	6 900 000	-
	<b>391 698 195</b>	<b>202 428 610</b>
<b>Authorised operational expenditure</b>		

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

Figures in Rand

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### 37. Contingent Liabilities

#### Total commitments

<p>IMATU OBO Titus Maroga: Litigation is in progress against the municipality relating to a claim of unfair labour practice by IMATU OBO on behalf of Mr Titus Maroga, the financial effect of the claim was estimated at about R 264 178.05 as at 30th June 2023. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success, and the case should be resolved within the next twenty-four months. The arbitration award did order that the suspension of Mr Maroga Titus be uplifted and he be compensated financially. The municipality did lodge and application to review the award, and a contempt of court for non-compliance with court order was issued to the municipality and it was defended successfully. The municipality is yet to file their affidavit to review the application.</p>	264 178	264 178
<p>Ms Seponkané Paulina Nkadimeng vs Sekhukhune District Municipality Litigation is in progress against Ms Seponkane Paulina Nkadimeng whereby the municipality dispute a claim by the supplier of serices which the supplier claim to have rendered to the municipality. The financial effect of the claim as at 30th June 2023 could be estimated at about R 726 000.00. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as highly unlikely with over 90% probability of no success, and the case should be resolved within the next twenty-four months</p>	726 000	726 000
<p>• Makone Consulting Engineers vs Sekhukhune District Municipality Litigation is in progress against Makone Counsulting Engineers whereby the municipality dispute a claim by the consultant that they have rendered services to the municipality. The financial effect of the claim as at 30th June 2023 could be estimated at about R 573 298.62. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as highly unlikely with about 70% probability of no success, and the case should be resolved within the next twelve-months.</p>	573 298	573 298
<p>• Lebaka Construction (pty) ltd vs Sekhukhune District Municipality Litigation is in progress against Lebaka Construction whereby the municipality dispute a claim by the contractor of interest on a claim for works which the contractor claims to have done for the municipality. The financial effect of the claim as at 30th June 2023 could be estimated at about R 167 735.66. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as highly unlikely with over 90% probability of no success, and the case should be resolved within the next twenty-four months. The company is also claiming an amount of R 10 419 385.20 in retentions from the municiplaity on the Lebalelo South project, the municipality did file an application to review the arbitration award and the court is yet to rule on the application by the municipality.</p> <p>The R 4.8 million claim on the variation order was paid and the interest amounts remain disputed by the municipality. As at the reporting date, there was no indication of any possibility of a reimbursement on this matter.</p>	10 587 120	167 735

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

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### 37. Contingent Liabilities (continued)

<ul style="list-style-type: none"> <li>Dynamic Integrated Geoydro Environmental Services vs Sekhukhune District Municipality Litigation is in progress against Dynamic Integrated Geoydro Environmental Services whereby the municipality dispute a claim by the supplier for works which the supplier claims to have done for the municipality. The financial effect of the claim as at 30th June 2023 could be estimated at about R 911 543.00. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success, and the case should be resolved within the next twenty-four months. The company is also claiming an amount of R 23 256 465.27 in services rendered to the municipality and the municipality has submitted the required discovery documents to defend the matter, as at 30 June 2023 it was uncertain as to when the ruling on the matter will be provided. The plaintiff served notices and the municipality has entered a defence. The date of finalization of the matter was uncertain as at 30th June 2023 as the municipality is to submit more discovery documents on the matter. As at the reporting date, there was no indication of any possibility of a reimbursement on this matter.</li> </ul>	24 168 008	911 543
<ul style="list-style-type: none"> <li>LBM Consulting vs Sekhukhune District Municipality Litigation is in progress against LBM Consulting whereby the municipality dispute a claim by the consultant for works which the supplier claims to have done for the municipality. The financial effect of the claim as at 30th June 2023 could be estimated at about R 973 835.97. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success, and the case should be resolved within the next twenty-four month. The plaintiff served the municipality with summons and a notice to defend was served by the municipality. Opposing affidavit and counter claim are to be served by the municipality. A date to conclude on the proceedings of this matter is yet to be provided by the court.</li> </ul>	973 835	973 835
<ul style="list-style-type: none"> <li>Mr Tumelo Modisane vs Sekhukhune District Municipality Litigation is in progress against Mr Tumelo Modisane whereby a claim in delict was submitted Mr. Modisane. The financial effect of the claim as at 30th June 2023 could be estimated at about R 1 000 000.00. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success, and the case should be resolved within the next twenty-four months. The plaintiff served summons to the municipality. The municipality entered defence and filed pleadings. A date to finaliza the matter is yet to be provided by the court.</li> </ul>	1 000 000	1 000 000
<ul style="list-style-type: none"> <li>Mothoa vs Sekhukhune District Municipality Litigation is in progress against Mothoa whereby a claim in delict was submitted. The financial effect of the claim as at 30th June 2023 could be estimated at about R 1 648 133.70. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success and the case should be resolved within the next twenty-four months. The plaintiff served summons to the municipality. The municipality entered defence and filed pleadings. A pre-trial conference was held and a date to finaliz the matter is yet to be provided by the court.</li> </ul>	1 648 133	1 648 133
<ul style="list-style-type: none"> <li>Mr Solomon Phasha vs Sekhukhune District Municipality Litigation is in progress against Mr Solomon Phasha whereby a claim in delict was submitted. The financial effect of the claim as at 30th June 2023 could be estimated at about R 2 000 000.00. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success and the case should be resolved within the next twenty-four months. The plaintiff served summons to the municipality. The municipality entered defence and filed pleadings. A date to finaliza the matter is yet to be provided by the court.</li> </ul>	2 000 000	2 000 000



# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

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### 37. Contingent Liabilities (continued)

<ul style="list-style-type: none"> <li>Hexagon Technologies and Projects vs Sekhukhune District Municipality Litigation is in progress against Hexagon Technologies and Projects whereby the municipality dispute a claim of a consumer price index adjustment on their contract with the municipality. The financial effect of the claim as at 30th June 2022 could be estimated at about R 7 421 365.80. The plaintiff transmitted a letter of demand and issued summons to the municipality. The municipality continues to dispute the matter though the municipal account was attached for about R 6 000 000 with 9% interest from 2015 in the current year</li> </ul>	7 421 365	7 421 365
<ul style="list-style-type: none"> <li>Ms Julia Dibilong vs Sekhukhune District Municipality Litigation is in progress against Ms Julia Dibilong whereby a claim in delict was submitted. The financial effect of the claim as at 30th June 2023 could be estimated at about R 1 500 000.00. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success and the case should be resolved within the next twenty-four months. The plaintiff served summons to the municipality. The municipality entered defence and filed pleadings. A date to finaliza the matter is yet to be provided by the court.</li> </ul>	1 500 000	1 500 000
<ul style="list-style-type: none"> <li>Ethokga Consulting and Projects vs Sekhukhune District Municipality Litigation is in progress against Ethokga Consulting Services whereby the municipality dispute a claim by the company of services which the company claim to have rendered to the municipality. The financial effect of the claim as at 30th June 2023 could be estimated at about R 20 490 616.12. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success and the case should be resolved within the next twenty-four months. The plaintiff transmitted a letter of demand and issued summons to the municipality. A court date is yet to be provided to conclude for the municipality to defend the matter.</li> </ul>	20 490 616	20 490 616
<ul style="list-style-type: none"> <li>Mr Kgopane MM vs Sekhukhune District Municipality Litigation is in progress against Mr Kgopane MM whereby a claim in delict was submitted. The financial effect of the claim as at 30th June 2023 could be estimated at about R 3 713 183.00. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success and the case should be resolved within the next twenty-four months. The plaintiff served summons to the municipality. The municipality entered defence and filed pleadings. A date to finaliza the matter is yet to be provided by the court.</li> </ul>	3 713 183	3 713 183
<ul style="list-style-type: none"> <li>Litigation is in progress against Mr Tladi SJ whereby a claim in delict was submitted. The financial effect of the claim as at 30th June 2023 could be estimated at about R 10 345.22. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success, and the case should be resolved within the next twenty-four months. The plaintiff served summons to the municipality. The municipality entered defence and filed pleadings. A date to finaliza the matter is yet to be provided by the court.</li> </ul>	10 345	10 345
<ul style="list-style-type: none"> <li>Ratale Mashifane Attorneys vs Sekhukhune District Municipality Litigation is in progress against Ratale Mashifane Attorneys whereby the company claims three amounts (R 202 561.91, 172 047.50 &amp; 52 331.45) from the municipality for services which they allege to have rendered. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success, and the case should be resolved within the next twelve months. Summons were issued to the municipality and municipal attorneys are currently defending all three matters</li> </ul>	426 941	426 941
<ul style="list-style-type: none"> <li>SGL Engineering Projects (pty) Ltd vs Sekhukhune District Municipality Litigation is in progress against SGL Engineering (pty) Ltd for consulting services, the company alleges to have rendered to the municipality consulting engineering services amounting to R 2 304 545.94 for the design and management of the Zaaiplaas bulk water and reticulation project.</li> </ul>	2 304 545	2 304 545

**Sekhukhune District Municipality**  
Financial Statements for the year ended 30 June 2023

**Notes to the Financial Statements**

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	2023	2022
<b>32. Bulk purchases</b>		
Water	194 129 214	167 797 563
<b>33. Contracted services</b>		
<b>Presented previously</b>		
Other Contractors	81 131 695	136 394 336
<b>Contracted services per the service</b>		
Security services		
VIP Toilets: M/G	48 050 901	44 229 644
VIP Toilets: W/SIG	9 648 400	91 944 045
Tankering expenses	3 993 633	-
	19 669 410	-
	<b>81 362 344</b>	<b>136 173 689</b>
<b>34. Cash generated from operations</b>		
Surplus	268 450 699	299 078 496
<b>Adjustments for:</b>		
Depreciation and amortisation		
Loss on disposal of assets	129 806 551	119 905 926
Impairment loss	254 480	1 077 398
Debt impairment	7 804 285	2 535 868
Movements in operating lease assets and accruals	83 091 600	49 637 037
Movements in provisions	63 895	382 116
Actuarial gains	(2 973 000)	4 546 324
Finance cost: Actuarial	(10 290 979)	(4 136 236)
Inventory losses or write-downs	5 399 000	-
Current year service cost	(1 482 021)	(2 601 687)
Accrued interest income	5 292 000	5 570 867
Loss on sale of assets and liabilities	(144 817)	-
Asset write-off	1 060 092	-
<b>Changes in working capital:</b>	254 480	-
Inventories		
Receivables from exchange transactions	683 642	(802 246)
Receivables from non-exchange transactions	(84 688 147)	(61 050 989)
Prepayments	(2 665 080)	(10 134 377)
VAT Receivables	(623 501)	(504 782)
Payables from exchange transactions	(26 424 421)	2 954 192
Taxes and transfers payable (non-exchange)	9 297 933	60 651 279
Consumer deposits	205 343 232	18 444 441
Provisions	337 220	251 979
	(2 973 000)	6 012 903
	<b>584 874 143</b>	<b>491 818 509</b>
<b>35. Financial instruments disclosure</b>		
<b>Categories of financial instruments</b>		
<b>2022</b>		
<b>Financial assets</b>		
	<b>At amortised cost</b>	<b>Total</b>
Cash and cash equivalents		
Receivables from exchange transactions	732 695 367	732 695 367
Receivables from non-exchange transactions	60 845 046	60 845 046
	36 330 619	36 330 619

Sekhukhune District Municipality  
 Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

Figures in Rand	2023	2022
<b>35. Financial instruments disclosure (continued)</b>	1 000	1 000
Residual interest in Sekhukhune Development Agency	5 105 341	5 105 341
Other receivables from non-exchange transactions	<b>834 977 373</b>	<b>834 977 373</b>

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	(351 512 959)	(351 512 959)

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

Figures in Rand

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### 35. Financial instruments disclosure (continued)

2023

#### Financial assets

	At amortised cost	Total
Cash and cash equivalents	398 717 988	398 717 988
Receivables from exchange transactions	48 502 028	48 502 028
Receivables from non-exchange transactions	45 749 649	45 749 649
Residual interest in Sekhukhune Development Agency	1 000	1 000
	<b>492 970 665</b>	<b>492 970 665</b>

#### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	(279 005 326)	(279 005 326)

### 36. Commitments

#### Authorised capital expenditure

##### Already contracted for but not provided for

• Property, plant and equipment	384 798 195	202 428 610
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##### Not yet contracted for and authorised by accounting officer

• Property, plant and equipment	6 900 000	-
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#### Total capital commitments

Already contracted for but not provided for	384 798 195	202 428 610
Not yet contracted for and authorised by accounting officer	6 900 000	-
	<b>391 698 195</b>	<b>202 428 610</b>

#### Authorised operational expenditure

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

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### 37. Contingent Liabilities

#### Total commitments

<p>IMATU OBO Titus Maroga: Litigation is in progress against the municipality relating to a claim of unfair labour practice by IMATU OBO on behalf of Mr Titus Maroga. The financial effect of the claim was estimated at about R 264 178.05 as at 30th June 2023. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success, and the case should be resolved within the next twenty-four months. The arbitration award did order that the suspension of Mr Maroga Titus be uplifted and he be compensated financially. The municipality did lodge an application to review the award, and a contempt of court for non-compliance with court order was issued to the municipality and it was defended successfully. The municipality is yet to file their affidavit to review the application.</p>	264 178	264 178
<p>Ms Seponkane Paulina Nkadimeng vs Sekhukhune District Municipality Litigation is in progress against Ms Seponkane Paulina Nkadimeng whereby the municipality dispute a claim by the supplier of services which the supplier claim to have rendered to the municipality. The financial effect of the claim as at 30th June 2023 could be estimated at about R 726 000.00. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as highly unlikely with over 90% probability of no success, and the case should be resolved within the next twenty-four months.</p>	726 000	726 000
<p>• Makone Consulting Engineers vs Sekhukhune District Municipality Litigation is in progress against Makone Consulting Engineers whereby the municipality dispute a claim by the consultant that they have rendered services to the municipality. The financial effect of the claim as at 30th June 2023 could be estimated at about R 573 298.62. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as highly unlikely with about 70% probability of no success, and the case should be resolved within the next twelve months.</p>	573 298	573 298
<p>• Lebaka Construction (pty) Ltd vs Sekhukhune District Municipality Litigation is in progress against Lebaka Construction whereby the municipality dispute a claim by the contractor of interest on a claim for works which the contractor claims to have done for the municipality. The financial effect of the claim as at 30th June 2023 could be estimated at about R 167 735.66. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as highly unlikely with over 90% probability of no success, and the case should be resolved within the next twenty-four months. The company is also claiming an amount of R 10 419 385.20 in retentions from the municipality on the Lebalelo South project, the municipality did file an application to review the arbitration award and the court is yet to rule on the application by the municipality.</p> <p>The R 4.8 million claim on the variation order was paid and the interest amounts remain disputed by the municipality. As at the reporting date, there was no indication of any possibility of a reimbursement on this matter.</p>	10 587 120	167 735

# Sekhukhune District Municipality

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### 37. Contingent Liabilities (continued)

<ul style="list-style-type: none"><li>Dynamic Integrated Geoydro Environmental Services vs Sekhukhune District Municipality Litigation is in progress against Dynamic Integrated Geoydro Environmental Services whereby the municipality dispute a claim by the supplier for works which the supplier claims to have done for the municipality. The financial effect of the claim as at 30th June 2023 could be estimated at about R 911 543.00. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success, and the case should be resolved within the next twenty-four months. The company is also claiming an amount of R 23 256 465.27 in services rendered to the municipality and the municipality has submitted the required discovery documents to defent the matter, as at 30 June 2023 it was uncertain as to when the ruling on the matter will be provided. The plaintiff served notices and the municipality has entetred a defence. The date of finalization of the matter was uncertain as at 30th June 2023 as the municipality is to submit more discovery documents on the matter. As at the reporting date, there was no indication of any possibility of a reimbursement on this matter.</li></ul>	24 168 008	911 543
<ul style="list-style-type: none"><li>LBM Consulting vs Sekhukhune District Municipality Litigation is in progress against LBM Consulting whereby the municipality dispute a claim by the consultant for works which the supplier claims to have done for the municipality. The financial effect of the claim as at 30th June 2023 could be estimated at about R 973 835.97. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success, and the case should be resolved within the next twenty-four month. The plaintiff served the municipality with summons and a notice to defent was served by the municipality. Opposing affidavit and counter claim are to be served by the municipality. A date to conclude on the proceedings of this matter is yet to be provided by the court.</li></ul>	973 835	973 835
<ul style="list-style-type: none"><li>Mr Tumelo Modisane vs Sekhukhune Dlistrict Municipality Litigation is in progress against Mr Tumelo Modisane whereby a claim in delict was submitted Mr Modisane. The financial effect of the claim as at 30th June 2023 could be estimated at about R 1 000 000.00. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success, and the case should be resolved within the next twenty-four months. The paintiff served summons to the municipality. The municipality entered defence and filed pleadings. A date to finaliza the matter is yet to be provided by the court.</li></ul>	1 000 000	1 000 000
<ul style="list-style-type: none"><li>Mothoa vs Sekhukhune District Municipality Litigation is in progress against Mothoa whereby a claim in delict was submitted. The financial effect of the claim as at 30th June 2023 could be estimated at about R 1 648 133.70. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success and the case should be resolved within the next twenty-four months. The paintiff served summons to the municipality. The municipality entered defence and filed pleadings. A pre-trial conference was held and a date to finaliz the matter is yet to be provided by the court.</li></ul>	1 648 133	1 648 133
<ul style="list-style-type: none"><li>Mr Solomon Phasha vs Sekhukhune District Municipality Litigation is in progress against Mr Solomon Phasha whereby a claim in delict was submitted. The financial effect of the claim as at 30th June 2023 could be estimated at about R 2 000 000.00. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success and the case should be resolved within the next twenty-four months. The paintiff served summons to the municipality. The municipality entered defence and filed pleadings. A date to finaliza the matter is yet to be provided by the court.</li></ul>	2 000 000	2 000 000

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## Notes to the Financial Statements

Figures in Rand	2023	2022
<b>37. Contingent Liabilities (continued)</b>		
<ul style="list-style-type: none"> <li>Hexagon Technologies and Projects vs Sekhukhune District Municipality Litigation is in progress against Hexagon Technologies and Projects whereby the municipality dispute a claim of a consumer price index adjustment on their contract with the municipality. The financial effect of the claim as at 30th June 2022 could be estimated at about R 7 421 365.80. The plaintiff transmitted a letter of demand and issued summons to the municipality. The municipality continues to dispute the matter though the municipal account was attached for about R 6 000 000 with 9% interest from 2015 in the current year</li> </ul>	7 421 365	7 421 365
<ul style="list-style-type: none"> <li>Ms Julia Dibilong vs Sekhukhune District Municipality Litigation is in progress against Ms Julia Dibilong whereby a claim in delict was submitted. The financial effect of the claim as at 30th June 2023 could be estimated at about R 1 500 000.00. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success and the case should be resolved within the next twenty-four months. The plaintiff served summons to the municipality. The municipality entered defence and filed pleadings. A date to finaliza the matter is yet to be provided by the court.</li> </ul>	1 500 000	1 500 000
<ul style="list-style-type: none"> <li>Ethokga Consulting and Projects vs Sekhukhune District Municipality Litigation is in progress against Ethokga Consulting Services whereby the municipality dispute a claim by the company of services which the company claim to have rendered to the municipality. The financial effect of the claim as at 30th June 2023 could be estimated at about R 20 490 616.12. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success and the case should be resolved within the next twenty-four months. The plaintiff transmitted a letter of demand and issued summons to the municipality. A court date is yet to be provided to conclude for the municipality to defend the matter.</li> </ul>	20 490 616	20 490 616
<ul style="list-style-type: none"> <li>Mr Kgopane MM vs Sekhukhune District Municipality Litigation is in progress against Mr Kgopane MM whereby a claim in delict was submitted. The financial effect of the claim as at 30th June 2023 could be estimated at about R 3 713 183.00. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success and the case should be resolved within the next twenty-four months. The plaintiff served summons to the municipality. The municipality entered defence and filed pleadings. A date to finaliza the matter is yet to be provided by the court.</li> </ul>	3 713 183	3 713 183
<ul style="list-style-type: none"> <li>Litigation is in progress against Mr Tladi SJ whereby a claim in delict was submitted. The financial effect of the claim as at 30th June 2023 could be estimated at about R 10 345.22. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success, and the case should be resolved within the next twenty-four months. The plaintiff served summons to the municipality. The municipality entered defence and filed pleadings. A date to finaliza the matter is yet to be provided by the court.</li> </ul>	10 345	10 345
<ul style="list-style-type: none"> <li>Ratale Mashifane Attorneys vs Sekhukhune District Municipality Litigation is in progress against Ratale Mashifane Attorneys whereby the company claims three amounts (R 202 561.91, 172 047.50 &amp; 52 331.45) from the municipality for services which they allege to have rendered. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success, and the case should be resolved within the next twelve months. Summons were issued to the municipality and municipal attorneys are currently defending all three matters</li> </ul>	426 941	426 941
<ul style="list-style-type: none"> <li>SGL Engineering Projects (pty) Ltd vs Sekhukhune District Municipality Litigation is in progress against SGL Engineering (pty) Ltd for consulting services, the company alleges to have rendered to the municipality consulting engineering services amounting to R 2 304 545.94 for the design and management of the Zaaiplaas bulk water and reticulation project.</li> </ul>	2 304 545	2 304 545

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<b>37. Contingent Liabilities (continued)</b>		
• Zutari (pty) ltd vs Sekhukhune District Municipality Litigation is in progress against Zutari (pty) ltd for consulting services, the company alleges to have rendered to the municipality consulting engineering services amounting to R 875 570.73 for the De Hoop/Nebo Plateau/Mampuru bulk water project. Summons received on the 2nd of June 2023 and municipality did serve and file the intention to defend.	875 570	875 570
• GZ Services (pty) ltd vs Sekhukhune District Municipality Litigation is in progress against GZ Services for an amount of R 125 000.00. The municipality is disputing the over priced order which was issued with an error on the order amount resulting in supply of goods at prices which were very inflated, the error was communicated to the supplier who responded quite positively with full understanding of the error but refused to amend the unit prices. Summons were served to the municipality. The municipality did file and serve an intention to defend with an offer to settle the matter presented to the company as the complainant.	125 000	125 000
	<b>78 808 137</b>	<b>45 132 287</b>

### Rapodu and Others vs Sekhukhune District Municipality

Litigation is in the progress against the municipality relating to a claim of unfair labour practice by Mr Rapodu and other employees of the municipality. It was impracticable to determine the financial effect of the claim as at 30th June 2023. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success and the case should be resolved within the next twenty-four months. The municipality did defend successfully the contempt of court case brought by the applicants. The applicants have filed a petition to the SCA for leave to appeal the judgement by the labour court. As at the reporting date, there was no indication of any possibility of a reimbursement on this matter.

### Mr Andries Mokgotho vs Sekhukhune District Municipality

Litigation is in progress against Mr Andries Mokgotho relating to a charge of gross misconduct by the municipality, it was impracticable to determine the financial effect of the claim as at 30th June 2023. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success, and the case should be resolved within the next twenty-four months.

Arbitration was enrolled for the 19th and 20th June 2023, the municipality did make an application to amend the date on the charge and ruling is expected after applicant objected.

As at the reporting date, there was no indication of any possibility of a reimbursement on this matter.

### Mr Rupert Matabane vs Sekhukhune District Municipality

Litigation is in progress against Mr Rupert Matabane relating to a charge of gross misconduct by the municipality, it was impracticable to determine the financial effect of the claim as at 30th June 2023. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success, and the case should be resolved within the next twelve months. The proceedings were postponed to allow the cross-examination of the final witness.

As at the reporting date, there was no indication of any possibility of a reimbursement on this matter.

### Ms Busisiwe Matjie vs Sekhukhune District Municipality

Litigation is in progress against Ms Busisiwe Matjie relating to a charge of gross misconduct by the municipality, it was impracticable to determine the financial effect of the claim as at 30th June 2023. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success, and the case should be resolved within the next twelve months.

The chairperson of the hearing postponed the hearing subject to confirmation of a future date to finalize the matter.

As at the reporting date, there was no indication of any possibility of a reimbursement on this matter.

### Kabane Andries Makola vs Sekhukhune District Municipality

Litigation is currently in progress against Kabane Andries Makola, an employee of the municipality for injuries he sustained to his body during a protest by the community members. A reliable estimate of the expenses on his injuries could not be determined as at 30th June 2023.

More information is yet to be provided by the complainant.

As at the reporting date, there was no indication of any possibility of a reimbursement on this matter.



# Sekhukhune District Municipality

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### 37. Contingent Liabilities (continued)

#### PK Financial Services vs Sekhukhune District Municipality

Litigation is in progress against PK Financial Services whereby the municipality dispute a claim by the consultant for an award of a bid to another consultant that was competing with PF Financial Services in a same bidding process. It was impracticable to determine the financial effect of the claim as at the 30th of June 2023. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely with over 90% probability of no success, and the case should be resolved within the next twelve months.

The review was held on 30th of August 2022 and the municipality has commenced the arbitration proceedings for the counter claim.

As at the reporting date, there was no indication of any possibility of a reimbursement on this matter.

#### Contingent assets

**Sekhukhune District Municipality vs Maadima (pty) Ltd** Litigation is in the progress regarding a claim by the municipality to Maadima (pty) Ltd as an underwriter of a guarantee to a contractor, the contractor did fail to complete the construction works on behalf of the municipality as per its appointment and the guarantee monies were due to complete the remaining works. The financial effect of the claim as at 30th June 2023 could be estimated at about R 4 714 054.73. The municipality's lawyers and management consider the likelihood of the action against the Maadima (pty) Ltd with 80% chances of success for the municipality, and the case should be resolved within the next twenty-four months. The letter of demand already served. Municipal attorney instructed to issue summons while the complainant intends to defend, the matter is currently on discovery phase.

• **Sekhukhune District Municipality vs Betrams & Standard Bank** Litigation is in the progress regarding a claim by the municipality to Betrams (pty) Ltd and Standard Bank on guarantess issued by the Standard Bank SA on behalf of Betrams (pty) Ltd. The financial effect of the claim as at 30th June 2023 could be estimated at about R 25 080 622.05. The municipality's lawyers and management consider the likelihood of the action against Betrams (pty) Ltd and Standard Bank SA with 80% chances of success for the municipality, and the case should be resolved within the next twenty-four months. Summons served on defendants.

Notice of exception received and plea amended. Defendant served Rule 35(12 & 14) and the municipality provided the required documentation.

**Sekhukhune District Municipality vs Advocate Ngutshane** Litigation is in the progress regarding a claim by the municipality to Advocate Ngutshane on a payment erroneously paid into his bank account by the municipality. The financial effect of the claim as at 30th June 2023 could be estimated at about R 239 131.55. The municipality's lawyers and management consider the likelihood of the action against with 80% chances of success for the municipality, and the case should be resolved within the next twelve months. Summons served to the defendant. Plea received from the defendant. The municipality also lodged a claim with the legal practice council.

• **Sekhukhune District Municipality vs Ndamakho Trading (Mapondo Tanks)** Litigation is in the progress regarding a claim by the municipality to Ndamakho Trading (Mapondo Tanks) for an advance payment on the installation of water tanks which were never installed valued at around R 6 500 000.00. The municipality's lawyer's and management consider the likelihood of the action against Ndamakho Trading (Mapondo Tanks) with around 80% probability of success. Summons were issued to Ndamakho Trading (Mapondo Tanks) and company is yet to respond to the summons as at 30th June 2023

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**37. Contingent Liabilities (continued)**

• Sekhukhune District Municipality vs Officials - Litigation is in progress regarding a total of R 12 084 011 in voices which were incorrectly and fraudulently paid into an incorrect bank account by officials of the municipality. The invoices were meant to pay the monthly instalments towards the cumulative debt on occupational health and safety membership with the department of labour. The matter is currently handled by the South African Police Service and it is expected to be concluded in the next twenty-four months. The municipality's lawyer's and management consider the likelihood of the action against the officials with around 80% probability of success. As at the 30th June 2023 the municipality was awaiting a report from the South African Police Service on how the matter is to be concluded.

12 084 011 12 084 011

**48 617 818 48 617 818**



# Sekhukhune District Municipality

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# Sekhukhune District Municipality

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<b>38. Related parties (continued)</b>		
Cllr Mashegoana MC	10 440	62 740
Cllr Thokoane KZ	13 399	36 624
Cllr Mokomane ML	10 440	91 888
Cllr Mosoane E	13 399	68 803
Cllr Rankoe TP	2 820	43 591
Cllr Lekobana MD	10 440	83 063
Cllr Matsomane ST	-	16 494
Cllr Sithole ME	-	46 346
Cllr Nkosi SB	80 147	35 135
Cllr Maebelo LS	-	15 619
Cllr Mohlomonuane TE	-	12 673
Cllr Mashilo MS	80 147	65 029
Cllr Malau TS	-	52 610
Cllr Makofane IT	-	163 027
Cllr Ngwatle AD	-	11 957
Cllr Mabelane JM	-	122 811
Cllr Molapo WS	-	121 403
Cllr Tlape MM	80 147	48 984
Cllr Thobejane ML	-	103 638
Cllr Mokgotho K	-	179 686
Cllr Mgiba NP	80 147	110 147
Cllr Mathipa MP	-	100 867
Cllr Makutu TS	-	98 495
Cllr Makofane T	-	155 366
Cllr Magabe MS	80 147	78 785
Cllr Senong	224 944	75 719
Cllr Mosotho MT	214 079	92 910
Cllr Matsetela ML	270 002	374 607
Cllr Komane LM	230 135	63 763
Cllr Kgwedi JL	270 115	13 121
Cllr Tshivhula MP	270 115	39 939
Cllr Mogotji FM	290 649	10 960
Cllr Matseke RT	-	-
Cllr Mnisi SP	-	-
	<b>9 921 446</b>	<b>4 612 078</b>

Remuneration of councillors 2021/22	Annual remuneration	Travel allowance	Cellphone allowance	Pension, Medical, UIF & SDL	Sitting allowance	Total
Cllr Ramaila KS (Executive Mayor)	256 532	-	14 800	71 976	-	343 308
Cllr Mathebe JL (Executive Mayor)	439 048	-	29 600	72 278	-	540 926
Cllr Manamela MM ( Council speaker)	236 982	-	14 800	25 806	-	277 587
Cllr Chego DK (Council Speaker)	399 168	-	29 600	34 702	7 770	471 239
Cllr Mokganyetji MJ (Chief Whip)	174 897	57 619	14 800	13 822	6 519	267 657
Cllr Phokane MJ (Chief Whip)	373 952	33 291	29 600	32 698	148	469 690
Cllr Mahlangu MF	274 897	57 619	14 800	14 143	114 507	475 966
Cllr Matlal MA	274 897	57 619	14 800	13 839	15 208	376 357
Cllr Nkosi SM	298 877	81 841	14 800	14 088	70 141	431 546
Cllr Mmakola SM	234 211	31 841	14 800	15 714	31 190	327 756
Cllr Ramaila KS	336 387	-	29 600	111 223	7 883	485 093
Cllr Kupa CR	372 839	63 492	29 600	37 106	7 384	510 422
Cllr Mokganyetji MJ	377 001	20 756	29 600	32 897	148	460 404
Cllr Ratau MF	377 001	18 015	29 600	32 944	21 859	479 568
Cllr Mabatane E	323 426	23 447	29 600	28 401	6 964	411 837
Cllr Leshaba MB	331 178	63 764	29 600	29 182	6 282	460 007
Cllr Sefala RE	162 738	53 778	14 800	22 656	27 854	281 826
Cllr Maila SM	74 873	23 157	14 800	6 144	51 755	170 728
Cllr Matsetela LA	74 873	23 157	14 800	6 492	126 770	246 092

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### 38. Related parties (continued)

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Cllr Moimana MT	74 873	23 157
Cllr Mtsweni BW	74 873	23 157
Cllr Phala ML	-	17 382
Cllr Motlae MG	-	16 879
Cllr Mehlapè SH	-	29 072
Cllr Mahlangu SJ	-	6 863
Cllr Makeke GM	-	21 966
Cllr Mosotho MT	-	-
Cllr Mabatane MC	4 466	-
Cllr Rankoe TP	30 196	8 567
Cllr Dolamo MF	3 480	17 688
Cllr Thokōane MJ	3 480	-
Cllr Madutlela KK	3 480	5 173
Cllr Diale MH	3 480	26 122
Cllr Nkadimeng LR	3 480	28 889
Cllr Matlala FM	4 466	-
Cllr Ranoto P	4 466	4 934
Cllr Sebothōma RG	3 480	30 204
Cllr Phaladi RC	105 930	23 157
Cllr Mabelane MM	26 716	35 054
Cllr Mamogalè MF	-	74 546
Cllr Maisela RP	26 716	-
Cllr Kgaphola MA	26 716	16 806
Cllr Radingoana MR	26 716	28 437
Cllr Mokgotho LL	-	43 342
Cllr Malapane SS	-	28 052
Cllr Mamokgopa LD	-	29 645
Cllr Makola JV	-	59 640
Cllr Makofane IT	-	74 885
Cllr Makua MJ	-	10 839
Cllr Motseni NL	3 480	40 227
Cllr Maloka MF	3 480	6 004
Cllr Moloko MK	74 873	23 157
Cllr Mashabela MN	-	36 351
Cllr Ramautswa KJ	74 873	23 157
Cllr Matsepe CD	-	-
Cllr Matseke RT	74 873	23 157
Cllr Mogotji FM	179 878	1 253
Cllr Tshivhula MP	166 720	15 618
Cllr Kgwedi JL	166 721	-
Cllr Komane LM	173 299	21 330
Cllr Matsetela ML	166 721	-
Cllr Mosotho MT	166 721	37 901
Cllr Senong MR	166 721	-
Cllr Magabe MS	40 073	-
Cllr Makofane T	-	-
Cllr Masuku TS	-	-
Cllr Mathipa MP	-	-
Cllr Mgiba NP	40 073	-
Cllr Mokgotho K	-	-
Cllr Thobejane LM	-	-
Cllr Tlape MM	40 073	-
Cllr Molapo WS	-	-
Cllr Mabelane SS	-	-
Cllr Ngwatle AD	-	-
Cllr Makofane IT	-	-
Cllr Malau TS	-	-
Cllr Mashilo MS	40 073	-
Cllr Mohlamonyane TE	-	-
Cllr Maibelo LS	-	-

# Sekhukhune District Municipality

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### 38. Related parties (continued)

Cllr Nkosi SB	40 074		11 900	525	17 636	70 134
Cllr Sithole ME	-		11 900	249	40 475	52 624
Cllr Matsomane ST	-		11 900	235	29 029	41 164
Cllr Leokana MD	6 090		11 900	195	14 927	33 112
Cllr Rankoe TP	2 280		11 900	146	27 037	41 363
Cllr Mosoane E	7 570		11 900	262	27 379	47 110
Cllr Molokoane ML	6 090		11 900	214	9 663	27 868
Cllr Thokwane KZ	7 570		11 900	208	11 883	31 562
Cllr Mashegoana MC	6 090		11 900	222	25 697	43 909
Cllr Makobe PA	6 090		11 900	180		18 170
Cllr Lekoatsipa LR	46 164		11 900	758	42 274	101 095
Cllr Magatla LN	6 090		11 900	209	19 038	37 237
Cllr Letsela SS	6 090		11 900	188	21 990	40 167
Cllr Maelane KM	6 090		11 900	207	19 675	37 871
Cllr Machai MJ	6 090		11 900	237	18 490	36 717
Cllr Manganeng ML	97 851	31 841	13 600	7 914	97 662	248 869
Cllr Mnisi SP	97 851	31 841	13 600	7 780	44 762	195 834
Cllr Mafefe HO	162 533	57 619	14 800	26 237	22 190	283 379
Cllr Mogofe ME	74 873	23 157	14 800	5 995	17 750	136 575
Cllr Malatji MN	216 165	-	29 600	19 370	74 478	339 613
Cllr Mafefe HO	235 323	-	29 600	50 147	55 407	370 478
Cllr Mohlala MJ	216 165	-	29 600	19 551	82 078	347 393
Cllr Sefala KRE	228 486	-	29 600	57 073	71 090	386 248
	<b>8 881 068</b>	<b>1 666 465</b>	<b>1 458 500</b>	<b>946 611</b>	<b>2 748 672</b>	<b>15 631 493</b>

### 39. Prior period errors

#### Receivables from exchange transactions

The municipality did effect a prior period error correction on the consumer debtors in the 2021/22 financial year, the error was an omission of some of the amounts on the provision for doubtful consumer debts calculation and as such the total provision for the doubtful debts was understated by R 11 636 588.72, the debt impairment expenditure was understated by the same amount in the prior year. The prior period error was corrected by increasing both the opening accumulated surplus and receivables from exchange transactions by the same amount.

#### Receivables from non-exchange transactions

The municipality did also effect a prior period error correction on the receivables from non-exchange transactions in the 2021/22 financial year, the error was a derecognition of the debt on a fraudulent transaction in which R 12 084 110.00 that was meant for payment to the Department of Labour was fraudulently paid into an incorrect bank account. The amount was derecognized as a debtor and disclosed under contingent assets given the new developments into the investigation proceedings. The error was corrected by reducing both the opening balances on the accumulated surplus and receivables from non-exchange

#### Property, Plant and Equipment

During the year under review Water Net work projects relating to 2020/2021 financial year were identified as completed, the total transfer from WIP to Infrastructure assets for these projects is R 68 017 089.85 and R1 136 148.83 was transferred from WIP to accumulated surplus since is relating to the meter box. There was a contractor cost for R727 00 that was not added on the WIP register.

Two projects were impaired in the prior years amounting R685 791.26. These were studies that there were identified that there was no source and these studies are awaiting for council approval to be written off from the WIP register.

Furthermore projects to the value of R 275 310 889.45 were identified as completed in 2021/2022 financial year, these water projects were transferred from work in progress to infrastructure assets as prior period error for 2021/2022 financial year

Accumulated depreciation amounting to R 12 032 319.39 was corrected as a result of the capitalisation of prior year completed projects

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

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### 39. Prior period errors (continued)

An error was identified in the prior year as that resulted to review the useful lives of assets which were still in use, during the year under review an assessment of useful lives relating to prior year was performed and the following depreciation reversals were made to address the prior year issue

Road Transport Infrastructure -R52 933.85

Buildings- R47 961.82

Sewerage Treatment Infrastructure-R480 335.00

Water Network Infrastructure-R3 488 463.94

### Depreciation and amortisation

A correction of a prior period error was effected on the depreciation amount in the 2021/22 financial year to an amount R3 535 438.07 being a depreciation of an item of property, plant and equipment that was completed and not capitalized as a complete asset, the asset was disclosed as work in progress during the 2021/22 financial year. The correction of the error was to effected by recognizing a depreciation amount in the current prior year.

### Debt Impairment

A correction of three prior period errors was also effected on the debt impairment amount in the 2021/22 financial year to correct the both the miscalculation on provision for doubtful debts which understated the debt impairment by R 11 636 588.72. R 12 084 110.00 as the impairment of doubtful debts on the fraudulent payments processed into incorrect baking details and R 30 970 490 impairment of the Regional Bulk Infrastructure Grant debt by the Department of Water and Sanitation, all errors were corrected by increasing the debt impairment expenses and the receivables from both the exchange and non-exchange transactions.

### Employee related cost

A prior period error correction was effected on the employee related cost in the 2021/22 financial year to an amount of R 14 078.00, the amount was incorrectly classified as transfers and subsidies. The error was corrected by reducing the transfers and subsidies and increasing the employee related cost by the same amount.

### Transfers and subsidies

A prior period error correction was effected on the disclosed transfers and subsidies amount in the 2021/22 financial year to an amount of R 14 078.00, the amount was incorrectly classified as transfers and subsidies. The error was corrected by reducing the transfers and subsidies and increasing the employee related cost by the same amount.

### General expenses

The correction of an error on the amount disclosed as general expenses was effected in the 2021/22 financial year, R 44 229 644 for security services was incorrectly disclosed as general expenses in the prior year, the error was corrected by reducing the general expenses and increasing the contracted services by the same amount.

### Repairs and maintenance

An amount of R 534 204.00 for general expenses was incorrectly disclosed as repairs and maintenance in the 2021/22 financial year, the error was corrected by reducing the repairs and maintenance and increasing the general expenses by the same amount in the prior year.

### Contracted services

The correction of an error on the amount disclosed as general expenses was effected in the 2021/22 financial year, R 44 229 644 for security services was incorrectly disclosed as general expenses in the prior year, the error was corrected by reducing the general expenses and increasing the contracted services by the same amount.

### Commitments

The municipality has disclosed an amount of R 3 660 110.00 as operational commitments in the 2021/22 financial year, the amount was disclosed erroneously and the correction effected was to completely remove the disclosure on operational commitments.

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**39. Prior period errors (continued)**

**Irregular expenditure**

A prior period error correction was effected on the irregular expenditure amount disclosed in the 2021/22 financial year, the amount disclosed by management was R 76 787 198.00, an additional R 66 062 128.00 was identified by the Auditor General SA as irregular expenditure for the 2021/22 financial year, the expenditure disclosed in the prior year was adjusted to R 142 849 326.00.

**Basic salary**

A prior period error correction was effected on the basic salary cost in the 2021/22 financial year to an amount of R 50 113.00, the amount was incorrectly classified into medical aid, long service awards and long pay-provision charge. The error was corrected by reallocating the amounts into the various accounts.

**Medical Aid**

A prior period error correction was effected on the medical aid cost in the 2021/22 financial year to an amount of R 28 049.00, the amount was incorrectly classified into basic salary, long service awards and long pay provision charge. The error was corrected by reallocating the amounts into the various accounts.

**Leave Pay Provision Charge**

A prior period error correction was effected on the basic salary cost in the 2021/22 financial year to an amount of R 3 658 725.00; the amount was incorrectly classified as into medical aid, long service awards and basic salary. The error was corrected by reallocating the amounts into the various accounts.

**Long Service Awards**

A prior period error correction was effected on the basic salary cost in the 2021/22 financial year to an amount of R 3 694 867.00, the amount was incorrectly classified into medical aid, long service provision charge and basic salary. The error was corrected by reallocating the amounts into the various accounts.

**Cash and Cash Equivalents**

A prior period error correction was effected on the cash and cash equivalents amount disclosed in the 2021/22 annual financial statements under note 13. The closing balance for the cash book was erroneously disclosed as R 412 634 595, while the closing balance for the bank statements was erroneously disclosed as R 398 717 988, both errors were retrospectively corrected by disclosing the cash book balance for the 2021/22 financial year as R 395 918 102 and bank statements as R 412 634 595.

**40. Prior-year adjustments**

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

**Statement of financial position**

2022

	Note	Audited	Correction of error	Restated
Receivables from exchange transactions		48 502 028	(11 636 588)	60 138 616
Receivables from non-exchange transactions		45 749 649	(43 054 600)	2 695 049
VAT Receivable		96 497 333	(1 115 449)	95 381 884
Property, plant & equipment		4 616 094 238	(12 448 797)	4 603 695 441
Cash and cash equivalents		398 717 988	(2 799 886)	395 918 102
Payables from exchange transactions		(563 428 035)	(2 257 428)	(565 685 463)
Accumulated surplus		(4 559 381 166)	31 678 060	(4 509 391 596)
		<b>82 752 035</b>	<b>(41 634 688)</b>	<b>82 752 033</b>



# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

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### 40. Prior-year adjustments (continued)

#### Statement of financial performance

2022

	Note	Audited	Correction of error	Restated
Depreciation and amortization		116 366 974	3 538 954	119 905 928
Debt Impairment		47 918 557	1 718 480	49 637 037
Basic salary		274 228 947	(50 113)	274 178 834
Medical Aid		13 851 166	28 049	13 879 215
Leave pay provision charge		4 348 081	(3 658 725)	689 356
Long service awards		1 876 000	3 694 867	5 570 867
Transfers and subsidies		3 219 346	(14 078)	3 205 267
General expenses		212 862 344	(41 764 169)	171 098 175
Repairs and maintenance		47 918 557	1 718 480	49 637 037
Contracted services		91 994 045	44 400 291	136 394 336
Debt Impairment		47 918 557	1 718 480	49 637 037
Advertising		558 043	644 911	1 202 954
Insurance premiums		3 253 376	2 606 908	5 860 284
Accommodation		440 035	33 439	473 474
Catering services		1 998 804	205 826	2 204 630
		57 212 270	499 970	57 712 240
<b>Surplus for the year</b>		<b>925 965 102</b>	<b>15 321 570</b>	<b>940 976 775</b>

#### Cash flow statement

2023

	Note	Audited	Correction of error
<b>Cash flow from operating activities</b>			
Suppliers and employees		941 419 279	2 799 886

### 41. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

#### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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**41. Risk management (continued)**

**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.

**42. Going concern**

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus of R 4 777 842 289

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality and that the subordination agreement referred to in note of these financial statements will remain in force for so long as it takes to restore the solvency of the municipality.

**43. Events after the reporting date**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date the financial statements are authorized for issue. The two types of events can be identified, (i) those that provide evidence of events that existed at the reporting date being the adjusting events after the reporting date and (ii) those that are indicative of conditions that arose after the reporting date as the non-adjusting events after the reporting date.

Management was not aware of any events after the reporting date, those which provided evidence of events that existed at the reporting date being the adjusting events and/or those that were indicative of conditions that arose after the reporting date being non-adjusting events after the reporting date.

**44. Unauthorised expenditure**

Opening balance as previously reported	410 590 826	410 085 215
Add: Unauthorised expenditure - current	-	505 611
<b>Closing balance</b>	<b>410 590 826</b>	<b>410 590 826</b>

The municipality did not incur any unauthorized expenditure during the 2022/23 financial year.

**45. Fruitless and wasteful expenditure**

Opening balance as previously reported	58 456 147	46 425 661
Add: Fruitless and wasteful expenditure identified - current	13 969 339	10 166 818
Add: Fruitless and wasteful expenditure identified - prior period	-	1 863 668
<b>Closing balance</b>	<b>72 425 486</b>	<b>58 456 147</b>

Fruitless and wasteful expenditure is presented inclusive of VAT

The municipality did incur in total R 13 133 562.00 in fruitless and wasteful expenditure during the 2022/23 financial year, the amount includes R 1 143 362.46 interest charges on the historical debt with the Department of Labour on compliance with occupational health and safety membership, R 11 692 723.17 was an attachment through Sherrif on a transaction that the municipality considers to be fraudulent and was being investigated at the time of the attachment, R 297 476.60 was the expenditure incurred on Sheriff costs and interest on a disputed invoice dating back to 2019/20 financial year.

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

Amekela Local Municipality

Financial Statements for the year ended 30 June 2023

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	2023	2022
<b>45. Fruitless and wasteful expenditure (continued)</b>		
<b>Amount recovered</b>		
No amounts of fruitless and wasteful expenditure were recovered during the 2022/23 financial year, investigations by MPAC were not yet concluded.		
<b>Amount written-off</b>		
No amounts of fruitless and wasteful expenditure were written-off during the 2022/23 financial year, investigations by MPAC were not yet concluded.		
<b>46. Irregular expenditure</b>		
Opening balance as previously reported	1 344 599 237	1 201 749 911
Add: Irregular expenditure - current	34 370 659	142 849 326
<b>Closing balance</b>	<b>1 378 969 896</b>	<b>1 344 599 237</b>

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

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### 46. Irregular expenditure (continued)

The municipality did report the following instances of irregular expenditure during the 2022/23 financial year, in comparison to the 2021/22 financial year:

	2023	2022
Non-compliance with the minimum functionality requirements Municipal rates of the awarded company was in arrears	898 546	-
Non-compliance with the minimum functionality requirements	4 530 449	-
Non-compliance with the minimum functionality requirements	668 069	-
Non-compliance with the minimum functionality requirements	339 871	-
Non-compliance with the minimum functionality requirements	211 705	-
Non-compliance with the minimum functionality requirements	954 130	-
No evaluation criteria specified in the bid document	4 497 582	-
No evaluation criteria specified in the bid document	433 950	-
No evaluation criteria specified in the bid document	2 248 980	-
No evaluation criteria specified in the bid document	988 931	-
No evaluation criteria specified in the bid document	880 617	-
No evaluation criteria specified in the bid document	2 984 745	-
No evaluation criteria specified in the bid document	1 289 780	-
Company director investigated for financial misconduct	7 843 260	-
Competitive bid advertised for less than 30 days	515 643	-
Non-compliance with the minimum functionality requirements	5 084 400	-
Non-compliance with the minimum functionality requirements	-	15 913 313
Evaluation criteria not fully complied with during the evaluation process	-	348 670
Evaluation criteria not fully complied with during the evaluation process	-	7 735 643
Evaluation criteria not fully complied with during the evaluation process	-	3 672 772
Director of the company investigated for financial misconduct	-	24 292 095
Evaluation criteria not fully complied with during the evaluation process	-	4 628 486
Evaluation criteria not fully complied with during the evaluation process	-	3 495 288
Evaluation criteria not fully complied with during the evaluation process	-	3 609 563
Evaluation criteria not fully complied with during the evaluation process	-	2 527 000
Evaluation criteria not fully complied with during the evaluation process	-	3 850 770
Evaluation criteria not fully complied with during the evaluation process	-	324 631
Evaluation criteria not fully complied with during the evaluation process	-	27 255
Evaluation criteria not fully complied with during the evaluation process	-	484 380
Evaluation criteria not fully complied with during the evaluation process	-	2 292 008
Evaluation criteria not fully complied with during the evaluation process	-	285 775
Evaluation criteria not fully complied with during the evaluation process	-	521 356
Evaluation criteria not fully complied with during the evaluation process	-	52 184
Director of the company in the service of state	-	2 726 010
Company municipal rates in arrears	-	1 438 800
Evaluation criteria not fully complied with during the evaluation process	-	5 330 380
Evaluation criteria not fully complied with during the evaluation process	-	5 855 940
Evaluation criteria not fully complied with during the evaluation process	-	47 744 745
Evaluation criteria not fully complied with during the evaluation process	-	112 174
Evaluation criteria not fully complied with during the evaluation process	-	408 472
Evaluation criteria not fully complied with during the evaluation process	-	80 343
Evaluation criteria not fully complied with during the evaluation process	-	86 250
Evaluation criteria not fully complied with during the evaluation process	-	157 928
Evaluation criteria not fully complied with during the evaluation process	-	154 266
Deviations not approved by designated official	-	1 306 128
Company director in the service of state	-	2 051 043
Non-compliance with the minimum functionality requirements	-	1 335 658
Person in service of state	156 400	-
Person in service of state	29 250	-
Person in service of state	2 013 045	-
Non-compliance with the minimum functionality requirements	4 227 746	-
Evaluation criteria not fully complied with during the evaluation process	1 496 956	-
	<b>42 294 055</b>	<b>142 849 326</b>

**Sekhukhune District Municipality**  
Financial Statements for the year ended 30 June 2023

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**46. Irregular expenditure (continued)**

**Amount srecoverable**

All amounts reported as irregular expenditure in both in the current year and the prior periods were reported to council, council did refer alla mounts to the MPAC for investigatio, as at 30th June 2023 all investigations were not concluded on the reported amounts. A determination as to whether the amounts were recoverable or not was not available as at year end.

**Amount written-off**

No amounts of reported irregular expenditure were written of during the 2022/23 financial year as investigations were ongoing.

**Recoverability steps taken/criminal proceedings**

MPAC investigations were not concluded as at 30 June 2023, as a result no steps or criminal proceedings were taken yet.

**47. Additional disclosure in terms of Municipal Finance Management Act**

**Contributions to organised local government**

Current year subscription / fee	4 481 840	3 977 058
Amount paid - current year	(4 481 840)	(3 977 058)
	-	-

**Material losses (Water distribution)**

Current year loss in Kilolitres	9 407 844	11 347 063
Amount paid: current year	59 310 437	54 908 483
	-	-

**Total - amount paid in current year**

	-	-
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**Sekhukhune District Municipality**  
Financial Statements for the year ended 30 June 2023

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	2023	2022
<b>47. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>Audit fees</b>		
Current year subscription / fee	8 024 739	7 874 194
Amount paid - current year	(8 020 486)	(7 874 194)
	<b>4 253</b>	<b>-</b>
<b>PAYE, UIF and SDL</b>		
Current year subscription / fee	64 588 007	90 608 762
Amount paid - current year	(64 605 723)	(90 324 224)
	<b>(17 716)</b>	<b>284 538</b>
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	84 999 817	83 881 476
Amount paid - current year	(84 992 793)	(83 913 247)
	<b>7 024</b>	<b>(31 771)</b>
<b>VAT</b>		
VAT receivable	914 783 881	839 932 583
VAT payable	(786 358 732)	(744 550 699)
	<b>128 425 149</b>	<b>95 381 884</b>

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

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### 47. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2023:

30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr Phokane M.J.	72	-	72
Cllr Matsetela M	1 412	-	1 412
Cllr Matsetela ML	2 685	3 897	6 582
Cllr Ratau MF	318	3 308	3 626
	<b>4 487</b>	<b>7 205</b>	<b>11 692</b>

30 June 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr Matsetela ML	2 315	12 230	14 545
Cllr Phokane MJ	158	-	158
Cllr Matsetela M	704	2 286	2 990
	<b>3 177</b>	<b>14 516</b>	<b>17 693</b>

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2022	Highest outstanding amount	Aging (in days)
Cllr Matsetela ML	12 230	-
Cllr Matsetela M	2 286	-
	<b>14 516</b>	<b>-</b>

#### Supply chain management regulations

Section 36 of the Municipal Supply Chain Management Regulations states that the accounting officer may dispense with the official procurement processes established by the applicable supply chain policy and procure any required goods or services through any convenient process which may include direct negotiations, but only (i) In an emergency, (ii) if such goods or services are produced or available from a single service provider, (iii) for the acquisition of special works of art or historical objects where specifications are difficult to complete, (iv) acquisitions of animals for zoos or (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes.

#### Description

Deviation as per section 36(1)(i) of the municipal supply chain regulations	-	697 227
Deviation as per section 36(1)(ii) of the municipal supply chain regulations	13 531 018	5 693 274
deviation as per section 36(1)(v) of the municipal supply chain regulations	4 647 010	603 036
	<b>18 178 028</b>	<b>6 993 537</b>

### 48. Segment information

#### General information

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

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### 48. Segment information (continued)

#### Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

#### Aggregated segments

The municipality operates throughout the Gauteng Province in ten cities. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Gauteng were sufficiently similar to warrant aggregation.

#### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

##### Reportable segment

Finance and Administration  
Economical and Environmental Services

Roads  
Community and public safety  
Water management

##### Goods and/or services

Financial management & sustainability  
Economic development & environmental management services  
Roads construction & maintenance  
Social and safety management services  
Water provision and conservation



**Sekhukhune District Municipality**  
Financial Statements for the year ended 30 June 2023

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**48. Segment information (continued)**  
**Segment surplus or deficit, assets and liabilities**

2022

Revenue	Finance and Administration	Economical and Environmental Services	Roads	Community and Public Safety	Water Management	Total
Revenue from non-exchange transactions	104 342 357	-	-	-	-	104 342 357
Interest received - Debtors	26 068 995	-	-	-	-	26 068 995
Other Income	1 404 470	-	-	-	-	1 404 470
Interest - Investments	57 878 945	-	-	-	-	57 878 945
Actuarial Gains	10 290 979	-	-	-	-	10 290 979
Government Grants and Subsidies	994 362 709	13 009 981	983 484	-	273 709 425	1 282 065 599
Other Income	-	-	-	4 428	-	4 428
<b>Total segment revenue</b>	<b>1 194 348 455</b>	<b>13 009 981</b>	<b>983 484</b>	<b>4 428</b>	<b>273 709 425</b>	<b>1 482 055 773</b>
<b>Total revenue</b>						<b>1 482 055 773</b>

# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

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### 48. Segment information (continued)

Expenditure	51 758 346 17 649 118	90 474 307 17 297 176	7 780 276	Finance and Administrative	Economical and Environmental Services	Roads	Community and Public Safety	Water Management	Total
Employee related cost							63 423 679	178 385 948	391 822 556
Remuneration of councillors									17 649 118
Depreciation and amortisation								112 509 375	129 806 551
Impairment loss								7 804 285	7 804 285
Finance cost									6 834 076
Lease rentals on operating lease									51 858 861
Debt impairment									83 091 600
Bulk Purchases									194 129 214
Contracted services									81 131 695
Transfers and subsidies									3 217 479
General expenses									202 022 658
Loss on disposal of assets									254 480
Repairs and maintenance									42 500 480
Inventory write-down									1 482 021
<b>Total segment expenditure</b>	<b>69 407 464</b>	<b>774 294 047</b>	<b>7 780 276</b>				<b>63 423 679</b>	<b>298 699 608</b>	<b>1 213 605 074</b>
<b>Total segmental surplus/(deficit)</b>									<b>268 450 699</b>
<b>Assets</b>									
Water infrastructure									
<b>Total assets as per Statement of financial Position</b>								<b>4 553 054 881</b>	<b>4 713 927 030</b>
<b>Liabilities</b>									
Trade and other payables									
Provisions									
<b>Total segment liabilities</b>								<b>453 741 804</b>	<b>858 778 603</b>
<b>Total liabilities as per Statement of financial Position</b>								<b>453 741 804</b>	<b>883 888 603</b>

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# Sekhukhune District Municipality

Financial Statements for the year ended 30 June 2023

## Notes to the Financial Statements

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### 48. Segment information (continued)

#### Measurement of segment surplus or deficit, assets and liabilities

#### Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies, except that pension expense for each segment is recognised and measured on the basis of cash payments to the pension plan.

#### The nature of differences between the measurements of the reportable segments' surplus or deficit and the entity's surplus or deficit and discontinued operations

Inter-segment transfers: segment revenue and segment expense include revenue and expense arising from transfers between segments. Such transfers are usually accounted for at cost and are eliminated on consolidation.

#### The nature and effect of any asymmetrical allocations to reportable segments

The municipality allocated depreciation expense to a segment without allocating the related depreciable assets to that segment.

# **Annexure A: Audited Financial Statements 2022/2023 (SDA)**

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**Sekhukhune Development Agency**  
**Annual Financial Statements**  
**for the year ended 30 June 2023**  
**Published 31 August 2023**

# Sekhukhune Development Agency

Annual Financial Statements for the year ended 30 June 2023

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Municipal entity to implement high impact economic projects
<b>Board Members</b>	Mr Patric Mathale (Acting CEO) Mr Tshabedi Serote (Chairperson of Board) Mr Kgopelo Phasha Ms Mathabo Mosia Mr Tladi Ditshego Ms Promise Akani Baloyi
<b>Registered office</b>	Bareki Mall Groblersdal 0470
<b>Controlling entity</b>	Sekhukhune District Municipality
<b>Bankers</b>	ABSA
<b>Auditors</b>	Auditor General South Africa
<b>Secretary</b>	Adv Peter Mdhuli

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**General Information**

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**Abbreviations used:**

COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

## **Accounting Officer's Responsibilities and Approval**

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

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

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

The accounting officer acknowledges that they are ultimately responsible for the system of internal financial control established by the municipal entity 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 entity and all employees are required to maintain the highest ethical standards in ensuring the municipal entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipal entity is on identifying, assessing, managing and monitoring all known forms of risk across the municipal entity. While operating risk cannot be fully eliminated, the municipal entity 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 municipal entity's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, they are satisfied that the municipal entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipal entity is wholly dependent on the Sekhukhuni Distric Municipality for continued funding of operations. The annual financial statements are prepared on the basis that the municipal entity is a going concern and that the municipal entity has neither the intention nor the need to liquidate or curtail materially the scale of the municipal entity.

Although the accounting officer are primarily responsible for the financial affairs of the municipal entity, are supported by the municipal entity's external auditors.

~~The external auditors are responsible for independently reviewing and reporting on the municipal entity's annual financial statements. The annual financial statements have been examined by the municipal entity's external auditors and their report is presented on page 5.~~

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:

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**Audit Committee Report**

We are pleased to present our report for the financial year ended 30 June 2023, as required by the Municipal Finance Management Act (MFMA) and the Public Finance Management Act (PFMA).

**Audit committee members and attendance**

The audit committee consists of the members listed hereunder and should meet at minimum 4 times per annum as per its approved terms of reference. During the current year 3 number of meetings were held, of which the last meeting was held after year end.

Name of member	Number of meetings attended
Ms Ndhlovu M - Member (Appointed 01 April 2020 and Terminated-31 March 2023)	1
Mr Mathabathe M - Member (Appointed 01 April 2020 until 31 March 2023 and reappointed until 31 March 2026)	3
Ms Mothelesi M - Member (Appointed 01 April 2020 and Terminated-31 March 2023)	1
Adv Thubakgale L - Member (Appointed 01 April 2020 until 31 March 2023 and reappointed until 31 March 2026)	3
Mr Mofokeng S - Member (Chairperson) (Appointed 01 April 2023)	2
Ms Ngoetjane S - Member (Appointed 01 April 2023)	2
Mr Manyisane V - Member (Appointed 01 April 2023)	2

**Audit committee responsibility**

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

**The effectiveness of internal control**

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA.

**Evaluation of annual financial statements**

- The audit committee has:
- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
  - reviewed the Auditor-General of South Africa's management report and management's response thereto;
  - reviewed changes in accounting policies and practices;
  - reviewed the entities compliance with legal and regulatory provisions;
  - reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

**Internal audit**

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

**Auditor-General of South Africa**

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

**Chairperson of the Audit Committee**

Date: \_\_\_\_\_

# Sekhukhune Development Agency

Annual Financial Statements for the year ended 30 June 2023

# Sekhukhune Development Agency

Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Report

## Accounting Officer's Report

The accounting officer submit their report for the year ended 30 June 2023.

### 1. Review of activities

#### Main business and operations

The municipal entity is engaged in implementing high impact economic projects and operates principally in South Africa (Limpopo province) Sekhukhune District.

Net surplus of the entity was R 404 071 (2022: deficit R 591 198).

### 2. Going concern

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to secure funding for the ongoing operations for the Sekhukhune District Municipality.

### 3. Subsequent events

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

### 4. Board of Directors interest in contracts

During the financial year no contracts were entered into in which the board members or prescribed officers of the municipal entity had an interest and which significantly affected the business of the municipal entity.

### 5. Share capital

There were no changes in the authorised or issued share capital of the municipal entity during the year under review.

### 6. Board Members

The members of the board of the municipal entity during the year and to the date of this report are as follows:

Name	Changes
Mr Victor Madulo Mampuru	Terminated on 27 July 2022
Mr Kwanele Mkhanazi	Terminated on 27 July 2022
Mr Steven Masemola	Terminated on 27 July 2022
Ms Mantwa Makanyane	Terminated on 27 July 2022
Mr Landiwe Mahlangu (Chairperson)	Terminated on 27 July 2022
Mr Patric Mathale (Acting CEO)	Appointed on 03 April 2023
Mr Tshabedi Serote (Chairperson of Board)	Appointed on 28 July 2022 and Reappointed 15 August 2023.
Mr David Chesir	Appointed on 28 July 2022 and terminated 15 August 2023
Mr Lethabo Pheeha	Appointed on 28 July 2022 and terminated 15 August 2023
Mr Freddy Raseote	Appointed on 28 July 2022 and terminated 15 August 2023
Mr Geoffrey Mariri	Appointed on 28 July 2022 and terminated 15 August 2023
Mr William Mpho Maepa (Acting CEO)	Appointed on 28 July 2022; Terminated on 10 February 2023
Mr Kgopelo Phasha	Appointed on 15 August 2023
Ms Mathabo Mosia	Appointed on 15 August 2023
Mr Tladi Ditshego	Appointed on 15 August 2023
Ms Promise Akani Baloyi	Appointed on 15 August 2023



# Sekhukhune Development Agency

Annual Financial Statements for the year ended 30 June 2023

Sekhukhune Development Agency

Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Position as at 30 June 2023

Report

Figures in Rand	Note(s)	2023	2022
<b>Assets</b>			
<b>Current Assets</b>			
VAT receivable	14	-	37 320
Cash and cash equivalents	4	850 749	856 116
		<b>850 749</b>	<b>893 436</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	820 021	792 927
<b>Total Assets</b>		<b>1 670 770</b>	<b>1 686 363</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	6	267 385	687 049
<b>Total Liabilities</b>		<b>267 385</b>	<b>687 049</b>
<b>Net Assets</b>			
Share capital	5	1 000	1 000
Accumulated surplus		1 402 385	998 314
<b>Total Net Assets</b>		<b>1 403 385</b>	<b>999 314</b>

The Agency's controlling entity is Sekhukhune District Municipality

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The Agency's controlling entity is Sekhukhune District Municipality

**Statement of Financial Performance**

Statement of Financial Performance for the year ended 30 June 2023

Figures in Rand	Figures in Rand	Note(s)	2023	2022
<b>Revenue</b>	Revenue			
<b>Revenue from exchange transactions</b>	Revenue from exchange transactions			
Other income	Other income		-	20
<b>Revenue from non-exchange transactions</b>	Revenue from non-exchange transactions			
<b>Transfer revenue</b>	Transfer revenue			
Government grants & subsidies	Government grants & subsidies	8	3 575 900	3 188 465
<b>Total revenue</b>	<b>Total revenue</b>	7	<b>3 575 900</b>	<b>3 188 485</b>
<b>Expenditure</b>	Expenditure			
Employee related costs	Employee related costs	9	(1 391 387)	(2 136 488)
Administration	Administration	10	(513 699)	(373 858)
Depreciation and amortisation	Depreciation and amortisation	11	(17 155)	(27 580)
Loss on disposal of assets	Loss on disposal of assets		(37 751)	-
General Expenses	General Expenses	12	(1 211 837)	(1 241 757)
<b>Total expenditure</b>	<b>Total expenditure</b>		<b>(3 171 829)</b>	<b>(3 779 683)</b>
<b>Surplus (deficit) for the year</b>	<b>Surplus (deficit) for the year</b>		<b>404 071</b>	<b>(591 198)</b>

# Sekhukhune Development Agency

Annual Financial Statements for the year ended 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

## Statement of Changes in Net Assets

Figures in Rand

	Share capital	Accumulated surplus / deficit	Total net assets
<b>Balance at 01 July 2021</b>	<b>1 000</b>	<b>1 589 512</b>	<b>1 590 512</b>
Changes in net assets			
Surplus for the year		(591 198)	(591 198)
<b>Total changes</b>		<b>(591 198)</b>	<b>(591 198)</b>
<b>Balance at 01 July 2022</b>	<b>1 000</b>	<b>998 314</b>	<b>999 314</b>
Changes in net assets			
Surplus for the year		404 071	404 071
<b>Total changes</b>		<b>404 071</b>	<b>404 071</b>
<b>Balance at 30 June 2023</b>	<b>1 000</b>	<b>1 402 385</b>	<b>1 403 385</b>

Note(s)

5

5

**Sekhukhune Development Agency**  
Annual Financial Statements for the year ended 30 June 2023

Annual Financial Statements for the year ended 30 June 2023

**Cash Flow Statement**

Figures in Rand unless otherwise indicated

Figures in Rand	Note(s)	2023	2022
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		3 575 900	3 219 345
<b>Payments</b>			
Employee costs		(1 506 438)	-
Suppliers		(1 992 828)	(3 830 719)
		(3 499 266)	(3 830 719)
<b>Net cash flows from operating activities</b>	13	<b>76 634</b>	<b>(611 374)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(82 000)	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(5 366)</b>	<b>(611 374)</b>
Cash and cash equivalents at the beginning of the year		856 116	1 467 490
<b>Cash and cash equivalents at the end of the year</b>	4	<b>850 750</b>	<b>856 116</b>

# Sekhukhune Development Agency

Annual Financial Statements for the year ended 30 June 2023

Sekhukhune Development Agency

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	7 708 059	(800 000)	6 908 059	3 575 900	(3 332 159)	Note 1
<b>Expenditure</b>						
Personnel	(5 018 059)	1 570 000	(3 448 059)	(1 391 387)	2 056 672	Note 2
Administration	(470 000)	-	(470 000)	(513 699)	(43 699)	Note 3
Depreciation and amortisation	(270 000)	70 000	(200 000)	(17 155)	182 845	Note 4
Loss on disposal of assets	-	-	-	(37 751)	(37 751)	Note 5
General Expenses	(1 950 000)	(840 000)	(2 790 000)	(1 211 837)	1 578 163	Note 6
<b>Total expenditure</b>	<b>(7 708 059)</b>	<b>800 000</b>	<b>(6 908 059)</b>	<b>(3 171 829)</b>	<b>3 736 230</b>	
<b>Surplus before taxation</b>	-	-	-	404 071	404 071	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	-	-	-	404 071	404 071	
<b>Reconciliation</b>						

### Note 1:

SDA is an agency of SDM with the sole mandate to facilitate the economic entities which includes but not limited to the tourism and mining sector within the Sekhukhune District. The budget was allocated to ease the capacity constraints within the SDA and ensure that SDA delivers within their mandate. The increase in the grant allocation was mainly to address the capacity constraint, however, no vacancy was filled as at year end as the advertisement for this post was only done post year end, hence the budget was not fully utilised.

### Note 2:

The budget increase was to capacitate the SDA to have their own staff members and not to rely on SDM, however the post were only advertised post year end, hence the actual amount is lower than the budget amount.

### Note 3:

There was a termination of the board members on 27 July 2022 and new board were appointed on 28 July 2022, the increase in cost was to cover for the additional spending due to changes in the board members.

### Note 4:

The municipal entity has budget to acquire the financial system during the financial year, only feasibility study was conducted as at year end and the financial system has not yet being acquired, hence the significant difference in the budgeted depreciation.

### Note 5:

The municipal entity wrote off the assets which could not be traced including the assets which are fully depreciated and no longer in use, this assets were not initially budgeted for. The write off was due to the finding emanating from the prior year audit.

### Note 6:

The decrease is aligned to some of the planned activities not taking place as noted above, the municipal entity has budgeted to acquire the financial system and also budget for professional staff to assist with the implementation including training on the financial system, however, as at year end the financial system has not yet been acquired.



**Accounting Policies**

Figures in Rand

Note(s)

2023

2022

**1. Significant account policies**

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

**1.1 Presentation of Annual Financial Statement**

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.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

**1.2 Presentation currency**

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

**1.3 Going concern assumption**

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

**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. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

**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 key assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipal entity 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 tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including:

**Provisions**

Provisions were raised and management determined an estimate based on the information available.

**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.

**Accounting Policies**

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

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 entity; 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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

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

Item	Depreciation method	Average useful life
Land	Straight-line	Infinite
Buildings	Straight-line	30 years
Furniture and fixtures	Straight-line	8 years
Office equipment	Straight-line	3 years
IT equipment	Straight-line	5 years
Communication equipment	Straight-line	13 years

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

The entity assesses at each reporting date whether there is any indication that the entity 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 entity 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.

**1.6 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.

**Accounting Policies**

Accounting Policies

**1.6 Financial instruments (continued)**

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

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

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

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

A financial asset is:

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

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

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

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

**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.

The entity recognises financial assets using trade date accounting.

**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.

**Subsequent measurement of financial assets and financial liabilities**

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

- Financial instruments at cost.

**Impairment and uncollectibility of financial assets**

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

Financial assets are measured at cost.

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

**Accounting Policies****1.7 Receivables from exchange transactions**

Receivables from exchange transactions are stated at the nominal value as reduced by appropriate allowances for the amount estimated irrecoverable amounts. The carrying amount of these receivables approximate fair value due to the short period to maturity of these instruments. Receivables from exchange transactions are disclosed separately from Receivables from non-exchange transactions. Receivables in exchange for which the entity gives approximately equal value to another entity are recognised as receivables from exchange transactions. Receivables received without directly giving approximately equal value in exchange are recognised as receivables from non-exchange transactions.

**1.8 Employee benefits****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 municipal entity during a reporting period, the municipal entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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

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

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

**1.9 Cash and cash equivalents**

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

For the purposes of the cash flow statement, cash and cash equivalent consist of cash and cash equivalent as defined above net of outstanding bank overdraft.

**1.10 Share capital**

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

**1.11 Commitments**

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

**1.12 Comparative figures**

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

**Accounting Policies**

**Accounting Policies**

**1.13 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.

**1.14 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.

**1.15 Irregular expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure 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.

When irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

## Accounting Policies

## Accounting Policies

### 1.16 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the municipal entity receives value from another entity without directly giving approximately equal value in exchange.

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.

#### Measurement

Revenue from a non-exchange transaction is measured at fair value of the consideration received or receivable.

#### Government grants

Government grants are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipal entity
- the amount of the can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant

The municipal entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available from qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restrictions on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursive basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

#### Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipal entity
- the amount of the can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

### 1.17 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 municipal entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

## Accounting Policies

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### 1.17 Events after reporting date (continued)

The municipal entity 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.

### 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 municipal entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

#### Measurement

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

#### Rendering of services

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

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

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

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

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### 1.19 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

### 1.20 Budget information

The municipal entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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**Accounting Policies**

**1.20 Budget information (continued)**

General purpose financial reporting by municipal entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

**1.21 Contingencies**

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability is:

(a) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or

(b) a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 16.



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2023

2022

**2. New standards and interpretations**

**2.1 Standards and Interpretations early adopted**

The entity has chosen to early adopt the following standards and interpretations:

**Standard/ Interpretation:**

**Effective date:**

**Expected impact:**

**Years beginning on or after**

- GRAP 25 (as revised): Employee Benefits 01 April 2023 The impact of the is not material.
- IGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction 01 April 2023 The impact of the is not material.
- IGRAP 21: The Effect of Past Decisions on Materiality 01 April 2023 The impact of the is not material.
- GRAP 2020: Improvements to the standards of GRAP 2020 01 April 2023 The impact of the is not material.
- GRAP 1 (amended): Presentation of Financial Statements 01 April 2023 The impact of the is not material.

**2.2 Standards and interpretations issued, but not yet effective**

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2023 or later periods:

**Standard/ Interpretation:**

**Effective date:**

**Expected impact:**

**Years beginning on or after**

- Guideline: Guideline on the Application of Materiality to Financial Statements 01 April 2019 Unlikely there will be a material impact
- GRAP 104 (as revised): Financial Instruments 01 April 2025 Unlikely there will be a material impact

# Sekhukhune Development Agency

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 3. Property, plant and equipment

	2023		2022			
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	600 000	-	600 000	600 000	-	600 000
Buildings	300 000	(231 951)	68 049	300 000	(229 521)	70 479
Furniture and fixtures	57 359	(52 826)	4 533	78 270	(71 585)	6 685
Office equipment	31 727	(31 724)	3	45 304	(45 298)	6
IT equipment	151 624	(55 885)	95 739	200 472	(140 720)	59 752
Communication equipment	161 404	(109 707)	51 697	161 404	(105 399)	56 005
<b>Total</b>	<b>1 302 114</b>	<b>(482 093)</b>	<b>820 021</b>	<b>1 385 450</b>	<b>(592 523)</b>	<b>792 927</b>

### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Land	600 000	-	-	-	600 000
Buildings	70 479	-	-	(2 430)	68 049
Furniture and fixtures	6 685	-	(1 504)	(648)	4 533
Office equipment	6	-	(2)	(1)	3
IT equipment	59 752	82 000	(36 245)	(9 768)	95 739
Communication equipment	56 005	-	-	(4 308)	51 697
<b>Total</b>	<b>792 927</b>	<b>82 000</b>	<b>(37 751)</b>	<b>(17 155)</b>	<b>820 021</b>

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Annual Financial Statements for the year ended 30 June 2023

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

**Reconciliation of property, plant and equipment - 2022**

	Opening balance	Additions	Disposals	Depreciation	Total
Land	600 000	-	-	-	600 000
Buildings	72 996	-	-	(2 517)	70 479
Furniture and fixtures	7 521	-	-	(836)	6 685
Office equipment	7	-	-	(1)	6
IT equipment	79 670	-	-	(19 918)	59 752
Communication equipment	60 313	-	-	(4 308)	56 005
	<b>820 507</b>	<b>-</b>	<b>-</b>	<b>(27 580)</b>	<b>792 927</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

An appropriate estimate of the useful lives, residual values and depreciation method of an asset based on the information available at the previous reporting dates was made, however the entity continues to measure the assets at R1, these assets are still in use and the entity derives economic benefits and the service potential.

During the current financial year, SDA performed a reassessment of the assets and identified that there are assets that could not be located on the fixed asset register. Approval was received from the board to write off these assets that were not physically located. The total carrying value of the write off is R37 751.

	Carrying amount at the beginning of the year	Carrying amount at the end of the year	Assets disposed of during the year	Assets written off during the year	Assets revalued during the year
Land	600 000	600 000	-	-	-
Buildings	72 996	70 479	-	(2 517)	-
Furniture and fixtures	7 521	6 685	-	(836)	-
Office equipment	7	6	-	(1)	-
IT equipment	79 670	59 752	-	(19 918)	-
Communication equipment	60 313	56 005	-	(4 308)	-
	<b>820 507</b>	<b>792 927</b>	<b>-</b>	<b>(27 580)</b>	<b>-</b>

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2023: 2022

**4. Cash and cash equivalents**

Cash and cash equivalents consist of:

Bank balances	850 749	856 116
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The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
ABSA - Cheque - 40 7480 3357	850 749	856 116	-	-	-	-

**5. Share capital**

**Authorised**

1000 Ordinary shares of R1 each

Authorised	1 000	1 000
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**Issued**

1000 Ordinary shares at R1 each

Issued	1 000	1 000
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**6. Payables from exchange transactions**

Trade payables	-	299 619
Other payables	-	4 995
Accrued leave pay	222 316	349 816
Accrued bonus	45 069	32 619
	<b>267 385</b>	<b>687 049</b>

**7. Revenue**

Other income	-	20
Government grants & subsidies	3 575 900	3 188 465
	<b>3 575 900</b>	<b>3 188 485</b>

The amount included in revenue arising from exchanges of goods or services are as follows:

Other income	-	20
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The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue		
Government grants & subsidies	3 575 900	3 188 465

**Notes to the Annual Financial Statements**

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	2023	2022
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**8. Government grants & subsidies**

**Operating grants**

SDM Grant

	3 575 900	3 188 465
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**Conditional and Unconditional**

Conditional grants are only utilised to fund programmes approved by the funders. Operation grant from SDM is used to fund day to day operations of the agency.

**9. Employee related costs**

Basic	942 404	1 474 180
Bonus	89 480	53 809
Medical aid - company contributions	92 592	84 722
UIF	4 605	5 491
SDL	11 774	16 105
Travel, motor car, accommodation, subsistence and other allowances	60 781	95 642
SALGBC levy	259	247
Pension fund	189 492	179 683
Subsistence allowance	-	4 705
Leave accrual	-	221 904
	<b>1 391 387</b>	<b>2 136 488</b>

**Remuneration of chief executive officer**

The CEO is seconded to SDA by a related party (SDM) resulting in a service in kind.

**10. Board Fees**

Board Members	513 699	373 858
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**11. Depreciation and amortisation**

Property, plant and equipment	17 155	27 580
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**12. General expenses**

Accommodation	143 196	331 263
Advertising	56 036	12 275
Auditors remuneration	537 022	204 316
Bank charges	5 367	1 394
Catering	77 854	40 592
Consulting and professional fees	388 162	618 127
IT expenses	4 200	-
Other Expense	-	12 031
Travel - local	-	21 759
	<b>1 211 837</b>	<b>1 241 757</b>

**Notes to the Annual Financial Statements**

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**13. Cash generated from (used in) operations**

	2023	2022
Surplus (deficit)		
<b>Adjustments for:</b>		
Depreciation and amortisation	404 071	(591 198)
Loss on disposal of assets	17 155	27 580
<b>Changes in working capital:</b>		
Payables from exchange transactions	37 751	-
VAT	(419 663)	(10 436)
	<u>37 320</u>	<u>(37 320)</u>
	<b>76 634</b>	<b>(611 374)</b>
		<u>37 320</u>

**14. VAT receivable**

VAT

**15. Financial instruments disclosure**

2023

	At amortised cost	Total
Cash and cash equivalents	850 749	850 749
VAT receivable	-	-

2022

	At amortised cost	Total
Cash and cash equivalents	856 116	856 116
VAT receivables	37 320	37 320

**16. Contingencies**

**Contingent assets**

Civil proceedings have commenced against the entity's previous employees concerned to recover an amount of R341 981 as a result of material losses incurred in the previous year. SDA has opened a criminal case with SAPS commercial crime unit Polokwane with an endeavor to recover the monies from the previous employee. The agency will continue to pursue the matter with SAPS. According to the entity's legal advisors, it is probable that the proceedings will result in the recovery of the full amount. There are investigations under way for this matter and as at year end it had not been concluded.

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**17. Related parties**

Relationships  
Controlling entity  
Members of Board

Members of key management

**Related party balances**

**Commitments with related parties**  
Sekhukhune District Municipality

**Grants received from related parties**  
Sekhukhune District Municipality

**Related party transactions**

Income generated from related parties

- Sekhukhune District Municipality
- Mr Tshabedi Serote (Chairperson of Board)
- Mr David Chesir
- Mr Lethabo Pheeha
- Mr Freddy Raseote
- Mr Geoffrey Mariri
- Ms Mantwa Makanyane (resigned 27 July 2022)
- Mr William Mpho Maepa (appointed 28 July 2022 and resigned 10 February 2023)
- Mr Patric Mathale (appointed 01 April 2023)

292 600

3 575.900      3 188 465

SDA does not have their own financial system and therefore SDM process all transactions on their behalf. To practicalitise the relationship between the shareholder and agency - a service level agreement was signed by accounting officers of the 2 institutions in 2018/2019 FY listing areas of support including pay roll, procurement, HR, audit & risk and performance management. There is no administration/management fee charged to SDA for this function therefore there is no amount to be disclosed as a related party. This is a service in kind.

# Sekhukhune Development Agency

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 17. Related parties (continued)

#### Remuneration of management

#### Remuneration of executive management

2023

#### Name

Ms Mantwa Makanyane Acting CEO from 01 December to 31 July 2022

2022

Basic salary	SDL and UIF	Termination benefits	Total
85 026	1 754	54 931	141 711

#### Name

Mr Kgophelo Phasha - Acting CEO resigned 30 Nov 2021  
Ms Mantwa Makanyane - Acting CEO from 01 Dec 2021

Allowances	Basic salary	SDL and UIF	Termination benefits	Total
2 379	568 987	6 930	2 322	2 379
<b>2 379</b>	<b>568 987</b>	<b>6 930</b>	<b>2 322</b>	<b>578 239</b>

During the current financial year, the acting CEO was seconded to SDA by a related party (SDM) resulting in a service in kind.

#### Members of Board

2023

#### Name

Mr Tshabedi Serote (Chairperson of Board)  
Mr David Chesir  
Mr Lethabo Pheeha  
Mr Freddy Raseote  
Mr Geoffrey Mariri  
Mr Victor Maclulo Mampuru

Sitting fees	Allowances	Total
128 319	11 016	139 335
80 230	13 029	93 259
89 542	7 162	96 704
100 435	4 791	105 226
11 598	6 879	18 477
-	4 556	4 556



**Sekhukhune Development Agency**  
Annual Financial Statements for the year ended 30 June 2023

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**17. Related parties (continued)**

2022	410 124	47 433	457 557
	Sitting fees	Allowances	Total
	83 147	20 171	103 318
	89 099	24 409	113 508
	13 238	-	13 238
	88 995	16 382	105 377
	29 095	3 398	3 398
	303 574	70 284	373 858

- Name**  
Mr Landiwe Mahlangu  
Mr Victor Madulo Mampuru  
Ms Marcia Blake (Resigned)  
Mr Steven Masemola  
Mr Kwanele Mkhwanazi  
Ms Mantwa Makanyane (Acting CEO)

The CEO is seconded to SDA by a related party (SDM) resulting in service in kind. SDA uses offices paid by SDM and there is no payment by SDA for the use of those offices resulting in service in kind.

**18. Risk management**

**Liquidity risk**

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

**Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

# Sekhukhune Development Agency

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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2023 2022

### 19. Going concern

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

The ability of the municipal entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to secure funding for the ongoing operations for the municipal entity from Sekhukhune District Municipality.

### 20. Events after the reporting date

The accounting officer is not aware of any events after the reporting period.

### 21. Fruitless and wasteful expenditure

Opening balance as previously reported

460 000 460 000

An allegation was raised in the media in regards to a payment of R460 000 which came as a result of a court judgement which had compelled the municipal entity to pay the amount to a complainant on the 20th of August 2020. The matter is still under investigation by the Financial Misconduct Board and hadn't been finalised as at the date of these financial statements.

### 22. Irregular expenditure

Opening balance as previously reported

1 003 376 560 810

Add: Irregular expenditure - (Non-compliance with laws and regulations) - current

136 735 442 566

### Closing balance

1 140 111 1 003 376

### Investigation progress

This matter is still being investigated by the Financial Misconduct Board and hasn't been finalised as at the date of these financial statements.

### 23. Additional disclosure in terms of Municipal Finance Management Act

#### Audit fees

Amount paid - current year

537 023 204 316

#### Pension and Medical Aid Deductions

Amount paid - current year

282 084 264 405

### 24. Segment information

#### General information

#### Identification of segments

Management assessed the requirements of Segment reporting GRAP 18 and concluded the following: SDA does not have an activity that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity. Whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and for which separate financial information is available.

# Annexure B: Audit Report SDM 2022/2023

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

## Report on the audit of the financial statements

### Qualified opinion

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

### Basis for qualified opinion

#### Property, plant and equipment

3. The municipality did not adequately review the useful lives of property, plant and equipment at the reporting date for current year and the prior year in accordance with GRAP 17, *Property, plant and equipment*. As a result, assets with an unquantified amount had a zero and approaching zero net carrying amount whilst still being in use. I was unable to determine the impact of the misstatement on the net carrying amount of property, plant and equipment of R4 713 927 030 (2022: R4 603 695 441) as disclosed in note 3 to the financial statements by alternative means as it was impracticable to do so. Additionally, there was a resultant impact on the surplus for the period and the accumulated surplus.

#### Depreciation

4. The municipality did not depreciate property, plant and equipment, as required by GRAP 17, *Property, plant and equipment*. Consequently, depreciation is understated by R25 610 382 and property plant and equipment is overstated by the same amount. Additionally, there was a resultant impact on the surplus for the period and on the accumulated surplus.

#### Expenditure

5. The municipality did not have adequate systems in place to account for expenditure in accordance with GRAP 1, *Presentation of financial statements*. I identified expenditure amounting to R16 915 598 relating to the 2021-22 financial year which was incorrectly

accounted for in the current financial year. Consequently, bulk purchases, consulting services, repairs and maintenance and lease expenditure are overstated by R16 915 598 and payables understated by the same amount. There was a resultant impact on the surplus for the period and the accumulated surplus.

6. The municipality did not have adequate system of internal controls that ensures that expenditure is accounted for in accordance with GRAP 1, *Presentation of financial statements*. Bulk purchases amounting to R23 587 217 was incorrectly classified as contracted services. This resulted in the overstatement of contracted services and understatement of bulk purchases by the same amount. In addition, bulk purchases amounting to R12 041 566 was incorrectly classified as repairs and maintenance. This resulted in the overstatement of repairs and maintenance and understatement of bulk purchases by R12 041 566.

#### Receivables from exchange transactions

7. During 2022, the municipality did not calculate the allowance for impairment of water and waste water receivables in accordance GRAP 104, *Financial instruments*. Consequently, receivables from exchange transactions was understated by R12 113 130 and allowance for impairment of water and waste water receivables was overstated by the same amount. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

#### Provision

8. During 2022, I was unable to obtain sufficient appropriate audit evidence for various leave days taken. Adequate internal controls were not in place as there were no supporting documents for leave days taken. I was unable to confirm the leave days taken by alternative means. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

#### Contingent liabilities

9. I was unable to obtain sufficient appropriate audit evidence for contingent liabilities. Adequate internal controls were not in place to account for contingent liabilities in the financial records. I was unable to confirm the contingent liabilities by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to contingent liabilities stated at R78 808 137 in note 37 to the financial statements.

#### Contingent assets

10. I was unable to obtain sufficient appropriate audit evidence for contingent assets. Adequate internal controls were not in place to account for contingent assets in the financial records. I was unable to confirm the contingent assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to contingent assets stated at R48 617 817 in note 37 to the financial statements.

#### Irregular expenditure

11. The municipality did not record all instances of irregular expenditure as required by section 125(2)(d) of the MFMA. I identified a number of payments made in contravention of the supply

chain management (SCM) requirements that were not disclosed in the accounting records. As a result, consequently, the municipality did not have adequate systems and controls in place to ensure that all irregular expenditure is disclosed, the irregular expenditure stated at R34 370 659 in note 46 to the financial statements is understated by R59 117 774.

### Context for opinion

12. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
13. 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.
14. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### Emphasis of matters

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

#### Underspending of the conditional grants

16. As disclosed in note 23 to the financial statements, conditional grants were unspent by R254 103 033, we noted a significant underspending on the Municipal Infrastructure Grant.

#### Material impairment- trade debtors

17. As disclosed in note 29 to the financial statements, material losses of R80 309 277 were incurred as a result of non-payment by consumers and non-collection of revenue by the municipality.

#### Restatement of comparative figures

18. As disclosed in note 39 and 40 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2023.

### Other matters

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

#### Unaudited disclosure notes

20. 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.

#### Supplementary schedules

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

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

22. 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, JLSWA code of conduct and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
23. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

24. 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.
25. 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

26. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected development priorities presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
27. I selected the following development priorities presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected development priorities that measures the

Municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Development priority	Page numbers	Purpose
KPA- Basic Service delivery and infrastructure	[XX]	Basic service delivery and infrastructure is the core mandate of the municipality. The development priorities were selected for audit because of significant importance to the public.
KPA- Local economic development	[XX]	Local economic development contributes to economic growth.

28. I evaluated the reported performance information for the selected development priorities against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

29. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when; the required level of performance as well as how performance will be evaluated.

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner.
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

30. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

31. The material findings on the reported performance information for the selected development priorities are as follows:



Basic service and infrastructure

Municipalities' performance in achieving primary mandate of the

local government in 2017/18

MIG: Number of km of bulk and reticulation pipeline, yard connections and concrete reservoirs constructed. Motlailana and Makgemeng water supply

32. An achievement of 15,5 km of bulk and reticulation pipeline, 987 yard connections and 0 concrete reservoirs constructed was reported against a target of 16,5 km of bulk and reticulation pipeline, 1 304 yard connections and two concrete reservoirs constructed however, I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

MIG: Number of km of reticulation and bulk pipeline constructed - Malakana Regional Water Scheme

33. An achievement of 112,15 km of reticulation and bulk pipeline constructed was reported against a target of 84,35 km of reticulation and bulk pipeline constructed. However, the audit evidence did not support this achievement, and we were unable to confirm the validity of the evidence provided.

Operations and maintenance: Number of registered water incidents resolved within 14 days

34. An achievement of 2 855 registered water incidents resolved within 14 days was reported against a target of 4 500 however, the audit evidence did not support this achievement, we were unable to confirm the validity of the reported information as the evidence differed materially from the evidence provided.

Operations and maintenance: Number of boreholes developed

35. An achievement of eight boreholes developed was reported against a target of 20 boreholes developed. However, the audit evidence indicated the actual achievement two number boreholes developed. Consequently, the reported achievement is not valid and accurate.

Emergency management service: Percentage of reported fire prevention and safety services provided.

36. An achievement of 100% was reported on the fire prevention and safety services however, I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided by management. Consequently, I was unable to determine whether any further adjustments were required to this reported achievement.

Various indicators

**Performance indicators were not well-defined, targets were not specific and measurable**

37. The indicators were included in the approved service delivery and budget implementation plan and integrated development plan but then not clearly defined during planning processes.

Indicator	Reported achievement
MIG: Number of steel tanks erected - Lebalelo south connector pipes and Reticulation	0
Operations and maintenance: Number of KWH electricity used	474 037,452 KWH of electricity used
Planning: Number of feasibility studies and technical reports developed for Praktiseer, Leeufontein, Monsterlus, Mapodile, Waalkraal RDP, Motetema and Lebalelo South	0

#### Local economic development

#### Number of job opportunities created through EPWP

38. An achievement of 2 788 jobs opportunities created through EPWP was reported against a target of 2 788. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially more than reported.

#### Various indicators

#### Performance indicators were not well-defined, targets were not specific and measurable

39. The indicators were included in the approved service delivery and budget implementation plan and integrated development plan but then not clearly defined during planning processes.

Indicator	Reported achievement
Number of SMMEs / Co-operative support provided.	0
Number of quarterly reports on Malekana Steel Bridge replacement facilitated.	4 reports

#### Other matters

40. I draw attention to the matters below.

#### Achievement of planned targets

41. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

42. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievement's / measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

## Material misstatements

43. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery and infrastructure development. Management did not correct the misstatements and I reported material findings in this regard.

## Report on compliance with legislation

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

### Annual financial statements, performance and annual report

48. 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, current liabilities, expenditure and disclosures identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

### Asset management

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

### Expenditure management

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

51. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with 2017 preferential procurement regulations on local content requirements.

52. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R13 969 339, as disclosed in note 45 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was as a result of interest on historic debts and litigation.

#### Procurement and contract management

53. 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.

54. Some of the quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.

55. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 were procured by inviting competitive bids and that deviations approved by the accounting officer were only if it was impractical to invite competitive bids, as required by SCM regulations 19(a) and 36(1).

56. Some of the contracts were awarded to bidders based on points given for legislative requirement that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the preferential procurement regulations.

57. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.

58. Sufficient appropriate audit evidence could not be obtained that contract were only awarded to providers whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM Regulation 43.

59. The preference point system was not applied some of the procurement of goods and services as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA). Similar non-compliance was also reported in the prior year.

60. Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of the PPPFA and 2017 preferential procurement regulations 11 and/or 2022 preferential procurement regulation 4(4) and 5(4). Similar non-compliance was also reported in the prior year.

61. Some of the tenders which achieved the minimum qualifying score for functionality legislative or municipal expenditure requirement were not evaluated further in accordance with 2017 preferential procurement regulation 5(7).
62. Some of the contracts above R30 million did not include a condition for mandatory subcontracting to advance designated groups, as required by the 2017 preferential procurement regulation 9(1).
63. Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2).
64. Sufficient appropriate audit evidence could not be obtained that contracts were extended or modified with the approval of a properly delegated official as required by SCM regulation 5.
65. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA. Similar limitation was also reported in the prior year.
66. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA.
67. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA.
68. Awards were made to providers who were in the service of other state institutions in contravention of MFMA 112(1)(j) and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).

#### Consequence management

69. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
70. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
71. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
72. Appropriate action was not taken against officials of the municipality where investigations proved financial misconduct, as required by section 171(4)(b) of the MFMA and municipal regulations on financial misconduct procedures and criminal proceedings 6(8).
73. Cases of financial misconduct which constitute a crime committed by officials were not always reported to the South African Police Service, as required by the municipal regulations on financial misconduct procedures and criminal proceedings 10(1).

74. Allegations of theft, fraud, extortion, forgery and uttering a forged document which exceeded minimum value of R100 000 were not reported to the South African Police Service, as required by section 34(1) of the Prevention and Combating of Corrupt Activities Act 12 of 2004.

#### Conditional grants

75. Performance in respect of programmes funded by the Water Services Infrastructure Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the DoRA.

#### Strategic planning and budgeting

76. Annual performance objectives and indicators were not established for Sekhukhune Development Agency as required by section 93B(a) of the Municipal Systems Act 32 of 2000.

#### Other information in the annual report

77. The accounting officer is responsible for the other information included in the annual report which include the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.

78. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

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

80. 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

81. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
82. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report.
83. The accounting officer and management did not exercise adequate oversight responsibility regarding financial and performance reporting and compliance with laws and regulations.
84. Leadership did not exercise effective monitoring over the implementation of the audit action plan resulting in recurring prior year findings.
85. The basic accounting principles of daily and monthly accounting and reconciling of transactions were not adequately implemented and monitored.
86. 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.

## Material irregularities

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

### Material irregularities identified during the audit

88. The material irregularities identified are as follows:

#### Payments in to incorrect bank account

89. The municipality received an assessment statement and instalment plan from the Department of Labour, reference number 2000532591. The statement/instalment plan indicated that the municipality has outstanding payments amounting to R12 084 011, due by 30 June 2019. The outstanding amount was to be settled in 12 equal annual instalments of R1 007 011 commencing on 30 July 2018 and completed by 30 June 2019.
90. An email purported to be from an official at Department of Labour was sent to an official at the municipality indicating that payments made by the municipality towards the outstanding balance will only reflect on the municipality's Compensation for Occupational Injuries and Diseases Act 130 of 1993 (COIDA) statement once all the payments are made.
91. Once all the payments were made, it came to the attention of the municipality that the payments were made into an incorrect bank account. This resulted in non-compliance with section 62 (1)(b) of the MFMA.

92. The non-compliance resulted in material financial loss of R12 084 011 due to the payments made into an incorrect bank account.

93. The accounting officer was notified of the material irregularity (MI) on 30 January 2023 and invited to make a written submission on the actions taken and that will be taken to address the MI. The accounting officer responded on 12 April 2023 and the following actions have been taken to address the MI:

- A bilateral meeting was arranged between the municipality and the Department of Labour (Compensation for Occupational Injuries and Diseases Act) for purposes of obtaining and verifying banking details. The municipality submitted the correct banking details which was verified.
- Controls for payments of supplier invoices and third parties were strengthened. New controls were also introduced within the accounts payable unit. The municipality's banker has also introduced additional controls such as the verification of banking details.

94. The matter is currently subject to a criminal investigation by the South African Police Service (SAPS) CAS 119/12/2019. The expenditure was reported as fruitless and wasteful expenditure in the annual financial statements. Upon the conclusion of the criminal investigation by the SAPS, recovery will be made from any person or persons found liable of the theft/ fraud in a court of law.

95. Council directed the Executive Mayor and the accounting officer on 8 December 2020; SC 02/12/20 to ensure that the full amount of R12 084 132 is recovered, in terms of section 32(2) of the MFMA, from any person or persons convicted of the theft/fraud in a court of law upon the conclusion of the criminal investigation by the SAPS.

96. I will follow-up on the additional corrective actions during my next audit.

#### Use of consultants

97. The municipality appointed consultants to assist them with operational and maintenance material tagging, recording and asset management support which included work in progress assets.

98. The municipality has been qualified on work-in-progress since the 2018/19 (including 2019/20 and 2020/21) financial year, due to differences identified between the amount as per the work-in-progress register and the last payment certificates for various projects. Similar differences were identified in 2019/20 and 2020/21 financial years which resulted in modification paragraphs in the audit reports, as a result of the absence of individual payment certificates to support the total amount as per the last payment certificate per project. This resulted in non-compliance with section 62 (1)(b)(f) the MFMA.

99. The accounting officer was notified of the MI on 3 March 2023 and invited to make a written submission on the actions taken and that will be taken to address the MI. The accounting officer responded on 12 April 2023 and the following actions have been taken to address the MI



100. The accounting officer indicated that the municipality filing storage burnt down and this resulted that the work in progress register balance does not agree to the remaining available supporting documents. The municipality appointed service providers to assist with justification compiling and reconciling the work in progress register balance, as the filing storage facility burnt down and employees responsible for the upkeep of the register, resigned from the municipality. It became difficult for the municipality to produce the supporting documents to support the expenditure spent to date. In 2018/19 and 2019/20 the service provider, together with the municipality, tried to resolve the misstatements but it did not bear fruit up until the service provider's contract expired.

101. The accounting officer took steps to address the material irregularity by developing an approach during the 2021-22 financial year, which was shared with the department of co-operative governance, human settlements and traditional affairs and with the provincial treasury, after which the issues were resolved. Another service provider was appointed on a three year contract on 6 May 2021 to assist the municipality to resolve the matter. The municipality managed to capitalize and unbundle projects amounting to R700 million. The challenges relating to the legacy matters on work in progress is well documented and was provided to the auditor general, the provincial treasury and coghsta.

102. The municipality took steps to prevent a re-occurrence by ensuring that monthly reconciliations are done for both the movable and immovable fixed asset registers and that physical verifications are done every quarter. The municipality continues to improve its controls over record keeping management of both movable and immovable assets. Processes are also in place to ensure the transfer of skills from the consultants to the municipal officials.

103. I will follow-up on the additional corrective actions during my next audit.

Other reports

104. An independent investigator was appointed to investigate whether there were any irregularities in the appointment of and payments to law firms that rendered services to the municipality. The investigation was completed at the date of this audit report. The investigator recommended that disciplinary hearings be conducted for those officials that were implicated in the wrong doings.

105. A service provider was appointed to investigate the discrepancies noted in excessive overtime payments by the municipality from 1 July 2021 to 30 June 2022. The investigation was completed at the date of this audit report. It was recommended that corrective measures, including consequence management as per the approved policies and procedures be taken against municipal employees and supervisors/ authorisers for failing to perform their responsibilities.

106. There was an investigation into discrepancies identified in fuel usage for the period from May 2022 to October 2022. The investigation was completed at the date of this audit report. It was recommended that disciplinary measures be initiated against the implicated employees for fuel theft, fuel card abuse and acts of dishonesty.

107. There was an investigation performed into the alleged abuse of petrol cards belonging to the municipality municipal water tankers for the period from August 2022 to December 2022. The investigation was completed at the date of this audit report. It was recommended that disciplinary measures be taken against the implicated officials for gross dishonesty, and end reconditioning of the petrol cards.

Auditor-General

13 December 2023



AUDITOR-GENERAL  
SOUTH AFRICA

Acting to build public confidence

## Annexure to the auditor's report

The annexure includes the following:

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

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

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

#### Financial statements

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

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

## Communication with those charged with governance

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

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

In carrying out an audit in accordance with the ICAEW's Auditing Practice Statement, I am required to exercise professional judgement throughout the audit. The audit is designed to provide reasonable assurance about whether the financial statements are free from material misstatement, whether caused by error or fraud. The audit does not provide a guarantee that the financial statements are free from material misstatement. The audit is also designed to provide a limited level of assurance about whether the accounting officer has complied with selected requirements of the Companies Act 2006.

The audit is designed to provide a limited level of assurance about whether the accounting officer has complied with selected requirements of the Companies Act 2006.

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## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

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

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

# Annexure B: Audit

## Report SDA 2022/2023

# Report of the auditor-general to Limpopo Provincial Legislature and Council on Sekhukhune Development Agency

## Report on the audit of the financial statements

### Qualified opinion

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

### Basis for qualified opinion

#### Revenue from non-exchange transactions

3. Revenue from non-exchange transaction was not recorded as required by GRAP 23, *Revenue from non-exchange transactions*. Included in the revenue from non-exchange transactions is an amount of R229 977 that should have been recognized as revenue in the prior year resulting in revenue from non-exchange transactions disclosed in note 8 to the financial statements being overstated. Additionally, there was a resultant impact on surplus for the year and accumulated surplus.

#### General expenses

4. General expenses were not recorded as required by GRAP 1, *Presentation of financial statements*. Included in the expenditure of R1 211 837 is an amount relating to expenditure incurred in the prior year amounting to R248 800. The municipal entity did not have adequate systems in place to account for expenses in the correct accounting period. Consequently, expenditure is overstated by R248 800. Additionally, there was a resultant impact on surplus for the year and accumulated surplus.

#### Employee related costs

5. Employee related costs were not recorded as required by GRAP 1, *Presentation of financial statements*. Included in the employee related costs of R1 391 387 is an amount of R72 569 for



a leave payment which did not occur. Consequently, the employee related costs is understated by R72 569. Additionally, there was a resultant impact on surplus for the year and accumulated surplus.

### Context for opinion

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
7. I am independent of the municipal entity 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.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### Emphasis of matter

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.  
**Fruitless and wasteful expenditure**
10. As disclosed in note 21 to the financial statements, irregular expenditure of R460 000 that was incurred in the previous years was still under investigation.

### Other matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.  
**Unaudited supplementary schedules**

12. The supplementary information set out on pages xxx to xxx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

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

13. 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 for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

14. In preparing the financial statements, the accounting officer is responsible for assessing the consequent impact of the municipal entity'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 municipal entity or to cease operations or has no realistic alternative but to do so.

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

15. 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.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

### Report on the annual performance report

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

18. I selected the following material performance indicators related to Local Economic Development presented in the annual performance report for the year ended 30 June 2023. I selected those indicators that measure the municipal entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- Number of engagements for SDA to be appointed as the FSPU facilities management facilitated.
- Number of local cotton producers collected for database
- Number of engagements on appointment of SDA inclusion to SEZ project to sign MOU between SDA and FTIP facilitated.
- Number of engagements to revive partnership with MINTEK to conduct district mineral resource survey
- Number of draft feasibility study conducted
- Number of Marketing activities on district heritage sites campaigns conducted
- Number of skills development learning intervention programmes facilitated

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipal entity's compliance with legislation.

27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the [type of auditee], clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

#### Annual Financial Statements and Annual Report

30. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.

Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected, which resulted in the financial statements receiving a qualified audit opinion.

#### Expenditure Management

31. Money owed by the municipal entity was not always paid within 30 days, as required by section 99(2)(b) of the MFMA.

#### Procurement and Contract Management

32. Services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a).

33. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM Regulation 17(1)(a) and (c).

34. The performance of a provider was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

#### Strategic planning and budgeting

35. The annual performance objectives and indicators were not established by agreement with the parent municipality, as required by section 93B(a) of the MSA.

36. A multi-year business plan was not developed for inclusion in the budget, as required by section 87(5)(d) of MFMA.

37. The annual performance objectives and indicators were not included in the multi-year business plan, as required by section 87(5)(d)(i) &(iii) of MFMA and 93B(a) of the MSA.

Other information in the annual report

38. The accounting officer is responsible for the other information included in the annual report, which includes the audit committee's report. The other information referred to does not include the separate financial statements, the auditor's report and those selected material indicators in the scoped-in objective presented in the annual performance report that have been specifically reported on in this auditor's report.

39. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

40. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the separate financial statements and the selected material indicators in the scoped-in objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

41. 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

42. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

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

44. The accounting officer did not adequately review the annual performance report and financial statements prior to submission for audit resulting in material misstatements which were identified during the audit.

45. The accounting officer did not adequately review and monitor compliance with applicable procurement legislation and the MFMA. Supply chain management processes were inadequate resulting in material irregular expenditure for the municipal entity.
46. The accounting officer did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
47. The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls within the current financial year.

**Other reports**

48. I draw attention to the following engagements conducted by various parties. 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.
49. The municipal entity paid an amount of R460 000 during the previous financial year as a result of an alleged court judgement. An investigation is currently being conducted by the financial misconduct disciplinary board to determine the liable parties. The investigation was still in progress at the conclusion of the audit report.

*Auditor-General*

Polokwane

12 December 2023



AUDITOR GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure to the auditor's report

The annexure includes the following:

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

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism:

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

#### Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipal entity 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 municipal entity 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.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

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

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

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

*Communication with those charged with governance*

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

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



## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Companies Act	Co Act section 46(1)(a) Co Act Section 46(1)(b) Co Act section 46(1)(c)
Municipal Finance Management Act 56 of 2003	MFMA Section 122(1) MFMA Section 126(2)(b) MFMA Section 133(1)(a) MFMA Section 133(1)(c)(i) MFMA Section 133(1)(c)(ii) MFMA Section 99(2)(b) MFMA Section 99(2)(a) MFMA Section 99(2)(c) MFMA Section 95(d) MFMA Section 87(8) MFMA Section 87(6)(c) MFMA section 87(5)(d) MFMA section 87(5)(d)(i)&(iii) MFMA section 87(5)(d) MFMA section 87(5)(d)(i)&(iii) MFMA section 88(1)(a) Municipal budget and reporting regulation 73(1) Municipal budget and reporting regulation 73(2) Municipal Budget & reporting reg 75(1) MFMA Section 170
Prevention and combating of corrupt activities Act of 2004	MFMA 1 - paragraph (a), (b) & (d) MFMA Section 102(1) Municipal Budget & Reporting reg 75(2) MFMA section 102(2)(a) Municipal Budget & reporting reg 75(1) MFMA Section 102(1) MFMA section 172(3)(a) Financial Misconduct reg 5(4) MFMA Section 172(3)(b) Financial Misconduct reg 6(8)(b) Financial Misconduct reg 10(1)
Municipal system Act 32 of 2000	PRECCA Section 34(1)
	MSA section 93B(a)

Legislation	Sections or regulations
	MSA section 93B(a) MSA section 93C(a)(iv) MSA section 93C(a)(iv)
Public Service Act 103 of 1994 (PSA)	All requirements
Preferential Procurement Policy Framework Act 5 of 2000	All requirements
Construction Industry Development Board Act 38 of 2000	All requirements

# Annexure C: SDBIP

## Cumulative

## Performance Report

# 2022/2023

Public Service Act 102 of 1994  
Revenue and Fiscal Management  
FICA 2018-2019 Act 6 of 2018  
National Industry Development Board

MSA  
MSV  
MSA  
All  
Ad  
All

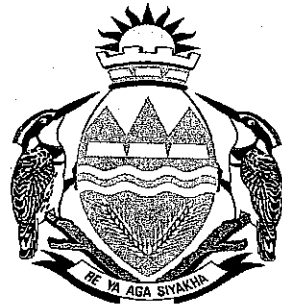


**SEKHUKHUNE**  
District Municipality

**2022/2023**

# **ANNUAL PERFORMANCE REPORT**

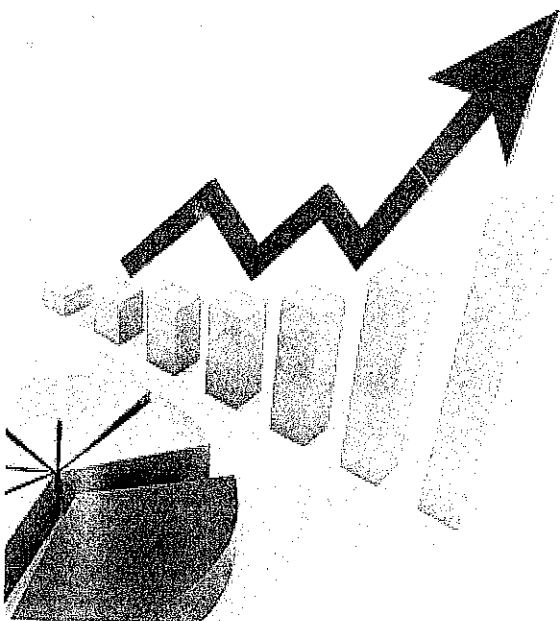




SEKHUKHUNE  
District Municipality

**2022/2023**

# **ANNUAL PERFORMANCE REPORT**



**CONTENTS:**

1. Legislative mandate
2. Summary of Municipal Performance financial year 2022/2023 per KPA
3. Municipal Annual Performance report for 2021/2022 Financial Year
4. Detailed challenges and remedial actions of non-performance targets 2022/2023
5. Service Delivery and Budget Implementation Plan 2023/2024
6. Performance of service providers 2022/2023 Financial Year
7. Measures to improve performance.
8. Conclusion
9. Approval
10. Appendix A: Performance Rating for Service Providers
11. Annexure APR1: Excel detailed annual performance report.

## **1. LEGISLATIVE MANDATE**

### **Annual Performance Report preparation**

The Annual Performance Report (APR) of Sekhukhune District Municipality (SDM) for the financial year 2022/2023 has been prepared in compliance with the provisions of the Local Government Municipal Finance Management Act 56 of 2003 which provides as follows:

Section 121 (3) (c) of the Local Government Municipal Finance Management Act, 2003 (Act no. 56 of 2003):

*“the annual report of the municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the municipal Systems Act”*

Section 46 (1) of the Local Government Municipal Systems Act, 2000

*“a municipality must prepare for each financial year an annual report consisting of-*

*(a) a performance report reflecting-*

- (i) the municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year*
- (ii) the development of service delivery priorities and performance targets set by the municipality for the following financial year, and*
- (iii) measures that were or are to be taken to improve performance*

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In preparing the APR for 2022/2023, Sekhukhune District Municipality (SDM) has taken into account all the provisions of the relevant local government legislation to ensure that the APR complies with the requirements as set out by the law. The APR will also form part of the Annual Report (AR) which shall be tabled before council in January 2024. The APR will form part of bundle of documents that will be submitted together with the Annual Financial Statements of the SDM for 2022/2023 financial year Auditor General South Africa

## **2. SUMMARY OF MUNICIPAL PERFORMANCE FOR 2022/2023 AS PER KPA**

The Municipality had planned to achieve a total of 188 targets for the 2022/2023 financial year. The Municipality managed to achieve 117 of the 188 set targets which is an equivalence of 62% and 71 set targets were not achieved. This translates to 38% underachievement of the 2022/2023 financial year.

The municipality has slightly improved with 3% compared with the previous financial year which was at 59% achievement against the planned targets. The Department of Infrastructure and Water Services as the key Department of the district with 46 targets and only achieved 5 targets which translate to 10% were achievement against 2022/2023 financial year targets. This poses a risk to the municipality as the municipality continue to fail to provide basic services to communities. The late appointment of service providers and community unrest caused by business forums continue to affect the performance of the municipality. The municipality is devising plans to address the root causes of underachievement.

The following table outline the performance as per key performance area for the 2022/2023 financial year.

**TABLE 1:**

KEY PERFORMANCE AREAS	2021/2022 ANNUAL PERFORMANCE	2022/2023 ANNUAL PERFORMANCE			
		% ACHIEVED	NUMBER OF SET TARGETS	NUMBER OF ACHIEVED TARGETS	NUMBER OF TARGETS NOT ACHIEVED
<b>BASIC SERVICE DELIVERY AND INFRASTRUCTURE</b>					
Infrastructure & Water Services	17%	46	05	41	10%
Community Services	100%	17	17	00	100%
<b>TOTAL</b>	<b>40%</b>	<b>63</b>	<b>22</b>	<b>41</b>	<b>35%</b>
<b>GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>					
Office of the Speaker	76%	15	12	03	80%
Office of the Executive Mayor	72%	22	18	04	88%
Office of the Municipal Manager	83%	20	16	04	80%
<b>TOTAL</b>	<b>77%</b>	<b>57</b>	<b>46</b>	<b>11</b>	<b>81%</b>
<b>INSTITUTIONAL DEVELOPMENT AND ORGANISATIONAL DEVELOPMENT</b>					
Corporate Services	72%	21	14	07	67%
IDP, PMS & Legal Services	77%	15	14	01	87%
<b>TOTAL</b>	<b>74%</b>	<b>36</b>	<b>28</b>	<b>08</b>	<b>80%</b>



FINANCIAL MANAGEMENT AND VIABILITY					
TOTAL	53%	15	11	04	73%
SPATIAL RATIONALE					
TOTAL	75%	06	06	00	100%
LOCAL ECONOMIC DEVELOPMENT					
TOTAL	40%	11	04	07	36%
TOTAL Performance	59%	188	117	71	62%
SEKHUKHUNE DEVELOPMENT AGENCY	36%	09	05	04	55%

TABLE 2: 2022/2023 ANNUAL PERFORMANCE AS PER DEPARTMENTS

DEPARTMENT	NO. OF TARGETS	TARGETS ACHIEVED	TARGETS NOT ACHIEVED	% ACHIEVED
Infrastructure & Water Services	46	05	41	10%
Community Services	17	17	00	100%
Corporate Services	21	14	07	67%
Municipal Manager's Office	31	26	5	84%
Office of the Executive Mayor	22	18	04	88%
Office of the Speaker	15	12	03	80%
Budget & Treasury Office	15	11	04	73%
Planning & Economic Development	21	14	07	67%
Total	188	117	71	62%

Attached is the excel reports with full explanation of challenges and remedial actions for targets not achieved. (Annexure APR1)

Below is a graphical depiction of the overall performance of the Municipality in the financial year 2022/2023.

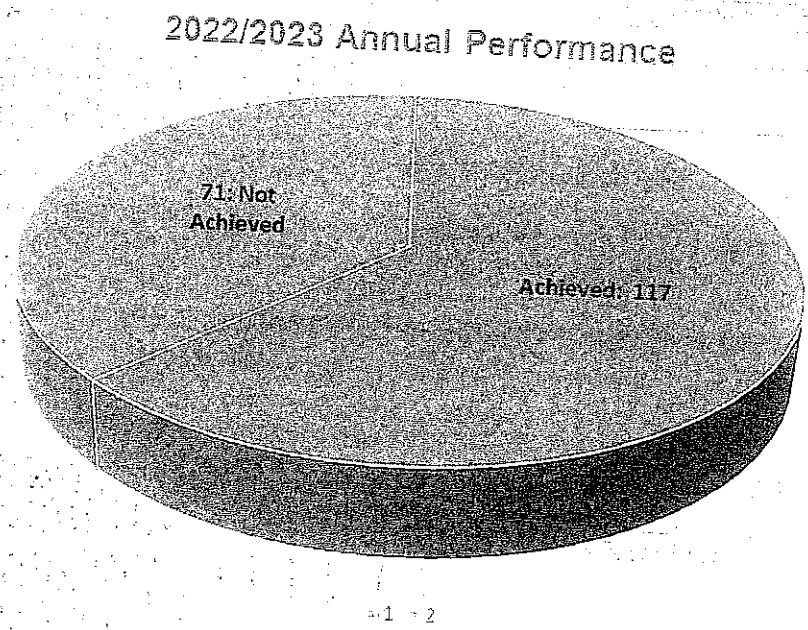


Figure 1

**3. MUNICIPAL ANNUAL PERFORMANCE REPORT FOR 2021/2022 FINANCIAL YEAR**

The Municipality had planned to achieve a total of 185 targets for the 2021/2022 financial year. The Municipality managed to achieve 110 of the 185 set targets which is an equivalence of 59% and 76 set targets were not achieved.

However, the municipality has declined with 4% from the previous financial year. The Department of Infrastructure and Water Services as the key Department of the district with 47 targets and only achieved 8 targets at 17%. Due to poor provision of water services to communities, the Municipality faces challenges of community unrest.

The Department is constantly experiencing challenges relating to slow procurement processes, lack of source developments, poor performance by contractors and inability of ESKOM to provide electricity to water sources.

Table 3 below is an executive summary of the performance per the Key Performance Areas for the 2021/2022 financial year

TABLE 3:

KEY PERFORMANCE AREAS	2020/2021 ANNUAL PERFORMANCE	2021/2022 ANNUAL PERFORMANCE			
	% ACHIEVED	NUMBER OF SET TARGETS	NUMBER OF ACHIEVED TARGETS	NUMBER OF TARGETS NOT ACHIEVED	% ACHIEVED
<b>BASIC SERVICE DELIVERY AND INFRASTRUCTURE</b>					
Infrastructure & Water Services	29%	47	08	39	17%
Community Services	100%	18	18	-	100%
<b>TOTAL</b>	<b>45%</b>	<b>65</b>	<b>26</b>	<b>39</b>	<b>40%</b>
<b>GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>					
Office of the Speaker	83%	13	10	03	76%
Office of the Executive Mayor	75%	22	17	05	72%
Office of the Municipal Manager	70%	18	14	04	83%
<b>TOTAL</b>	<b>75%</b>	<b>53</b>	<b>41</b>	<b>12</b>	<b>77%</b>
<b>INSTITUTIONAL DEVELOPMENT AND ORGANISATIONAL DEVELOPMENT</b>					
Corporate Services	80%	25	18	07	72%
IDP, PMS & Legal Services	93%	13	10	03	77%
<b>TOTAL</b>	<b>84%</b>	<b>38</b>	<b>28</b>	<b>10</b>	<b>74%</b>
<b>FINANCIAL MANAGEMENT AND VIABILITY</b>					
<b>TOTAL</b>	<b>55%</b>	<b>15</b>	<b>08</b>	<b>07</b>	<b>53%</b>
<b>SPATIAL RATIONALE</b>					
<b>TOTAL</b>	<b>75%</b>	<b>04</b>	<b>03</b>	<b>01</b>	<b>75%</b>
<b>LOCAL ECONOMIC DEVELOPMENT</b>					
<b>TOTAL</b>	<b>60%</b>	<b>10</b>	<b>04</b>	<b>06</b>	<b>40%</b>
<b>TOTAL Performance</b>	<b>63%</b>	<b>185</b>	<b>110</b>	<b>75</b>	<b>59%</b>

<b>SEKHUKHUNE DEVELOPMENT AGENCY</b>	<b>36%</b>	<b>15</b>	<b>8</b>	<b>7</b>	<b>53%</b>
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**TABLE 4: 2021/2022 ANNUAL PERFORMANCE AS PER DEPARTMENTS**

<b>DEPARTMENT</b>	<b>NO. OF TARGETS</b>	<b>TARGETS ACHIEVED</b>	<b>TARGETS NOT ACHIEVED</b>	<b>% ACHIEVED</b>
Infrastructure & Water Services	47	08	39	17%
Community Services	18	18	-	100%
Corporate Services	25	18	07	72%
Municipal Manager's Office	27	20	07	74%
Office of the Executive Mayor	22	17	05	77%
Office of the Speaker	13	10	03	76%
Budget & Treasury Office	15	08	07	53%
Planning & Economic Development	18	10	08	56%
<b>Total</b>	<b>185</b>	<b>110</b>	<b>76</b>	<b>59%</b>

Below is a graphical depiction of the overall performance of the Municipality in the financial year 2021/2022:

## 2021/2022 ANNUAL PERFORMANCE

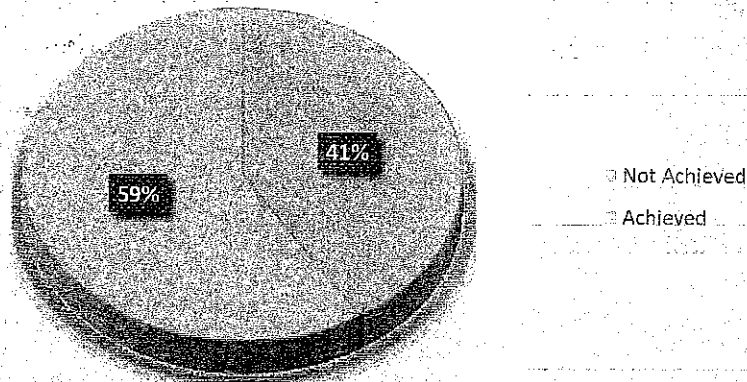


Figure 2

### 4. DETAILED CHALLENGES AND REMEDIAL ACTIONS OF NON-PERFORMANCE FOR THE FINANCIAL YEAR 2022/2023

#### BASIC SERVICE DELIVERY AND INFRASTRUCTURE

On the above-mentioned KPA, the municipality had planned 46 targets. Only 5 targets were achieved and 41 not achieved. The main contributing non-performance factors with remedial actions are discussed below:

**TABLE 3**

**BASIC SERVICE DELIVERY**

PROJECT	INDICATORS	ANNUAL TARGET 2021/2022	ANNUAL ACTUAL PROGRESS	CHALLENGES	REMEDIAL
<b>OPERATION AND MAINTENANCE (O&amp;M)</b>					
Water incidents	Number of registered water incidents resolved within 14 days	4500 registered water incidents resolved within 14 days	2855 registered water incidents resolved within 14 days	Delays in procurement of Material	fasttrack appointment of service providers on terms contract
Bulk Water Purchases Provision of water through water tankers	Number of Kilolitres of water provided through water tankers	315 360 kl of water provided through water tankers	126 421 kl of water provided through water tankers	Loadshedding, broken water tankers and burst bulk pipeline affected the supply of water through tankers.	Explore alternative power supply and repair timeously the broken trucks and bulk pipelines.

<b>RURAL ROADS ASSET MANAGEMENT SYSTEM (RRAMS)</b>					
Development of Rural Roads Asset Management System	Number of km of Roads assessed, traffic counting stations completed and Road Asset Management Plan developed.	1 500km of Roads assessed, 200 traffic counting stations completed and 1 Road Asset Management Plan developed.	0km of Roads assessed, 0 traffic counting stations completed and 1 Road Asset Management Plan developed.	Late appointment of service provider	Service provider to expedite implementation of project.
	<b>REGIONAL BULK INFRASTRUCTURE GRANT (RBIG)</b>				
Construction of Mooihoek bulk water supply phase G1.1	Number of km of bulk water supply pipeline and package plant constructed	3 km of bulk water supply pipeline and 1 package plant constructed	0 km of bulk pipeline and 0 package plant constructed (Site establishments and delivery of pipes done)	Delayed delivery of material on site. Procurement of nominated sub-contractor for the installations of the Package Plant	Expedite construction

Construction of Mooihoek bulk water supply Phase G2	Number of km of bulk water supply pipeline and 500kl reinforced concrete reservoir constructed	4,9 km of bulk water supply pipeline and 500kl reinforced concrete reservoir constructed	2,9 km of bulk water supply pipeline and 500kl reinforced concrete reservoir constructed	Non-achievement of annual target	Some of the work was already achieved in the prior financial year (project completed)
Nebo BWS Makgeru to Schoonoord BWS	Number of km of bulk pipeline constructed	5km of bulk pipeline constructed	2,8km of bulk pipeline constructed	Project was delayed due to prolonged process of approving additional professional fees which was done in November 2022	Professional fees approved and contractor resumed with construction mid-February 2023, progress has since improved on site
Moutse BWS Project (7 to 12)	Number of Kilometres of bulk water supply pipeline constructed and tested	4 Kilometres of bulk water supply pipeline constructed and tested	1,4 Kms of bulk water supply pipeline constructed and tested	Current disruption by business forum. Pipes burst during pressure testing/ funds needed to add more pipe material to replace the damaged or failed pipes	Resolve disputes or concerns by business forum Add amount of money needed to purchase extra pipes.



Moutse BWS Project 13 & 14	Number of mechanical and Electrical (M & E) components installed for the extensions to the Groblersdal Treatment Works and pump station. Civil works for number of clarifier basin	1 mechanical and Electrical (M & E) components installed for the extensions to the Groblersdal Water Treatment Works and pump station. Civil works for 1 clarifier basin done.	1 mechanical and Electrical (M & E) components installed for the extensions to the Groblersdal Water Treatment Works and pump station. Civil works for 1/2 clarifier basin done.	Current disruption from business forum. Pumps requires refurbishment.	Resolve disputes or concerns by business forum
<b>WATER SERVICES INFRASTRUCTURE GRANT (WSIG)</b>					
Tukakgomo Water Intervention Phase V	Number of Kilometres of pipeline constructed, and number of water metres installed	2.4 Kilometres of pipeline constructed, and 185 water metres installed	0 Km of pipeline constructed, and 0 water metres installed.	None	Expedite appointments once the tender closes.

Maebe Water Intervention Project – Phase IV	Number of Reverse Osmosis Plant and Wastage Line to specified discharge point constructed	1 Reverse Osmosis Plant and 1 Wastage Line to specified discharge point constructed	0 Reverse Osmosis Plant and 0 Wastage Line to specified discharge point constructed	Late appointment of Contractor	Ensure adherence to procurement plans and improve monitoring
Legolaneng VIDP Sanitation Project	Number of VIDP sanitation units constructed	440 VIDP sanitation units constructed	6 VIDP sanitation units constructed (206 pit excavation, 43 pit lining)	Late appointment of the contractor.	To expedite the work on site.
eNkosini Water Supply	Number of water treatment works refurbished, and km of reticulation network repaired.	1 water treatment works refurbished, and 2km of reticulation network repaired.	0 water treatment works refurbished, and 0km of reticulation network repaired.	Late appointment of the contractor and the delay in finalisation of the PEP for 2023/24 FY	Project to be implemented in 2023/24 FY

Ga-Marishane Village water supply	Number of boreholes equipped, and km of pipeline constructed	4 Boreholes equipped and 3km pipeline constructed	0 Boreholes equipped and 0km pipeline constructed	None	Expedite the appointment of panel of consultants
<b>MUNICIPAL INFRASTRUCTURE GRANT (MIG)</b>					
Motlailana and Makgemeng Water supply	Number of Km of bulk & reticulation pipeline, yard connections and concrete reservoirs constructed.	16,5 Km of bulk & reticulation pipeline, 1304-yard connections and 2 concrete reservoirs constructed.	15,5 Km of bulk & reticulation pipeline, 987-yard connections and 0 concrete reservoirs constructed.	Slow progress from the contractor. The main contractor continuously delays payment of subcontractors on site which impacts negatively on the progress.	Contractor is on penalties
NSD07 Regional Water Scheme Construction of reservoirs	Number of bulk pipelines constructed, and concrete reservoirs completed	3km of bulk pipelines constructed and 2 concrete reservoirs completed	0,1km of bulk pipelines constructed and 0 concrete reservoirs completed (Foundation and floor slabs of 2 reservoirs completed)	Delays on the completion of project due to stoppages caused by community including SMMEs and business forums	SDM Senior management had meetings with the contractor and other stakeholders in June 2023 with the aim to unlock the project and recommendations are at advanced stages of approval

De Hoop/Nebo Plateau/Schoonoord Water Scheme Villages: Ga -Mogashoa (Senkapudi) and Ga-Mogashoa (Manamane)	Number of water reticulation pipeline constructed	2 kilometres of water pipeline constructed	1,5 kilometres of water pipeline constructed	Delays on the completion of project due to insufficient material and stoppages on site caused by delayed payments to SMMEs and labourers	Contractor has since procured the outstanding material and anticipates delivery first week of July 2023. Contractor has since processed some of the outstanding payments
De Hoop/ Nebo Plateau/ Schoonoord Water Scheme Villages: Makgeru, Ga Ratau and Matekane	Number of km of reticulation pipeline constructed, yard connections with water meters installed and borehole equipped	38 km of reticulation pipeline constructed, 2000 of yard connections with water meters installed & 1 Borehole equipped	0 km of reticulation pipeline constructed, 0 connections with water meters installed & 0 Borehole equipped	The project was halted/suspended pending finalisation of the approval of the variation order on additional scope of work.	Variation order has been approved. Contractors are back on site. Construction to resume when all contractual matters are met. The revise completion date is 31 October 2023.
Lebalelo South Phase 3(Ga -Maroga & Motlole)	Number of Km of bulk and Km of reticulation pipeline constructed. Number of WTW constructed boreholes refurbished & house water meters connected	24km bulk, & 25,3km reticulation pipeline constructed, 3 refurbishment of boreholes, 1 WTW constructed, and 912 house	25,361km of bulk & 31,756 km reticulation pipeline constructed, refurbishment of 1 borehole, 1 WTW and 1023 house water meters	Illegal mining activities happening around the area, damaging constructed pipes.	The matter has been escalated to the office of the Executive Mayor for intervention.

	water meters connected	connections		
Upgrading of De Hoop WTW	2 sludge dams, 3 pumps upgraded	Project was re-advertised	Contractor was not appointed	Expedite appointment of service provider.
Upgrading of Groblersdal - Luckau Bulk Water Scheme Phase 1	3 Km of bulk pipeline constructed	0 km of reticulation pipeline constructed (Tender on advert)	Late completion of detailed design by PSP, failure by PSP to finalize the tender on time.	Expedite appointments once the tender closes.
Moutse East and West Water Reticulation	21 Km of reticulation pipeline constructed	0 % reservoir Completed	Disputes regarding the authorisation of additional work, poor administration of the contract by the consultants. Unapproved Variation	Re-evaluation and Submission of a variation order and cost estimation on the outstanding work, instruction to contractor to complete the project

Ga Maphopha Command Reservoir	Percentage of Reservoir constructed	100% Reservoir constructed	Equipping of two (2) drilled borehole, construct one (1) steel tank reservoir, construction of 0 pump house and connect to existing reticulation network.	*Contractors abandoned site due to the approval of variation order that was not approved.	*Contractors are back on site and committed to complete the remaining work.
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**GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

**INTERNAL AUDIT**

PROJECT	INDICATORS	ANNUAL TARGET 2021/2022	ANNUAL ACTUAL PROGRESS	CHALLENGES	REMEDIAL
Regularity audit	Number of regularity audit conducted and issued	29 Regularity Audits conducted and issued (25 SDM & 4 SDA)	6 Regularity Audits conducted	1. Performed more due diligence on SCM tenders reviews 2. Lack of resources (Human and Budget)	There is an SLA in place between IA and the MM indicating the threshold of the due diligence - To outsource other audits projects- To recruit one Auditor

ICT Audits	Number of ICT Audits conducted and issued	4 ICT Audit conducted, and reports issued	1 ICT Audit conducted, and reports issued	Lack of resources (Human and Budget)	ICT Audits to be outsourced in the next financial year (2023-2024 F/Y)- to recruit the ICT Auditor
External assessment review	Number of external quality assessment performed	1 external quality assessment performed	0 external quality assessment performed. Request was made to Provincial Treasury to assist in conducting the external quality assessment readiness. Waiting for the response.	External Quality Assessment was not conducted since the inception of the municipality therefore IA should check its readiness first before embarking on the real project with cost.	External Quality Assessment readiness to be conducted first and the results of the readiness will determine timing of the external quality assessment.
<b>RISK MANAGEMENT</b>					
Anti-Fraud & Corruption awareness	Number of Anti-fraud and corruption awareness workshop conducted	4 Anti-fraud and corruption awareness workshop conducted	02 Anti-fraud and Corruption awareness workshop conducted	Capacity constrains	Conduct an additional workshop in the first (1st Q) of 2023/2024FY

PUBLIC PARTICIPATION, MPAC SUPPORT; SECRETARIAT AND SUPPORT					
FORA	Number of fora facilitated	16 Fora facilitated.	15 Fora facilitated. 4 Speakers' Forum, 4 Chief Whips' Forum. 4 Public participation Forum. 2 MPAC forum. 1 Secretariat Forum facilitated.	Secretariat Forum not held due to conflicting schedules	To implement in 2023/24 new financial year as per adopted schedule of council activities.
Public participation sessions.	Number of public participation sessions facilitated	15 public participation sessions facilitated	14 public participation sessions facilitated. *7 public participation meetings on 2021/2022 draft annual report and *7 public consultation meetings on the IDP/Budget facilitated. *1 District Ward Committee Conference not facilitated.	Conflicting schedules	To implement the project in 2023/24 new financial year

Overall, Council will continue to support the public participation process and will continue to work with the public to ensure that the public participation process is as effective as possible.



Strategic planning sessions for Section 79 Portfolio Committees and MPAC	Number of Strategic planning sessions (Section 79 Portfolio Committees and MPAC) facilitated	2 Strategic planning sessions (Section 79 Portfolio Committees and MPAC) facilitated	1 Strategic planning session (MPAC) facilitated. 1 Section 79 Portfolio Committees Strategic planning session not facilitated.	Conflicting schedules	1 Section 79 Portfolio Committees Strategic planning session will be facilitated on Q1 2023/24 financial year
<b>COMMUNICATIONS; ADVOCACY; SOCIAL FACILITATION; SPECIAL PROGRAMMES AND ARTS &amp; CULTURE</b>					
Newsletter & Publications	Number of newsletters produced	8 newsletters produced.	7 Internal and External produced. 2 Internal and 1 Newsletters produced Midterm. No Internal Newsletter Produced in Second Term. 1 Internal and 1 External Newsletters Produced. Q3. 1 Internal and, 1 External Newsletters Produced.	Not enough articles to produce the internal newsletter in the second term	Internal and external newsletters to be produced in the new financial year 2023/24.

Call Centre Revamping & Maintenance	Number of Call Centre revamped	1 Call Centre revamped	0 Call Centre Revamped.	Logistics not done	Logistics to be done in the new financial year.
District AIDS Council activities	Number of district AIDS Council activities coordinated	4 district AIDS Council activities coordinated	1 District AIDS Council activity coordinated. District AIDS Council held through Zoom 27/10/2022 (Men's Parliament)	Local Municipalities not yet launched the councils	Launches will be organised
Mayor's forum	Number of Mayor's forum facilitated	4 Mayor's forum facilitated	1 Mayor's Forum Facilitated	Clashes of Mayoral Programmes	Scheduled fourth term

**INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT**

<b>LABOUR RELATIONS</b>		<b>INDICATORS</b>	<b>ANNUAL TARGET 2021/2022</b>	<b>ANNUAL ACTUAL PROGRESS</b>	<b>CHALLENGES</b>	<b>REMEDIAL</b>
Local labour Forums	Number of LLF meetings facilitated	12 LLF meetings facilitated	9 LLF meetings facilitated.	Labour walkout/boycotted LLF meetings pending the response to their Grievances by the MM and EM.	Management to respond promptly to issues raised by labour.	
<b>INFORMATION &amp; COMMUNICATION TECHNOLOGY</b>						
ICT Steering Committee Meetings	Number of meetings convened	4 meetings convened.	3 meetings convened	oversight erroneous assumption that the fourth quarter meeting can be convened after the quarter	re-convene the ICT steering committee meeting	
<b>AUXILIARY SERVICES</b>						
Filing cabinets	Number of filing cabinets purchased.	06 filing cabinets purchased	06 filing cabinets purchased	Underbudgeted. The budget allocated not sufficient	To be implemented next 2 <sup>nd</sup> quarter financial year	

IGR cluster group	Number of IGR cluster groups with all local municipalities facilitated.	7 IGR cluster groups with all local municipalities facilitated	3 IGR cluster groups with all local municipalities facilitated.	The planned meetings could not quorate	To be implemented next financial year quarterly.
<b>EMPLOYEE ASSISTANCE PROGRAMME</b>					
Personal Protective Equipment	Percentage of Personal Protective Equipment provided to employees.	100% Personal Protective Equipment provided to employees.	100% Personal Protective Equipment (301 PPE items) provided to employees)	Delay from Service Provider regarding delivery of PPE	The matter is referred to Legal Services Unit
<b>HUMAN RESOURCE MANAGEMENT</b>					
Recruitment and Selection.	Percentage of funded and vacant positions filled	100% of funded and vacant positions filled	1,09% of funded and vacant positions were filled.	Manpower challenges against added activities as required by municipal staff regulation.	Increase manpower numbers in HRM Unit

<b>PERFORMANCE MANAGEMENT</b>					
Individual performance assessments for senior managers	Number of performance assessments for senior managers conducted. (2021/22 Annual & 2022/23 Mid-term)	02 performance assessments for senior managers conducted. (2021/22 Annual & 2022/23 Mid-term)	0 performance assessments for senior managers conducted. (2021/22 Annual & 2022/23 Mid-term)	The 02 Candidates were invited to the Assessment session but indicated the none -availability	Assessment to be conducted with the newly appointed section 56 managers
<b>LOCAL ECONOMIC DEVELOPMENT</b>					
Support to SMMEs and Co-operatives	Number of SMMEs / Co-operative support provided.	20 SMMEs / Co-operatives supported	SMMEs/Cooperatives support not provided	Tender is at adjudication stage	To expedite finalisation of the procurement processes
District Flea Market	Number of feasibility studies on the development of Flea Markets facilitated within the district	1 feasibility study on the development of a Flea Market facilitated within the District	Tender validity period expired on the 18 April 2023	The tender could not be readvertised as development of the feasibility study require a minimum of 2 months and above.	The project to be implemented in the future financial years.

Development of feasibility study for Poultry Abattoir facility	Number of feasibility study on Poultry Abattoir facility facilitated	1 feasibility study on development of Poultry Abattoir facility facilitated	Tender validity period expired on the 18 April 2023	The tender could not be readvertised as development of the feasibility study require a minimum of 2 months and above.	The project to be implemented in the future financial years.
Development of Industrial Development Master Plan for the Special Economic Zone (SEZ) (PED)	Number of Regional Industrial Development Master Plan developed	1 Regional Industrial Development Master Plan developed	0 Regional Industrial Development Master Plan developed	Severely underbudgeted	To be implemented in the next financial year 2023/2024.
Fencing of Tjate Heritage Site	Number of fencings of Tjate Heritage Site developed.	1 fencing off of Tjate Heritage Site facilitated.	Support to 20 SMMEs/Cooperatives not provided	Tender is at adjudication stage	To expedite finalisation of the procurement processes
Farmers support	Number of farmers supported with Agricultural infrastructure	2 farmers supported with Agricultural infrastructure	Support to 2 farmers with Agricultural Infrastructure not provided	Tender is at adjudication stage	To expedite finalisation of the procurement processes
District Tourism Signage for Tourism Establishments and Products	Number of District Tourism Signage for Tourism Establishments	9 District Tourism Signage for Tourism Establishments (Manche)	4 District Tourism Signage for Tourism Establishment (Tjate Heritage Site and Manche Masemola)	Delayed procurement process for the other 5 Tourism signage	To be implemented in the next financial year 2023/2024.

(Manche Masemola, King Nyabela and Tjate)	and Products (Manche Masemola, King Nyabela and Tjate) installation facilitated	Masemola, King Nyabela and Tjate) installation facilitated	installation facilitated
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FINANCIAL VIABILITY					
PROJECT	INDICATORS	ANNUAL TARGET 2021/2022	ANNUAL ACTUAL PROGRESS	CHALLENGES	REMEDIAL ACTION
Clean Audit	Percentage of Finance related Audit findings resolved	100% of Finance related Audit findings resolved	65% of Finance related Audit findings resolved	The Web based Audit Action completed without uploading the supporting documentation	Timely uploading of supporting documentation of the Web based Audit Action Plan
Improved revenue base and collection rate	Percentage of revenue collected against the billing	75% of revenue collected against the billing	46% revenue collection against the billing	Lack of internal capacity to effect the disconnection	Fast track the appointment of Meter readers to do the disconnections

Customer Data cleansing	Number of service provider appointed for data cleansing	1 service provider appointed for data cleansing	Awaiting the appointment of provider to do data cleansing	Delay in the procurement of provider to do data cleansing	Fast track the procurement of a provider to do data cleansing
pre-paid meter installations.	Number of service provider appointed to install prepaid meters	1 service provider appointed to install prepaid meters	Awaiting the appointment of provider to do prepaid meters	delay in the procurement of provider to do prepaid meters	Fast Track the appointment of the provider



**SEKHUKHUNE DEVELOPMENT AGENCY**

PROJECT	INDICATOR	ANNUAL TARGET 2022/2023	ANNUAL ACTUAL PROGRESS	CHALLENGES	REMEDIAL ACTION
Appointment of SDA as the FSPU Facilities Management	Number of Engagement for SDA to be appointed as the FSPU Facilities Management facilitated	4 Engagement for SDA to be appointed as the FSPU Facilities Management facilitated	0 Engagement for SDA to be appointed as the FSPU Facilities Management facilitated	4 engagements not facilitated due to unavailability of stakeholders	FSPU facilities to be managed by cooperatives henceforth
District-wide Skills development	skills development learning intervention programmes facilitated	4 development learning intervention programmes facilitated	1 development intervention programme facilitated	4 skills development intervention could not be facilitated due to lack of internal capacity	Consult with SETA in the 2023/2024 FY on capacitation of internal staff
Conduct Survey of District Mineral Resources (SDA)	Number of engagements to revive partnership with MINTEK to conduct district mineral resource survey	Number of engagements to revive partnership with MINTEK to conduct district mineral resource survey	3 engagements to revive partnership with MINTEK to conduct district mineral resource survey	No response from MINTEK.	Follow up with MINTEK will be done the 2023/2024 financial year.
Website development and maintenance	Number of website developed and maintained	1 website developed and maintained	1 Website not developed and maintained	Website was not developed and maintained due to Budget constraints	Development and maintenance of Website to be done in the new FY 2023/24

## **5. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN 2023/2024**

Section 53 (1) (ii) of the Local Government Municipal Systems Act, 2003 provides that the Mayor of the Municipality is charged with the responsibility to consider and approve the Service Delivery and Budget Implementation Plan for 2023/2024 financial year.

The preparation of the 2023/2024 SDBIP is against the backdrop of the findings of the Auditor General on Performance information. Measures were taken to ensure that issues raised by Auditor General are being addressed in preparation for 2021/2022 financial year. It must however be noted that as with all audit processes, the results can only be measured in 2022/2023 audit opinion.

The following is a summary of targets and budgets for implementation of programmes by Municipal Departments as per Departmental allocations:

The Executive Mayor has approved the SDBIP for the six key performance areas as per the Local Government priorities with its entity with 204 targets: The table below outline the target as per key performance area together with the entity:

<b>KEY PERFORMANCE AREA</b>	<b>NO OF TARGETS</b>
<b>Basic infrastructure and Service Delivery</b>	
Infrastructure & Water Services	45
Community Services	16
<b>TOTAL</b>	<b>61</b>
<b>Institutional Development and Organisational transformation</b>	
Corporate Services	30
PMS, IDP and Legal Services	14
<b>TOTAL</b>	<b>44</b>
<b>Good governance and public participation</b>	
Office of the Municipal Manager	21
Office of the Executive Mayor	23
Office of the Speaker	17
<b>TOTAL</b>	<b>61</b>
<b>Financial Viability</b>	<b>10</b>

<b>Spatial Rationale</b>	<b>6</b>
<b>Local Economic Development</b>	<b>11</b>
<b>TOTAL</b>	<b>193</b>

<b>Sekhukhune Development Agency</b>	<b>11</b>
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**SDBIP TARGETS AS PER DEPARTMENTS**

<b>DEPARTMENT</b>	<b>NO. OF TARGETS</b>
Infrastructure & Water Services	45
Community Services	16
Corporate Services	30
Office of the Speaker	17
Office of the Executive Mayor	23
Municipal Manager's Office	31
Planning & Economic Development	21
Budget & Treasury	10
<b>TOTAL</b>	<b>193</b>

<b>Sekhukhune Development Agency</b>	<b>11</b>
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The operational budget for the 2023/2024 financial year is R1 273 051 731,12 and capital budget R 551 608 010,00. In total budget for the 2023/204 financial year is R 1 824 659 741,12

## 7. MEASURES TO IMPROVE PERFORMANCE

Challenge	Measures to improve performance
The poor quality of technical reports due to lack of technical capacity within the Municipality	Experienced PSP's to be appointed and monitored, The existing design committee to be strengthened for reviewing technical reports prior to submission to Department of Water & Sanitation (DWS) & Bid Specification Committee (BSC). MISA has deployed officials to support the Municipality.
Poor planning due to lack of capacity within the planning department of the municipality	MISA has deployed professional engineers to support the Municipality
Inadequate application of Project Management Techniques in Planning & Implementation of projects	Continuous technical skills training & development through SAICE training programme. MISA is providing training combined with on-the-job training.
Disagreement between Traditional Leaders on land where projects are to be implemented. One village does not agree to share with neighbouring community.	Extensive consultation before the approval of the project by DWS. Obtain prior approval of Traditional Leaders for the projects to continue.
Lack of water source within the region. Sometimes the quality of water cannot be used for consumption which compels the Municipality to stall the projects. Additional funding will therefore be required to build a package plant. This funding acquisition process takes time.	At planning stage, the quality and quantity of underground water must be determined before the technical report to drill a borehole is submitted for funding.
Delays by Eskom to energise completed projects for commissioning.	Submit application for connection to Eskom grid at the planning stage of the projects to accommodate their sourcing period.
Structuring of the RBIG to be paid to the Municipality via DWS whereas the DORA allocates it directly to the Municipality. DWS delays the payment of service providers funded from this grant.	Engage the National Treasury to transfer the RBIG grant directly to the municipality

**8. CONCLUSION**

The Annual Performance Report (APR) reflects the performance of Sekhukhune District Municipality during 2022/2023 financial year. The APR also contrasts the performance of the year under review with the performance of the prior year which is 2021/2022. The APR also highlights the performance of service providers that were contracted by the municipality to provide services as part of fulfilling the municipal powers and functions.

**APPROVAL**

  
**Ms M.N RAMPEDI**  
**ACTING MUNICIPAL MANAGER**

**DATE: 31/08/2023**

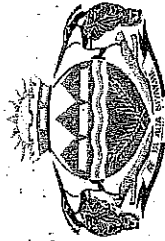
**09. Appendix A: Performance Rating for Service Providers**

<b>Level</b>	<b>Description</b>	<b>Rating</b>
<p>Level 5 <b>Outstanding performance</b></p>	<p>Performance far exceeds the standard expected for the job in all areas of the project. The company has achieved exceptional results against all performance criteria and indicators specified in the service level agreement/contract and maintained this in all areas of responsibility throughout the year.</p>	<p><b>5</b></p>
<p>Level 4 <b>Performance significantly above expectations</b></p>	<p>Performance is significantly higher than the standard expected for the job in all areas. The service provider has achieved above fully effective results against more than half of the performance criteria and indicators specified in the service level agreement /contract and fully achieved all others throughout the year</p>	<p><b>4</b></p>
<p>Level 3 <b>Fully effective</b></p>	<p>Performance fully meets the standard expected for the job in all areas. The service provider has achieved</p>	<p><b>3</b></p>
	<p>effective results against all significant performance criteria and indicators specified in the service level agreement/contract and may have achieved results significantly above expectations in one or two less significant areas throughout the year</p>	
<p>Level 2 <b>Performance not fully satisfactory</b></p>	<p>Performance is below the standard required for the job in key areas. The service provider has achieved adequate results against many key performance areas and indicators specified in the</p>	<p><b>2</b></p>

	<p>service level agreement/contract but did not fully achieve adequate results against others during the course of the year. Improvement in these areas is necessary to bring performance up to the standard expected.</p>	
<p><b>Level 1 Unacceptable performance</b></p>	<p>Performance does not meet the standard required for the job. The service provider has not met one or more fundamental requirements and/or is achieving results that are well below the performance criteria and indicators in a number of significant areas of responsibility. The service provider has failed to demonstrate the commitment or ability to bring performance up to the level expected despite efforts to encourage improvement.</p>	<p><b>1</b></p>







**SEKHUKHUNE**  
District Municipality

Private Bag X8611 Groblersdal 0470, 3 West Street Groblersdal 0470  
Tel: (013) 262 7300, Fax: (013) 262 3688  
E-Mail : [sekinfo@sekhukhune.co.za](mailto:sekinfo@sekhukhune.co.za)

# 2022/2023 ANNUAL PERFORMANCE REPORT

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# BASIC SERVICE DELIVERY

2022/2023 SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN

BASIC SERVICES DELIVERY							BUDGET 2022-2023		
OBJECTIVES	PROJECT	BASELINE 2021/2022	INDICATORS	ANNUAL TARGET 2022/2023	ACHIEVED/ NOT ACHIEVED	ANNUAL ACTUAL PROGRESS	CHALLENGES	REMEDIAL ACTION POE	
<b>OPERATIONS AND MAINTANANCE (O&amp;M)</b>									
To resolve registered sanitation incidents	Sanitation incidents	800 registered sanitation incidents resolved within 14 days	Number of registered sanitation incidents resolved within 14 days	800 registered sanitation incidents resolved within 14 days	Achieved	870 registered sanitation incidents resolved within 14 days	None	Sanitation Incidents reported and resolved	R70 160 850,80
To resolve registered water incidents	Water incidents	5500 registered water incidents resolved within 14 days	Number of registered water incidents resolved within 14 days	4500 registered water incidents resolved within 14 days	Not Achieved	2855 registered water incidents resolved within 14 days	delay in procurement of Material	Water incidents reported and resolved	
To purchase bulk water	Bulk Water Purchases	2515.5Mt of water purchased	Number of Mt water purchased	2515.5Mt of water purchased	Achieved	3235.75Mt of water purchased	None	Invoice and bank statement	140 743 200,00
To purchase electricity	Electricity Usage	950 MW of electricity used	Number of KWH electricity used	246 399,312 KWH of electricity used	Achieved	474 037,452 KWH of electricity used	None	Summary meter readings report	R41 600 000,00
To improve water service provisioning by June 2023	Borehole Development	25 boreholes developed	Number of boreholes developed	20 boreholes developed	Not Achieved	8 boreholes developed	The boreholes development was suspended to focus on the equipping of drilled boreholes.	Signed report	R10 187 547,28
	Provision of water through water tankers	157 680 kl of water provided through water tankers	Number of Kilolitres of water provided through water tankers	315 360 kl of water provided through water tankers	Not achieved	126 421 kl of water provided through water tankers	Loadshedding, broken water tankers and burst bulk pipeline affected the supply of water through tankers.	*Water Tanker schedule indicating the KL of water, Date and distribution areas * Tracker report	R5 200 000,00
<b>BULK OPERATIONS</b>									
To improve water quality compliance by June 2023	Refurbishment of Groblersdal WTW	Dilapidated WTW	Number of WTW refurbished	1 WTW (Groblersdal) refurbished	Not Achieved	0 Refurbishment of (Groblersdal) WTW	TOR rejected in the spec Committee - duplication of scope with DWS Construction	Meeting with Design committee & DWS to resolve	R3935 939,02

Returnishment of Praktiseer WTW	Dilapidated WTW	Number of WTW refurbished	1 WTW (Praktiseer) refurbished	Not Achieved	0 refurbishment of Praktiseer WTW by set date	Delay in procurement of panel of consultant	Project will be implemented in 2023/24 financial year	Progress report	R4 000 000,00	
<b>PLANNING</b>										
To develop feasibility study and technical report	Feasibility studies and technical reports - Praktiseer	New project	Number of feasibility studies and Technical reports developed for Praktiseer	1 feasibility studies and Technical reports developed for Praktiseer	Not Achieved	0 feasibility studies and Technical reports developed for Praktiseer	Awaiting for Appointment of PSP - Panel of consultant	Urgently Appoint Professional Service Providers	Inception report	250 000,00
	Feasibility studies and technical reports - Leeuwinfontein	New project	Number of feasibility studies and Technical reports developed for Leeuwinfontein	1 feasibility studies and Technical reports developed for Leeuwinfontein	Not Achieved	0 feasibility studies and Technical reports developed for Leeuwinfontein	Awaiting for Appointment of PSP - Panel of consultant	Urgently Appoint Professional Service Providers	Inception report	250 000,00
	Feasibility studies and technical reports - Monsterlus	New project	Number of feasibility studies and Technical reports developed for Monsterlus	1 feasibility studies and Technical reports developed for Monsterlus	Not Achieved	0 feasibility studies and Technical reports developed for Monsterlus	Awaiting for Appointment of PSP - Panel of consultant	Urgently Appoint Professional Service Providers	Inception report	250 000,00
	Feasibility studies and technical reports - Mapodile	New project	Number of feasibility studies and Technical reports developed for Mapodile	1 feasibility studies and Technical reports developed for Mapodile	Not Achieved	0 feasibility studies and Technical reports developed for Mapodile	Awaiting for Appointment of PSP - Panel of consultant	Urgently Appoint Professional Service Providers	Inception report	250 000,00
	Feasibility studies and technical reports - Waalkraal RDP	New project	Number of feasibility studies and Technical reports developed for Waalkraal RDP	1 feasibility studies and Drafting a Technical report for Waalkraal RDP	Not Achieved	0 feasibility studies and Drafting a Technical report for Waalkraal RDP	Awaiting for Appointment of PSP - Panel of consultant	Urgently Appoint Professional Service Providers	Inception report	250 000,00
	Feasibility studies and technical reports - Motetema	New project	Number of feasibility studies and Technical reports developed for Motetema	1 feasibility studies and Drafting a Technical report for Motetema	Not Achieved	0 feasibility studies and Drafting a Technical report for Motetema	Awaiting for Appointment of PSP - Panel of consultant	Urgently Appoint Professional Service Providers	Inception report	250 000,00
<b>REGULATIONS &amp; COMPLIANCE</b>										
To improve water service provisioning by June 2023	Registration of servitudes	Water Services Infrastructure	Number of servitudes registered	2 servitudes registered	Not Achieved	0 servitudes registered	Awaiting for Appointment of PSP - Panel of consultant	Procure individually	Proof of registration	2 000 000,00

To comply with regulations by June 2023	AWARENESS CAMPAIGNS	New project	Number of awareness campaigns conducted	6 awareness campaigns conducted	Not Achieved	1 awareness campaign conducted	Lack of capacity	Appointment of peace cops & compliance officers	Progress reports	1 500 000.00
To comply with WATER USE LICENCE by June 2023	WATER USE LICENCE	5 Water Use Licences in place	Number of Water Use Licences applied	3 Water Use Licences applied	Not Achieved	0 Water Use Licences applied	Awaiting for Appointment of PSP - Panel of consultant	Procure individually	Proof of applications	2 000 000.00
To review WSDP	WATER SERVICES DEVELOPMENT PLAN	Approved WSDP	Number of WSDP Reviewed	1 WSDP Reviewed	Not Achieved	0 WSDP Reviewed	Reviewing WSDP will take longer due to late appointment of PSP.	PSP (Umlimi Consulting) has been appointed by DWS for SDM - Development of the 5 year reliability plan & updating WSDP.	Council resolution and inception report	R1 000 000.00
<b>RURAL ROADS ASSET MANAGEMENT SYSTEM (RRAMS)</b>										
To develop Road Asset Management Plan by June 2023	Development of Rural Roads Asset Management System	Desk top studies and the first rounds of Visual Conditions Assessments	Number of km of Roads assessed, traffic counting stations completed and Road Asset Management Plan developed.	1 500km of Roads assessed, 200 traffic counting stations completed and 1 Road Asset Management Plan developed.	Not Achieved	0km of Roads assessed, 0 traffic counting stations completed and 1 Road Asset Management Plan developed.	Late appointment of service provider	Service provider to expedite implementation of project	Road asset Management Plan	R2 451 000.00
<b>REGIONAL BULK INFRASTRUCTURE GRANT (RBIG)</b>										
To reduce water services backlog with 90%	Construction of Moolhoek bulk water supply Phase G1.1	1 X 5 Ml concrete reservoir completed Phase 4BA	Number of km of bulk water supply pipeline and package plant constructed	3 km of bulk water supply pipeline and 1 package plant constructed	Not achieved	0 km of bulk pipeline and 0 package plant constructed (Site establishments and delivery of pipes done)	Delayed delivery of material on site. Procurement of nominated sub-contractor for the installations of the Package Plant	Expedite construction	Progress Reports	R35 000 000.00
	Construction of Moolhoek bulk water supply Phase G1.2	2.4 Kilometers of bulk water supply pipeline constructed	Number of km of bulk pipeline constructed	2,3 km of bulk water supply pipeline constructed	Achieved	2,3km of bulk water supply pipeline constructed	None	None	Progress Reports	R15 509 315.24
	Construction of Moolhoek bulk water supply Phase G2	5.3km Bulk pipeline constructed	Number of km of bulk water supply pipeline and 500kl reinforced concrete reservoir constructed	4,9 km of bulk water supply pipeline and 500kl reinforced concrete reservoir constructed	Not achieved	2,9 km of bulk water supply pipeline and 500kl reinforced concrete reservoir constructed	Non-achievement of annual target	Some of the work was already achieved in the prior financial year (project completed)	Progress Reports	R4 500 000.00

Nebo BWS Commission Makana to Jane Furse Pipeline	Nebo Phase1A completed and not commissioned	Number of Kilometres of bulk water supply pipeline tested, inspected & command reservoirs tested	31 Kilometers of bulk water supply pipeline inspected. 2 Kilometers of bulk water supply pipeline, tested 1 command reservoir tested	Not achieved	0 Kilometres of bulk water supply pipeline tested & 0 command reservoir tested (Inception. Report submitted to SDM)	Approval of the inception report	Expedite testing	Progress Reports	6 000 000,00
Nebo BWS Makgeru to Schoonoord BWS	18.2 Km of Schoonoord bulk water supply pipeline in Makgeru. 10ML Command Concrete Reservoir in Schoonoord constructed	Number of km of bulk pipeline constructed	5km of bulk pipeline constructed	Not achieved	2,8km of bulk pipeline constructed	Project was delayed due to prolonged process of approving additional professional fees which was done in November 2022	Professional fees approved and contractor resumed with construction mid- February 2023, progress has since improved on site	Progress Reports	34 000 000,00
Mouise BWS Project (7 to 12)	30 Kilometres of bulk water supply pipeline constructed and tested	Number of Kilometres of bulk water supply pipeline constructed and tested	4 Kilometres of bulk water supply pipeline constructed and tested	Not achieved	1,4 Kms of bulk water supply pipeline constructed and tested	Current disruption from business forum. Pipes burst during pressure testing/ funds needed to add more pipe material to replace the damaged or failed pipes	Resolve disputes or concerns by business forum Add amount of money needed to purchase extra pipes	Progress Reports	55 494 716,05
Mouise BWS Project 13 & 14	1 WTW in Groblersdal extended in Project 1 and 1 pump station constructed in Project 6	Number of mechanical and Electrical (M & E) components installed for the extensions to the Groblersdal Water Treatment Works and pump station. Civil works for number of clarifier basin	1 mechanical and Electrical (M & E) components installed for the extensions to the Groblersdal Water Treatment Works and pump station. Civil works for 1 clarifier basin done.	Not achieved	1 mechanical and Electrical (M & E) components installed for the extensions to the Groblersdal Water Treatment Works and pump station. Civil works for 1/2 clarifier basin done.	Current disruption from business forum Pumps requires refurbishment.	Resolve disputes or concerns by business forum	Progress Reports	22 346 931,00
<b>WATER SERVICES INFRASTRUCTURE GRANT (WSIG)</b>									
Tukakomo Water Intervention Phase V	3.5 km of pipeline and water abstraction point	Number of Kilometres of pipeline constructed, and number of water metres installed	2,4 Kilometres of pipeline constructed, and 185 water metres installed	Not achieved	0 Km of pipeline constructed, and 0 water metres installed.	None appointment of contractor due to expiry of tender validity. Project was re-advertised.	Expedite appointments once the tender closes.	Progress Reports	R9 080 000,00
To reduce water service backlog with 90% by June 2023									

Maebe Water Intervention Project – Phase IV	4 kilometres of water pipeline and 2 boreholes completed	Number of Reverse Osmosis Plant and Wastage Line to specified discharge point constructed	1 Reverse Osmosis Plant and 1 Wastage Line to specified discharge point constructed	Not achieved	0 Reverse Osmosis Plant and 0 Wastage Line to specified discharge point constructed	Late appointment of Contractor	Ensure adherence to procurement plans and improve monitoring	Progress Reports R19 379 619.49
Commissioning of Moutse bulk pipeline	Moutse bulk pipeline	Number of Pipeline Conditional assessed	1 Pipeline Conditional assessed	Not achieved	0 Pipeline Conditional assessed	Scoping and access to the existing infrastructure	Urgent meeting with the Consultant to resolve scoping and give access to the site.	Assessment/Commissioning Report 10 396 729.21
Phokwane/Brooklyn Water Supply	Business Plan	Number of Boreholes drilled, tested and equipped, and installation of 80kl elevated steel tank.	1 Borehole drilled, tested and equipped, installation of 80kl elevated steel tank.	Not achieved	0 Borehole drilled, tested and equipped, 0 installation of 80kl elevated steel tank	Non appointment of contractor due to expiry of tender validity. Project was re-advertised.	Expedite appointments once the tender closes.	Progress Reports R4 471 000.00
Mabuleia Water Supply	Business Plan	Number of Boreholes drilled, tested and equipped, and installation of two 10kl elevated steel tanks and installation of diesel generator.	1 Borehole drilled, tested and equipped, installation of two 10kl elevated steel tank and 1 diesel generator.	Not achieved	1 Borehole drilled, tested and zero installed, 0 installation of two 10kl elevated steel tank and 0 diesel generator installed.	Late appointment of the contractor.	To expedite the work on site.	Progress Reports R1 625 870.00
Legateng VIDP Sanitation Project	Business Plan	Number of VIDP sanitation units constructed	440 VIDP sanitation units constructed	Not achieved	6 VIDP sanitation units constructed (206 pit excavation, 43 pit lining)	Late appointment of the contractor.	To expedite the work on site.	Progress Reports R7 500 000.00
eNkosini Water Supply	Business Plan	Number of water treatment works refurbished, and km of reticulation network repaired.	1 water treatment works refurbished, and 2km of reticulation network repaired.	Not achieved	0 water treatment works refurbished, and 0km of reticulation network repaired.	Late appointment of the contractor and the delay in finalisation of the PEP for 2023/24 FY	Project to be implemented in 2023/24 FY	Progress Reports R6 000 000.00
Ga-Marishane Village water supply	1.1ML. Reservoir and Water Treatment Plant	Number of boreholes equipped, and km of pipeline constructed	2 Boreholes equipped and 3km pipeline constructed	Not achieved	0 Boreholes equipped and 0km pipeline constructed	None appointment of panel of consultants in 2023/24 FY	Expedite the appointment of consultants in 2023/24 FY	Progress Reports R4 666 710.32
<b>MUNICIPAL INFRASTRUCTURE GRANT (MIG)</b>								
Motlallana and Makgeng Water supply	5,16 Kilometers bulk line constructed	Number of Km of bulk & reticulation pipeline, yard connections and concrete reservoirs constructed.	16,5 Km of bulk & reticulation pipeline, 1304 yard connections and 2 concrete reservoirs constructed.	Not achieved	15,5 Km of bulk & reticulation pipeline, 987 yard connections and 0 concrete reservoirs constructed.	Slow progress from the contractor. The main contractor continuously delays payment of subcontractors on site which impacts negatively on the	Contractor is on penalties	Monthly Progress Reports R11,314,943.70
To implement scope through tender contracting strategy								

NSD07 Regional Water Scheme Construction of reservoirs	13 Kilometres of bulk pipeline constructed; 3 reservoirs completed	Number of bulk pipelines constructed and concrete reservoirs completed	3km of bulk pipelines constructed and 2 concrete reservoirs completed	Not achieved	0,1km of bulk pipelines constructed and 0 concrete reservoirs completed. (Foundation and floor slabs of 2 reservoirs)	Delays on the completion of project due to stoppages caused by community including SMMMEs and business forums	SDM Senior management had meetings with the contractor and other stakeholders in June 2023 with the aim to unlock the project and recommendations are at	Progress Reports R4 042 802,77
De Hoop/Nebo Plateau/Schoonoord Water Scheme Villages: Ga -Mogashoa (Senkapudi) and Ga- Mogashoa (Manamane)	98,6 kilometres of water pipeline constructed	Number of water reticulation pipeline constructed	2 kilometres of water pipeline constructed	Not achieved	1,5 kilometres of water pipeline constructed	Delays on the completion of project due to insufficient material and stoppages on site caused by delayed payments to SMMMEs and labourers	Contractor has since procured the outstanding material and anticipates delivery first week of July 2023. Contractor has since processed some of the outstanding payments	Progress Reports R2 175 851,37
De Hoop/ Nebo Plateau/ Schoonoord Water Scheme Villages: Makgeru, Ga Ratau and Malekane	16 Kilometres of bulk pipeline constructed. & 60km of reticulation pipeline	Number of km of reticulation pipeline constructed, yard connections with water meters installed and borehole equipped	38 km of reticulation pipeline constructed, 2000 connections with water meters installed & 1 Borehole equipped	Not achieved	0 km of reticulation pipeline constructed, 0 of yard connections with water meters installed & 0 Borehole equipped	The project was halted/suspended in waiting for the approval of variation order on additional scope of work.	Variation order has been approved. Contractors are back on site. Construction to resume when all contractual matters are met. The revise completion date is 31 October 2023.	Progress Reports R13,554,104,08
Malekana Regional Water Scheme	14 kilometres of water pipeline and 4 reservoirs completed	Number of Km of reticulation and bulk pipeline constructed	84,35 Km of reticulation and bulk pipeline constructed	Achieved	112,15 Km of reticulation and bulk pipeline constructed	None	None	Monthly Progress Reports R120 553 542,88
Lebalelo south connector pipes and Reticulation	11 Steel tanks erected	Number of Steel tanks erected	3 Steel tanks erected	Not achieved	0 Steel tanks erected	Steel tank sub contractor not on site.	The matter has been referred to Legal department to institute legal proceedings against the sub contractor.	Monthly Progress Reports
Lebalelo South Phase 3(Ga - Maroga & Motlolo)	32,7 Kilometres of bulk line constructed & 6 Concrete Reservoir constructed	Number of Km of bulk pipeline constructed. Number of WTW constructed, boreholes refurbished & house water meters connected	24km bulk, & 25,3km reticulation pipeline constructed, 3 refurbished of boreholes, 1 WTW constructed and 912 house water meters connected	Not achieved	25,367km of bulk & 31,756 km reticulation pipeline constructed, refurbishment of 1 borehole, 1 WTW and 1023 house water meters connections	Illegal mining activities happening around the area, damaging constructed pipes.	The matter has been escalated to the office of the Executive Mayor for intervention.	Monthly progress report R67 246 488,86



Upgrading of De Hoop WTW	Ga Malekana 12Ml Water Treatment Works	Number of sludge dams and pumps upgraded	2 sludge dams, 3 pumps upgraded	Not achieved	0 sludge dams, 0 pumps upgraded	Contractor was not appointed	Expedite appointment of service provider	Monthly progress report	R90 000 000,00
Upgrading of Groblersdal - Luckau Bulk Water Scheme Phase 1	Groblersdal 12Ml Water Treatment Works	Number of Km of bulk pipeline constructed	3Km of bulk pipeline constructed	Not achieved	0 Km of bulk pipeline constructed	Late completion of detailed design by PSP failure by PSP to finalize the tender on time	Expedite appointments once the tender closes.	Monthly progress report	R114 702 545,89
Moutse East and West Water Retiulation	Groblersdal 12Ml Water Treatment Works	Number of Km of reticulation pipeline constructed	21 Km of reticulation pipeline constructed	Not achieved	0 Km of reticulation pipeline constructed	Disputes regarding the authorisation of additional work, poor administration of the contract by the consultants. Unapproved Variation	Re evaluation and Submission of a variation order and cost estimation on the outstanding work, instruction to contractor to complete the project	Monthly progress report	R37 211 211,79
Ga Maphoha Command Reservoir	Incomplete construction of Maphoha 5ML command reservoir	Percentage of Reservoir constructed	100% Reservoir constructed	Not achieved	0% Reservoir constructed	*Contractors abandoned site.	*Contractors are back on site and committed to complete the remaining work.	Monthly progress report	R400,000.00

**COMMUNITY SERVICES**

<b>MUNICIPAL HEALTH SERVICES</b>									
To conduct awareness campaigns on Environmental Pollution Prevention	Environmental Pollution Prevention	Number of Awareness Campaigns on Air Quality conducted	24 Awareness Campaigns on Air Quality conducted	Achieved	28 Awareness Campaigns on Air Quality conducted	None	None	Report and Attendance register	R424,528.00
To evaluate food premises	Food Safety control	Number of Food Premises evaluated	1500 Food Premises evaluated	Achieved	1508 Food Premises evaluated	None	None	Signed Assessment forms including the agent signature	R0.00
To monitor health care risk waste facilities	Waste Management	Number of Health care risk waste monitored	100 Health care risk waste facilities monitored	Achieved	107 Health care risk waste facilities monitored	None	None	Signed Assessment forms including the agent signature	R0.00
To evaluate health surveillance at public premises	Health Surveillance of premises	Number of health surveillance at public premises evaluated	1500 health surveillance at public premises evaluated	Achieved	1509 health surveillance at public premises evaluated	None	None	Signed Assessment forms including the agent signature	R216,528.00
To conduct awareness campaigns on communicable diseases	Surveillance and prevention of communicable diseases	Number of awareness campaigns on Communicable diseases conducted	100 awareness campaigns on Communicable diseases conducted	Achieved	101 awareness campaigns on Communicable diseases conducted	None	None	Report and attendance register	R201 408.76

To investigate and trace all reported communicable disease outbreaks	Communicable diseases outbreak control	279 communicable diseases outbreaks investigated and traced	Percentage of reported Communicable disease outbreaks investigated and traced	100% reported Communicable disease outbreaks investigated and traced	Achieved	100% reported Communicable disease outbreaks investigated and traced(9 reported)	None	None	Reported communicable disease outbreak, Report on investigation and tracing.	R341,559.92
To conduct inspection on vector control on premises	Vector Control	1781 inspections on Vector Control on premises conducted	Number of inspections on Vector Control on premises conducted	1500 inspections on Vector Control on premises conducted	Achieved	1509 inspections on Vector Control on premises conducted	None	None	Signed Assessment forms including the agent signature	
To inspect disposal of the dead facilities	Disposal of the dead	107 Disposal of the dead facilities inspected	Number of inspections on Disposal of the Dead facilities conducted	100 inspections on Disposal of the Dead facilities conducted	Achieved	118 inspections on Disposal of the Dead facilities conducted	None	None	Signed Assessment forms including the agent signature	
To evaluate chemical handling premises	Chemical safety	354 chemical handling premises evaluations conducted	Number of evaluations on safety to chemical handling premises conducted	300 evaluations on safety to chemical handling premises conducted	Achieved	304 evaluations on safety to chemical handling premises conducted	None	None	Signed Assessment forms including the agent signature	R0.00

**EMERGENCY MANAGEMENT SERVICES**

To attend to all reported emergency incidents	Fire and Rescue Operations	641 reported Emergency Services incidents attended	Percentage of reported emergency incidents attended	100% reported emergency incidents attended	Achieved	100% reported emergency incidents attended(361)	None	None	Call Register and Report	R0.00
To facilitate firefighting courses	Emergency Management Services Training Academy	3 firefighting training facilitated	Number of firefighting courses facilitated	3 firefighting courses facilitated	Achieved	3 firefighting courses facilitated	None	None	Attendance Register and Report	R0.00
To provide fire prevention and safety services	Fire Safety and Prevention	522 fire safety and prevention services provided.	Percentage of reported fire prevention and safety services provided	100% reported fire prevention and safety services provided	Achieved	100% reported fire prevention and safety services provided(802)	None	None	Call Register and Report	R0.00

**DISASTER MANAGEMENT SERVICES**

To conduct disaster risk management incidents	Disaster risk assessment	188 reported disaster risk Management incidents conducted	Percentage of reported disaster risk Management incidents conducted	100% reported disaster risk Management incidents conducted	Achieved	100% reported disaster risk management incidents conducted(259)	None	None	Register of disaster risks assessments and Report	R500,000.00
To conduct disaster risk reduction awareness campaign	Disaster risk reduction	61 disaster risk reduction awareness campaigns conducted	Number of Disaster risk reduction awareness campaigns conducted	24 disaster risk reduction awareness campaigns conducted	Achieved	50 disaster risk reduction awareness campaigns conducted	None	None	Register of risk reduction awareness campaigns	

To provide disaster relief materials to affected disaster victims	Disaster response and recovery	250 blankets and 120 mattresses of relief material to all affected disaster victims coordinated.	Percentage of reported disaster relief materials provided to affected disaster victims	100% reported disaster relief materials provided to affected disaster victims	Achieved	100% reported disaster relief materials provided to affected disaster victims(253)	None	None	Register of relief materials provided and report	R23,801,44
To review disaster management plan and framework	Disaster management plan and framework review	1 Disaster management plan and framework reviewed	Number of disaster management plan and framework reviewed	1 disaster management plan and framework submitted to Council structures for approval	Achieved	1 Disaster Management Plan and Framework reviewed and submitted to Council Structures for approval	None	None	Reviewed disaster management plan and framework and Council resolution	R23,801,44
To coordinate campaigns on special high density days	Special Operations on High Density Day	03 special operations on high density days campaigns conducted	Number of special high density days campaigns coordinated	3 special operations on high density days campaigns coordinated	Achieved	3 special operations on high density days campaigns coordinated	None	None	Operational plan and attendance registers	R90,816,96

# GOOD GOVERNANCE AND PUBLIC PARTICIPATION

<p>1. The first part of the book discusses the concept of good governance and its importance in the context of public participation.</p>	<p>2. The second part of the book discusses the concept of public participation and its importance in the context of good governance.</p>	<p>3. The third part of the book discusses the concept of public participation and its importance in the context of good governance.</p>	<p>4. The fourth part of the book discusses the concept of public participation and its importance in the context of good governance.</p>	<p>5. The fifth part of the book discusses the concept of public participation and its importance in the context of good governance.</p>
<p>6. The sixth part of the book discusses the concept of public participation and its importance in the context of good governance.</p>	<p>7. The seventh part of the book discusses the concept of public participation and its importance in the context of good governance.</p>	<p>8. The eighth part of the book discusses the concept of public participation and its importance in the context of good governance.</p>	<p>9. The ninth part of the book discusses the concept of public participation and its importance in the context of good governance.</p>	<p>10. The tenth part of the book discusses the concept of public participation and its importance in the context of good governance.</p>
<p>11. The eleventh part of the book discusses the concept of public participation and its importance in the context of good governance.</p>	<p>12. The twelfth part of the book discusses the concept of public participation and its importance in the context of good governance.</p>	<p>13. The thirteenth part of the book discusses the concept of public participation and its importance in the context of good governance.</p>	<p>14. The fourteenth part of the book discusses the concept of public participation and its importance in the context of good governance.</p>	<p>15. The fifteenth part of the book discusses the concept of public participation and its importance in the context of good governance.</p>

2022/2023 ANNUAL PERFORMANCE REPORT

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

OBJECTIVES	PROJECT	BASELINE 2021/2022	INDICATORS	ANNUAL TARGET 2022/2023	PROGRESS (Achieved/ Not achieved)	ACTUAL PROGRESS	CHALLENGES	REMEDIAL ACTIONS	POE	BUDGET 2023	
By ensuring improved internal controls and clean governance in the municipality	Three (3) Years rolling Plan	2 (SDM & SDA) 3 years rolling plans developed and approved	Number of (SDM & SDA) 3 years rolling plans developed and approved	2 (1 for SDM & 1 for SDA) 3 years rolling plans developed and approved	Achieved	2 (1 for SDM & 1 for SDA) 3 years rolling plans developed and approved	None	None	2 (1 SDM & 1 SDA) three year rolling plans developed and signed off. Audit committee minutes for approving the Plans.	R0	
	Regularity audit	20 Regularity audits conducted and issued	Number of regularity audit conducted and issued	29 Regularity Audits conducted and issued (25 SDM & 4 SDA)	Not Achieved	6 Regularity Audits conducted	1. Performed more due diligence on SCM tenders reviews 2. Lack of resources (Human and Budget)	There is an SLA in place between IA and the MM indicating the threshold of the due diligence - To outsource other audits projects- To recruit one Auditor	29 Regularity Audit Reports signed and issued	R4 256 244.00	
	Ad hoc Audits	100% Ad hoc Audits executed and issued	Percentage Ad Hoc audits executed and issued	100% Ad hoc Audit executed and reports issued	Achieved	100% Ad hoc Audit executed and reports issued	None	None	Signed Adhoc reports	R0	
	ICT Audits	4 ICT Audit conducted and issued	Number of ICT Audits conducted and issued	4 ICT Audit conducted and reports issued	Not Achieved	1 ICT Audit conducted and reports issued	Lack of resources (Human and Budget)	ICT Audits to be outsourced in the next financial year (2023-2024 FY)- to recruit the ICT Auditor	4 ICT signed Reports	R0	
	Audits of Performance Information	8 Audit of Performance information conducted and issued	Number of Audit of Performance information conducted and issued	8 Audit of Performance information conducted and reports issued (4 SDM & 4 SDA)	Achieved	8 Audit of Performance information conducted and reports issued (4 SDM & 4 SDA)	None	None	8 Audit of Performance Information Signed Reports	R800 000	
	Auditor general activities	100% monitoring of implementation of AG activities	Percentage monitoring of implementation of AG activities	Percentage monitoring of implementation of AG activities	Achieved	100% of monitoring of implementation of AG activities	None	None	Proof of payments, RFI, COMAF	R7 304 634.48	

Internal Audit Implementation plan	100% monitoring of Internal Audit Implementation plan	Percentage monitoring of Internal Audit Implementation plan	100% of monitoring of Internal Audit Implementation plan (SDM, SDA & PAC)	Achieved	100% of monitoring of Internal Audit Implementation plan (SDM, SDA & PAC)	None	None	Internal Audit Implementation Plan Minutes of the Audit Steering Committee	R0
Audit Committee and Performance Audit Committee meetings	7 (4 ordinary and 3 special) meetings of performance committees coordinated	Number of meetings of audit and performance committees coordinated	10 (4 ordinary and 6 special) meetings of audit and performance committees coordinated	Achieved	10 (4 ordinary and 6 special) meetings of audit and performance committees coordinated	None	None	Signed Minutes of the Ordinary Minutes of the various AC Meetings and Special Audit Committee	R 800 000,00
Operation clean audit strategy	100% monitoring of the operation clean audit strategy	100% monitoring of the operation clean audit strategy	100% of monitoring of the operation clean audit strategy	Achieved	100% of monitoring of the operation clean audit strategy	None	None	Approved Operation Clean Audit Strategy, Signed Minutes of the Operation Clean Audit Committee Meetings	R120 000,00
External assessment review	None (New project)	Number of external quality assessment performed	1 external quality assessment performed	Not Achieved	1 external quality assessment performed	External Quality Assessment was not conducted since the inception of the municipality therefore JA should check its readiness first before embarking on the real project with cost.	External Quality Assessment readiness to be conducted first and the results of the readiness will determine timing of the external quality assessment.	Signed External Assessment Report	R312 000,00
<b>RISK MANAGEMENT</b>									
To assist the Accounting Officer/Authority in addressing its oversight requirements of risk management	Strategic Risk assessment and risk register review	Strategic Risk Register in place	Strategic Risk Assessment conducted	Achieved	1 Strategic Risk Assessment conducted	None	None	Attendance register of Risk assessment conducted	R0,00
		Number of Strategic Risk Assessment conducted, and Strategic Risk Registers reviewed	4 Strategic Risk Registers reviewed		*1 Strategic Risk Assessment conducted * 4 Strategic Risk Registers reviewed				

and monitoring the municipality's performance with regards to risk management.	Operational Risk Assessment and risk register review	Operational Risk Registers in place	Number of Operational Risk Assessment Conducted and Operational Risk Registers reviewed	*1 Operational Risk Assessment Conducted *4 Operational Risk Registers reviewed	Achieved	*1 Operational Risk Assessment Conducted *4 Operational Risk Registers reviewed	None	None	Attendance register of Risk assessment conducted.	R0,00
	Insurance coverage for municipal assets	Assets Insurance Policy contract in place	Percentage of insurance coverage for municipal assets facilitated.	100% insurance coverage for municipal assets facilitated	Achieved	100% insurance coverage for municipal assets facilitated	None	None	Signed Assets Insurance Policy contract and endorsements	R6 000 000,00
	Reevaluation of Under-insured municipal Assets	None - New project	Percentage of under-insured municipal assets reevaluated	100% under-insured municipal assets reevaluated	Achieved	100% under-insured municipal assets reevaluated	None	None	Under-insured re-evaluation report	R600 000,00
	Assets Insurance Claims and Excess payments	Insurance claims report in place	Percentage of insurance claims processed, and payments of losses and excess facilitated	100% of insurance claims processed, and payments of losses and excess facilitated	Achieved	100% of insurance claims processed, and payments of losses and excess facilitated(Actual= 29)	None	None	Signed Insurance Claims report and Claim register	R1 500 000
To assist the Accounting Officer/Authority in addressing its oversight requirements of risk management and evaluating and monitoring the municipality's performance with regards to risk management by June 2023.	Security Management	Security incidents report in place	Percentage Security Incidents managed	100% Security incidents managed	Achieved	100% Security incidents managed(Actual = 01)	None	None	Signed Security Incidents Management report	R40 574 000
	Security Operational Sites Assessments	Security operational Sites report in place	Number of Security Operational sites assessed	Forty (40) Security Operational sites assessed	Achieved	Forty Security Operational sites assessed(Actual = 94)	None	None	Signed Security Operational sites assessment reports	R0,00
	Anti-Fraud & Corruption awareness	Anti-Fraud and Corruption strategy in place	Number of Anti-fraud and corruption awareness workshop conducted	4 Anti-fraud and corruption awareness workshop conducted	Not Achieved	02 Anti-fraud and Corruption awareness workshop conducted	Capacity constrains	Conduct an additional workshop in the first (1st Q) of 2023/2024FY	Anti-Fraud awareness attendance registers and reports	R0,00
	Compliance management	Compliance Management report in place	Number of compliance management report compiled	4 compliance management report compiled	Achieved	4 compliance management report compiled	None	None	Signed Compliance Management report	R0,00

Risk Management Committee (RMC)	None	Number of RMC meetings coordinated	Four (04) RMC meetings coordinated	Achieved	Four (04) RMC meetings coordinated	None	None	Signed Risk Management report	R 90 000,00
<b>COMMUNICATIONS; ADVOCACY; SOCIAL FACILITATION; SPECIAL PROGRAMMES AND ARTS &amp; CULTURE</b>									
To facilitate stakeholder & sectorial engagement by June 2023	12 Programmes facilitated	Number of stakeholder & sectorial engagements facilitated	8 stakeholder & sectorial engagements facilitated	Achieved	4 stakeholder & sectorial engagement facilitated. 14/07/2022 Stakeholders Engagement at Moutse Bulkwater Supply and 14/09/2022 Lighthouse G/dal. 1. Task Team Meeting 13/10/2022 Loskop Thembsite Hani Pipeline. 2. 20/10/2022 Ngwaabe Community Representative. 3. 22/12/2022 Dept. Water and Sanitation Lekgotla Boardroom. 4. 28/12/2022 Township Establishment Meeting Lekgotla Board Room. Stakeholder Engagement held at Denhilfont Sport 03 March 2023. 17/03/2023 Ga-Phaahla Community	None	None	Attendance Register & Signed Exit report	R520,000.00
Facilitate stakeholder & sectorial engagement by June 2023	12 Programmes facilitated	Number of stakeholder & sectorial engagements facilitated	8 stakeholder & sectorial engagements facilitated	Achieved	4 stakeholder & sectorial engagement facilitated. 14/07/2022 Stakeholders Engagement at Moutse Bulkwater Supply and 14/09/2022 Lighthouse G/dal. 1. Task Team Meeting 13/10/2022 Loskop Thembsite Hani Pipeline. 2. 20/10/2022 Ngwaabe Community Representative. 3. 22/12/2022 Dept. Water and Sanitation Lekgotla Boardroom. 4. 28/12/2022 Township Establishment Meeting Lekgotla Board Room. Stakeholder Engagement held at Denhilfont Sport 03 March 2023. 17/03/2023 Ga-Phaahla Community	None	None	Attendance Register & Signed Exit report	R520,000.00
Facilitate stakeholder & sectorial engagement by June 2023	12 Programmes facilitated	Number of stakeholder & sectorial engagements facilitated	8 stakeholder & sectorial engagements facilitated	Achieved	4 stakeholder & sectorial engagement facilitated. 14/07/2022 Stakeholders Engagement at Moutse Bulkwater Supply and 14/09/2022 Lighthouse G/dal. 1. Task Team Meeting 13/10/2022 Loskop Thembsite Hani Pipeline. 2. 20/10/2022 Ngwaabe Community Representative. 3. 22/12/2022 Dept. Water and Sanitation Lekgotla Boardroom. 4. 28/12/2022 Township Establishment Meeting Lekgotla Board Room. Stakeholder Engagement held at Denhilfont Sport 03 March 2023. 17/03/2023 Ga-Phaahla Community	None	None	Attendance Register & Signed Exit report	R520,000.00
Facilitate stakeholder & sectorial engagement by June 2023	12 Programmes facilitated	Number of stakeholder & sectorial engagements facilitated	8 stakeholder & sectorial engagements facilitated	Achieved	4 stakeholder & sectorial engagement facilitated. 14/07/2022 Stakeholders Engagement at Moutse Bulkwater Supply and 14/09/2022 Lighthouse G/dal. 1. Task Team Meeting 13/10/2022 Loskop Thembsite Hani Pipeline. 2. 20/10/2022 Ngwaabe Community Representative. 3. 22/12/2022 Dept. Water and Sanitation Lekgotla Boardroom. 4. 28/12/2022 Township Establishment Meeting Lekgotla Board Room. Stakeholder Engagement held at Denhilfont Sport 03 March 2023. 17/03/2023 Ga-Phaahla Community	None	None	Attendance Register & Signed Exit report	R520,000.00



To provide support to Mayoral Committee by June 2023	Executive Support to Mayoral Committee	12 Mayoral Committee meetings supported	Number of Mayoral Committee meetings supported	12 Mayoral Committee meetings supported	Achieved	15 Mayoral Committee Held 12/07 Council Chamber, 25/07/ Zoom, 16/08/2022 Council Chamber 30/08/2022 Zoom, 13/09/2022 Council Chamber and 15 Sept 2022 Zoom3 Mayoral Committee Meeting Held 1. 11/1/2022 Special Mayoral Committee. 15/11/2022 15 Ordinary Mayoral Committee. 11/12/2022 Ordinary Mayoral Committee 12 Jan, 10 Feb, 28 Feb and 16 March 2023. 4 x Mayoral Committees held 17 April 2023, 12 and 22 MAY 2023 and 13 June 2023 at the council Chamber.	None	None	None	Attendance Registers and Minutes	R0,00
To produce newsletters by June 2023	Newsletter & Publications	8 Newsletter produced	Number of newsletters produced	8 newsletters produced.	Achieved	8 Internal and External produced. 2 External and 2 Internal Newsletters produced Midterm. 1 Internal and 1 External Newsletters Produced.Q3. 1 Internal and 1 External Newsletters Produced	None	None	None	Newsletters	R624,000.00

To market and brand events by June 2023	Media Relations and Marketing	12 Events marketed and Branded	Number of events Marketed and branded	12 Events marketed and branded	Achieved	13 Events Marketed and Branded. Language Promotion, Women Month Heritage and Disability - 4 Mayoral Committees supported 12 Jan, 10 Feb, 28 Feb and 16 March 2023 1. Children's Day. 2. 16 Days of Activism. 3. Festive Season. 4. World AIDS Day. Events held 07/03/2023 International Women's Day, SODA 23/03/2023, Huma Rights Day 31/03/2023. 6 x Events marketed and branded IDP, Budget Speech, Take a girl child to work 07 June at Tseikop, Youth Expo 14 June at Moses Mabhatha Hall, Executive Mayor's Cup 24 June at Mapodile & Mangabane and Moral regeneration 29 June 2023 at Mabitsi B Hall.	None	None	None	pictures/publications	R416,000.00
To undertake website updates by June 2023	Website Management	20 Website Updates undertaken	Number of Website Updates undertaken	12 Websites Updates undertaken	Achieved	13 Website updates undertaken. 6 Website Updates Undertaken. Annual Report 2020/21, SDBIP Plans 2022/23, Draft 2023/24 IDP, Framework, Process Plan 1. Ga-Malekana Treatment Plant 2. Council Appointment 3. Appointment of Service Providers Vacancies, adverts and Tenders 3 x Website updates done Vacancies, adverts, and Tenders, IDP, Budget Speech, Youth Expo.	None	None	None	Screenshots	R104,000.00

To facilitate meetings for Traditional Leaders by June 2023	Executive Support and Traditional Leadership Affairs	2 Traditional Leadership meetings facilitated	Number of Traditional Leadership meetings facilitated	4 Traditional Leadership meetings facilitated	Achieved	7 Traditional Leadership meetings facilitated, held on the 21/09/2022 at Makhuduthamaga - (House of Traditional Leaders) held 22/12/2022, Dikgoshigadi meeting with Executive Mayor celebrating International Women's day 07/03/2023, Mampuru day held 28/03/2023 at Mampuru. 3 x Traditional leadership meeting held in 5 April, 21 April and 02 May 2023	None	None	Attendance registers and exit reports	R0.00
To facilitate strategic events by June 2023	Special Mayoral Strategic Events	7 strategic events facilitated	Number of Strategic Events facilitated	3 strategic events facilitated	Achieved	3 Strategic Events facilitated Heritage celebration Scheduled for 28/09/2022 at Elandskraal Stadium, Nyabela Commemoration held 19/12/2022 Egolweni, Mampuru Day Celebration held 28/01/2023 at Mampuru	None	None	Attendance registers and exit reports	R570 000
To facilitate Moral Regeneration Movement committee programmes by June 2023	Moral Regeneration Movement Committee	MRM committee established	Number of MRM committee programme facilitated	4 MRM committee programme facilitated	Achieved	4 MRM Meeting held 14/12/2022 Establishment of District MRM - Kgaula Mafiri Building- Makhuduthamaga. Meeting held 31 Jan 2023 at Makhuduthamaga Fire Station. 2 x Moral Regeneration Movement event held 15 June and 29 June 2023 at Mabitisi B.	None	None	Attendance registers and exit reports	R156 000.00
To generate queries/complains on Customer Care reports by June 2023	Customer Care Services	24 reports generated	Number of queries/complains reports on customer care generated	24 queries/complains reports on customer care generated	Achieved	24 Queries/Complaints registered	None	None	Reports	R0.00
To revamp the Call Centre by June 2023	Call Centre Revamping & Maintenance	24-hour outdated Call Centre system	Number of Call Centre revamped	1 Call Centre revamped	Not Achieved	0 Call Centre Revamped.	Logistics not done	Logistics to be done in the new financial year	Report	R466,000.00

To conduct Batho Pele programmes by June 2023	Batho Pele programmes	6 Bathopele Programmes conducted	Number of Batho Pele Programmes conducted	4 Batho Pele Programmes conducted	Achieved	4 Batho Pele Programme held on the 28/07/22 Burgersford Chamber, 18/08/2022 Jane Furse 13/09/2022. Batho Pele Workshop conducted 28-30 June 2023 at Bele Bela.	None	None	Attendance register and exit reports	R208,000.00
To co-ordinate SODA by June 2023	State of the District Address	2021/2022 State of the District Address held	Number of State of the District Address coordinated	1 State of the District Address coordinated	Achieved	SODA held 23 March 2023 at Sehlakwane	None	None	Attendance register and exit report	R662,000.00
To facilitate campaigns for the elderly by June 2023	Aged care	2 aged programmes facilitated	Number of Aged Care campaigns facilitated	2 Aged Care campaigns facilitated	Achieved	2 Elderly Campaigns facilitated. Mandela Day Event held on the 21 July 2022 at Mabaledi Older Persons and Disability Centre – Moomane Village Ephraim Mogale Municipality. International Older Persons held 01/10/2022 at Mpheleng.	None	None	Attendance registers and signed exit reports	R312,000.00
To facilitate campaigns for the children by June 2023	Children's Care	2 children's activities facilitated	Number of children's campaigns facilitated	2 children's campaigns facilitated	Achieved	2 children's campaigns facilitated. International Childrens' Day held 18/11/2022 at Mante Cretch Ga-Mashabela. 1 x Children Campaign facilitated. Take a Girl Child to work facilitated 07 June at Tafelkop	None	None	Attendance registers and signed exit reports	R104,000.00
To facilitate woman development initiatives by June 2023	Woman Development Initiative	4 Women Programmes facilitated	Number of woman development initiatives facilitated	3 woman development initiatives facilitated	Achieved	3 Women development initiatives facilitated. Women's Day held at Ga-Matsepe 31/09/2022. Launch of 16 Days of Activism Against Women and Children held with HIV/AIDS 06/12/2022 Aplesdoring. International Women's Day held 07 March 2023 at Boiketlong	None	None	Attendance registers and exit reports	R468 000.00

To facilitate Awareness campaigns for people with disability by June 2023	People with disability	3 Programmes facilitated	Number of awareness campaigns for people with disability facilitated	3 awareness campaigns for people with disability facilitated	Achieved	3 Awareness campaigns for people with disability facilitated. Dlokong Hospital 22/09/2022. International Disability Awareness Day held 23/11/2022 at Besele. Human Rights Day celebrated 31 March 2023 Dlokong Hospital.	None	None	Attendance registers and exit reports	R150,000.00
To facilitate Heritage day art and culture programmes by June 2023	Cultural Heritage Celebrations and Language Promotions	2 Programmes facilitated	Number of Heritage and promotions of indigenous languages and theatre workshop facilitated	1 Heritage Day and 2 promotions of indigenous languages and Theatre workshop facilitated	Achieved	3 Heritage and Language Promotion Activities Facilitated. 1 Heritage day and 2 art and culture programme facilitated. Language Promotion held 17/09/2022 at Leratong Disability Centre and Heritage Celebration scheduled for 28/09/2022 at Elandskraal Stadium. Arts and Culture Workshop held 13 /09/2022 at Mafiri Building - Jane Furse	None	None	Attendance registers and exit reports	R936,000.00
To coordinate health calendar days activities by June 2023	Health calendar days activities	3 health calendar days activities coordinated	Number of health calendar days activities coordinated	3 Health calendar days activities coordinated	Achieved	3 Health Calendar days activities coordinated International World AIDS Day held 01/12/2022. STI Condom week awareness held 02 - 03 March 2023 at Bolivia Lodge and TBawareness held 24 March 2023 at Ga-Mathabathe - Madikelong Sport Ground. 1 Candle Light Activity coordinated 24 May 2023 at Seokodibeng Community Hall	None	None	Exit report with pictures	R208,000.00
To coordinate district AIDS Council activities by June 2023	District AIDS Council activities	4 District Aids Council activities coordinated	Number of district AIDS Council activities coordinated	4 district AIDS Council activities coordinated	Not Achieved	1 District AIDS Council activity coordinated. District AIDS Council held through Zoom, 27/10/2022 (Men's Parliament)	Local Municipalities not yet launched the councils	Launches will be organised	Attendance registers and exit reports	

To facilitate Youth development programmes by June 2023	Youth Opportunities Expo	3 Youth development Programmes facilitated	Number of Youth development programmes facilitated	3 Youth development programmes facilitated	Achieved	5 Youth Council Activities held 29 July 2022 Career Expo held at Makhuduthamaga-Boiketong and Youth Council Activity held 28/10/2022 at Groblersdal Agricultural Hall. NSFAS conducted on the 23 - 26 January and NYDA youth development fund held 16 March 2023 at Jack Botes. 1 x Youth development programme facilitated. Youth Expofacilitated 14 June at Moses Mabotha Hall.	None	None	Attendance registers and exit reports	R1 040,000.00
To facilitate Mayor's forum by June 2023	Mayor's forum	4 Mayor's forum facilitated	Number of Mayor's forum facilitated	4 Mayor's forum facilitated	Not Achieved	1 Mayoral Forum Facilitated	Clashes of Mayoral Programmes	Scheduled fourth term	Attendance registers and exit reports	R468,000.00
To facilitate Mayoral sports activities by June 2023	Mayoral Sports activities	2 Mayoral Sport activities facilitated	Number of Mayoral Sport activities facilitated	1 Mayoral Sport activities and 1 indigenous games facilitated	Achieved	1 Mayoral Sport activities and 1 indigenous games facilitated	None	None	Attendance registers and exit reports	R520 000.00
<b>PUBLIC PARTICIPATION, MPAC SUPPORT, SECRETARIAT AND SUPPORT</b>										
By booking venue, prepare agenda, issues invites and record proceedings	FORA	16 Fora facilitated	Number of fora facilitated	16 Fora facilitated	Not achieved	15 Fora facilitated. 4 Speakers' Forum, 4 Chief Whips' Forum, 4 Public participation Forum, 2 MPAC forum, 1 Secretariat Forum not facilitated	Conflicting schedules	To implement the project in 2023/24 financial year as per the approved schedule of Council	Attendance Register, Minutes of meetings and Signed Notices.	R35 017.84
	Public participation sessions.	15 public participation sessions facilitated	Number of public participation sessions facilitated	15 public participation sessions facilitated	Not achieved	14 public participation sessions facilitated. *7 public participation meetings on 2021/2022 draft annual report and *7 public consultation meetings on the IDP/Budget facilitated. *1 District Ward Committee Conference not facilitated.	Conflicting schedules	To implement the project in 2023/24 new financial year	Attendance Register and Signed Notices.	R1 123 032.24

State of the District Address & Budget Day	1 State of the District Address & Budget Day facilitated	Achieved	1 State of the District Address, 1 Budget Day facilitated	None	None	Attendance Registers, Minutes and Signed Notices.	R232 430.64
Council meetings	4 council meetings facilitated	Achieved	4 Ordinary council meetings facilitated	None	None	Attendance Registers, Minutes and Signed Notices.	R749 000.00
Portfolio committee meetings	20 portfolio committee meetings facilitated	Achieved	20 portfolio committee meetings facilitated	None	None	Attendance Registers, Minutes and Signed Notices.	
Oversight visits	4 Oversight visits facilitated	Achieved	4 Oversight visits facilitated	None	None	Exit report	
Study group	4 study groups facilitated	Achieved	4 study groups facilitated	None	None	Attendance Registers and Signed Notices.	R26 264.16
Council whipper meetings facilitated	4 Council Whipper meeting facilitated.	Achieved	1 Council Whipper meeting facilitated.	None	None	Attendance Registers and Signed Notices.	
MPAC Public hearings	2 MPAC public hearings facilitated	Achieved	2 MPAC public hearings facilitated	None	None	Attendance Registers and Signed Notices.	R334 754.08
MPAC Working sessions	8 MPAC working sessions facilitated	Achieved	8 MPAC working sessions facilitated	None	None	Attendance Registers and Signed Notices.	
Strategic planning sessions for Section 79 Portfolio Committees and MPAC	2 Strategic planning sessions (Section 79 Portfolio Committees and MPAC) facilitated	Not achieved	2 Strategic planning sessions (Section 79 Portfolio Committees and MPAC) facilitated	Conflicting schedules	1 Section 79 Portfolio Committees Strategic planning session will be facilitated on Q1 2023/24 financial year	Attendance register, Signed exit report	R364 000.00
Capacity building workshops	2 capacity building workshops facilitated	Achieved	2 capacity building workshops facilitated	None	None	Signed Exit Report	R0.00
Training and development of Councilors	2 councilors trained	Achieved	7 councilors enrolled for training and development	None	None	Proof of enrolment for training and development.	R1,560,000

Queries and assistance of Councilors	100% resolution of Councilors' queries facilitated	Percentage resolution of Councilors' queries facilitated	100% resolution of Councilors' queries facilitated	Achieved	100% resolution of Councilors' queries facilitated	None	None	Signed Exit Report.	R0.00
Council Resolution registers	4 Council Resolution registers compiled and coordinated	Number of Council Resolution registers compiled and coordinated	4 Council Resolution registers compiled and coordinated	Achieved	4 Council Resolution registers compiled and coordinated	None	None	Council Resolution Register.	R0.00



**INSTITUTIONAL  
TRANSFORMATION AND  
ORGANISATIONAL DEVELOPMENT**

**2022/2023 ANNUAL PERFORMANCE REPORT**

**INSTITUTIONAL DEVELOPMENT AND ORGANIZATIONAL TRANSFORMATION**

OBJECTIVES	PROJECT	BASELINE 2021/2022	INDICATORS	ANNUAL TARGET 2022/2023	ACHIEVED/NOT ACHIEVED	ANNUAL ACTUAL PROGRESS	CHALLENGES	REMEDIAL ACTION	POE	BUDGET 2022-2023
<b>ORGANISATIONAL DEVELOPMENT</b>										
To review the Organisational Structure by June 2023.	Organisational Structure Review	1 Organisational Structure Reviewed	Number of Organisational Structures Reviewed.	1 Organisational Structure Reviewed	Achieved	1 Organisational Structure Reviewed	None	None	Council Resolution (approved Organisational Structure)	R0
To facilitate development of job descriptions and job evaluation by June 2023	Job Description Development and Job Evaluation	50 Job Description Developed and Evaluated	Number Job Descriptions Developed and Evaluated.	50 Job Descriptions Developed and Evaluated	Achieved	50 Job Descriptions Developed and Evaluated	None	None	Report	R0
To develop SOP's and Process Maps by June 2023.	SOP's and Process Maps	Approved SOP's and Process Maps	Number of SOP's and Process Maps Developed	20 SOP's and Process Maps Developed	Not Achieved	0 SOP's and Process Maps Developed	System to develop SOP's and Process Maps not in place	To fast-track procurement and installation of the system	Approved SOP's and Process Maps	R0
<b>INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)</b>										
To convene ICT steering committee meetings by June 2023.	ICT Steering Committee Meetings	4 Quarterly meetings	Number of convened meetings	4 meetings convened	Not Achieved	3 meetings convened	oversight erroneous assumption that the fourth quarter meeting can be convened after the quarter	re-convene the ICT steering committee meeting in the next quarter of 2023/24	Attendant register/minutes	R0
To monitor Service Level Agreements by June 2023.	Contract Monitoring	New	Number of Service Providers Performance Monitoring and Evaluation meetings held	4 ICT Service Providers Performance Monitoring and Evaluation meetings held	Achieved	4 ICT Service Providers Performance Monitoring and Evaluation meetings held	None	none	Attendant register/minutes	R0
To report ICT incidents resolved by June 2023.	ICT Incident	New	Percentage of reported ICT incidents resolved.	90% - 100% of reported ICT incidents resolved	Achieved	100% (1448/1448) of ICT incidents resolved	none	none	ICT Job Card	R0
To improve efficiency and effectiveness of municipal administration by June 2023.	Hardware devices	New	Percentage Hardware devices purchased.	100 % Hardware devices purchased	Achieved	100% Hardware devices purchased	none	none	Purchase Order/Proof of Payment	R2 000 000.00

**LABOUR RELATIONS**

To Facilitate Local Labour Forums by June 2023.	Local labour Forums	7 Local Labour Forums Facilitated.	Number of LLF meetings facilitated	12 LLF meetings facilitated	Not achieved.	9 LLF meetings facilitated.	Labour walkout/boycotted LLF meetings pending the response to their Grievances by the MM and EMI.	Management to respond promptly to issues raised by labour.	Minutes and attendance registers	R60 000.00
To facilitate Disciplinary cases by June 2023.	Disciplinary cases.	100% Disciplinary cases facilitated.	Percentage Disciplinary cases facilitated	100% disciplinary cases facilitated	Achieved.	100% (777) disciplinary cases facilitated	None.	None.	Disciplinary hearing rulings/reports and/or settlements and attendance registers	R205 514.40

**AUXILIARY SERVICES**

To implement file plan by June 2023.	File Plan	Approved File Plan	Percentage of File Plan Implementation	100% File Plan Implemented	Achieved	100% File Plan Implemented	None	None	File plan	R0
To facilitate purchase of filing cabinets by June 2023	Filing cabinets	6 filing cabinets purchased	Number of filing cabinets purchased	06 filing cabinets purchased	Not Achieved	0 (zero) filing cabinets purchased	Under-budgeted. The budget allocated not sufficient	To be implemented next financial year	Reports delivery notes	R 316 000.00
To facilitate records management IGR structure by June 2023.	IGR cluster group	1 IGR cluster group formed	Number of IGR cluster groups with all local municipalities facilitated	7 IGR cluster groups with all local municipalities facilitated	Not Achieved	3 IGR cluster groups with all local municipalities facilitated	The planned meetings could not quorate	To be implemented next financial year	attendance registers and quarterly report	R0
To facilitate the Maintenance and repairs of municipal vehicles by June 2023	Maintenance and repairs of vehicles	67 vehicles Maintained and repaired	Number of vehicles Maintained and repaired	67 vehicles Maintained and repaired	Achieved	67 vehicles Maintained and repaired	None	None	invoices	R3 300 000.00
To facilitate maintenance and repair of facilities by June 2023.	Maintenance and repairs of facilities	06 Facilities Maintained and repaired	Number of facilities Maintained and repaired	06 Facilities Maintained and repaired	Achieved	06 Facilities Maintained and repaired	None	None	Maintenance and repairs, invoices	R1 880 000.00

**HUMAN RESOURCE MANAGEMENT**

To implement the process and procedures of Human Resource (HR) policies by June 2023	Recruitment and Selection.	38 Vacant and funded positions filled	Percentage of funded and vacant positions filled	100% of funded and vacant positions filled	Not achieved	1,09% of funded and vacant positions were filled.	Manpower challenges against added activities as required by municipal staff regulation.	Increase manpower numbers in HRM Unit	Appointment Letters	R500 000.00
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Internal Bursaries	22 Internal Bursaries awarded	Number of Internal Bursaries maintained	22 Internal Bursaries maintained	Achieved	25 Internal Bursaries awarded	None	None	Bursary Report and bursary holder list	R 720 544.24
WSP Training interventions	06 WSP Projects Implemented	Number of projects implemented	05 WSP projects implemented	Achieved	06 WSP projects implemented	None	None	Training and Development Report and WSP	R 825 787.04
<b>EMPLOYEE ASSISTANCE PROGRAMME</b>									
To conduct employee wellness programmes by June 2023.	Employee wellness programme	2 wellness and counselling programmes conducted.	2 wellness awareness programmes conducted.	Achieved	10 wellness awareness programmes conducted	None	None	Attendance registers and report	R 686 518.08
To conduct substance abuse programmes by June 2023	Substance Abuse Programme	3 substance abuse programmes conducted	2 substance abuse programmes conducted.	Achieved	8 substance abuse programmes conducted	None	None	Attendance registers and report	
To conduct Occupational Health and Safety elements by June 2023	Occupational Health and Safety elements	42 Occupational Health and Safety elements conducted	40 Occupational Health and Safety elements conducted (24 workplace inspections, 8 project audits, 2 safety awareness campaigns, 4 safety committee meetings, 2 servicing of fire extinguishers and hose reels).	Achieved	53 Occupational Health and Safety elements conducted	None	None	Exit reports, attendance registers, minutes and invoice	R8 000 000.00
To provide Personal Protective Equipment by June 2023.	Personal Protective Equipment	7692 Personal Protective Equipment (fire protection PPE) provided to Emergency Services employees, IWS, and CPS	Percentage of Personal Protective Equipment provided to employees	Achieved	100% (536/536) Personal Protective Equipment (PPE items) provided to employees	None	None	Reports and PPE collection register.	
<b>PERFORMANCE MANAGEMENT SYSTEM (PMS)</b>									

To facilitate Performance: Makgolla sessions by	Performance Makgolla	3 Performance Makgolla Sessions held	Number of Performance Makgolla Sessions facilitated.	04 Performance Makgolla sessions facilitated	Achieved	04 Performance Makgolla sessions facilitated	04 Performance Makgolla sessions facilitated.	Achieved	04 Performance Makgolla sessions facilitated.	None	None	Attendance Registers, Makgolla Resolutions	R100,000.00
To develop Institutional SDBIP by July 2023	2022/23 Institutional SDBIP	2021/22 Institutional SDBIP in place	Number of 2023/2024 Institutional SDBIP developed.	01 2023/2024 Institutional SDBIP developed	Achieved	01 2023/2024 Institutional SDBIP developed	01 2023/2024 Institutional SDBIP developed	Achieved	01 2023/2024 Institutional SDBIP developed	None	None	Signed 2023/2024 Institutional SDBIP	R0.00
To complete Institutional Annual Report and oversight report developed by June 2023.	2021/22 Institutional Annual Report oversight report developed	1-2020/21 Institutional Annual Report in place and 01 oversight report developed	Number of 2021/22 Institutional Annual Reports developed.	01 2021/22 Institutional Annual Report developed	Achieved	01 2021/22 Institutional Annual Report developed	01 2021/22 Institutional Annual Report developed	Achieved	01 2021/22 Institutional Annual Report developed	None	None	Final 2021/2022 Annual Report and Oversight Report.	R0.00
To develop Performance Agreements for Senior Managers by 31 July 2023.	2022/23 Performance Agreements for Senior Managers	2021/22 Performance Agreements for Senior Managers and in place	Number of Performance Agreements for Senior Managers developed	04 2022/23 performance agreements for Senior Managers developed	Achieved	04 2022/23 performance agreements for Senior Managers developed	04 2022/23 performance agreements for Senior Managers developed	Achieved	04 2022/23 performance agreements for Senior Managers developed	None	None	Signed Performance Agreements of Senior Managers	R0.00
To facilitate performance assessments for senior managers June 2023.	Individual performance assessments for senior managers	Signed Performance agreement for senior managers in place	Number of performance assessments for senior managers conducted. (2021/22 Annual & 2022/23 Mid-term)	02 performance assessments for senior managers conducted. (2021/22 Annual & 2022/23 Mid-term)	Not Achieved	02 performance assessments for senior managers conducted. (2021/22 Annual & 2022/23 Mid-term)	0 performance assessments for senior managers conducted. (2021/22 Annual & 2022/23 Mid-term)	Not Achieved	0 performance assessments for senior managers conducted. (2021/22 Annual & 2022/23 Mid-term)	The 02 Candidates were invited to the Assessment session but indicated the none availability	Assessment to be conducted with the newly appointed section 56 managers	2022/23 Mid-term and 2021/2022 Annual Assessment Reports	R0.00
To review PMS Policy and Framework by June 2023.	Review of 2022/2023 PMS Policy and Framework	2021/2022 PMS Policy and Framework in place	Number of 2022/2023 PMS Policies and Frameworks reviewed	01 2022/2023 PMS Policy and Framework reviewed	Achieved	01 2022/2023 PMS Policy and Framework reviewed	01 2022/2023 PMS Policy and Framework reviewed	Achieved	01 2022/2023 PMS Policy and Framework reviewed	None	None	Reviewed PMS Policy, Framework and Council Resolution	R0.00
To Coordinate quarterly Back to Basics Reports by June 2023.	Back to Basics (B2B)	2021/2022 B2B reports in place	Number of quarterly Back to Basics (B2B) reports coordinated.	04 quarterly Back to Basics (B2B) reports coordinated	Achieved	04 quarterly Back to Basics (B2B) reports coordinated	04 quarterly Back to Basics (B2B) reports coordinated	Achieved	04 quarterly Back to Basics (B2B) reports coordinated	None	None	4 Quarterly B2B signed Reports	R0.00
To procure PMS by June 2023	Performance Management System	New	Number of Performance Management Systems procured.	01 Performance Management System procured	Achieved	01 Performance Management System procured	01 Performance Management System procured	Achieved	01 Performance Management System procured	None	None	PMS system in place and operational. Service provider appointment letter	R2 000 000.00
<b>LEGAL SERVICES</b>													

To Manage	Litigations	30 Litigations attended to	Percentage of litigations attended to	100% litigations attended to	Achieved	100% litigation matters attended to (84)	None	1 litigation attended to, Litigation register and Report.	R6 537 160.00
To vet and or draft service level agreements and other forms of agreements by June 2023.	Service level agreements and other forms of agreements	3/10 service level agreements and other forms of agreements drafted and or vetted	Percentage of service level agreements and other forms of agreements drafted and or vetted.	100% service level agreements and other forms of agreements drafted and or vetted	Achieved	100% service level agreements and other forms of agreements attended to (91 drafted and 11 vetted)	None	All of service level agreements or other forms of agreements drafted or vetted. List of service providers without SLA's	
To provide sound legal opinion to SDM by June 2023.	Legal opinions	10 legal opinions	Percentage of legal opinions drafted.	100% legal opinions drafted	Achieved	100% legal opinion were drafted (04)	None	All legal opinions drafted	
<b>DISTRICT DEVELOPMENT PLAN / INTEGRATED DEVELOPMENT PLAN</b>									
To develop IDP Framework/ Process Plan by June 2023.	2023/2024 IDP Framework/ Process Plan	2022/2023 IDP Framework/ Process Plan in place	Number of 2023/2024 IDP Framework/ Process Plan developed.	01 2023/2024 IDP Framework/ Process Plan developed	Achieved.	01 2023/2024 IDP Framework/ Process Plan developed and adopted by Council on the 27 July 2022 with Council Resolution No. OC27/17/22	None	*IDP Framework/ Process Plan document for 2023/2024 *Council resolution	R0.00
To review Integrated Development Plan (IDP) by June 2023.	Integrated Development Plan (IDP)	2022/23 Integrated Development Plan (IDP) developed.	Number of 2023/2024 Integrated Development Plan (IDP) reviewed.	01 2023/2024 Integrated Development Plan (IDP) reviewed	Achieved	01 2023/2024 Integrated Development Plan (IDP) reviewed and adopted by Council on the 30 May 2023 with Council Resolution No. SC03/05/23	None	*Final IDP 2023/2024 *Council Resolution	R62 000.00
To facilitate the IDP Rep Forums by June 2023.	IDP Rep Forums	1 IDP Rep Forums Facilitated	Number of IDP Rep Forums facilitated.	02 IDP Rep Forums facilitated	Achieved	02 IDP Rep Forum Meetings facilitated (14/12/2022 and 04 April 2023)	None	*Signed Minutes *attendance register	R100 000.00

To facilitate review of District Development Plan (One Plan) by June 2023	2023/2024 DDP	2022/2023 District Development Plan in place	Number of 2023/2024 District Development Plan reviewed	01 2023/2024 District Development Plan reviewed	Achieved	01 2023/2024 District Development Plan reviewed and adopted by Council on the 20 May 2023 with Council Resolution No. SC03/05/23	None	None	*Final DDP 2023/2024 *Council Resolution	R100 000.00
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# LOCAL ECONOMIC DEVELOPMENT



2022/2023 ANNUAL PERFORMANCE REPORT

LOCAL ECONOMIC DEVELOPMENT

OBJECTIVES	PROJECT	BASELINE 2021/2022	INDICATORS	ANNUAL TARGET 2022/2023	ACHIEVED/NOT ACHIEVED	ANNUAL ACTUAL PROGRESS	CHALLENGES	REMEDIAL ACTION	POE	BUDGET 2022/2023
To create 2 788 job opportunities through EPWP by June 2023.	Implementation of EPWP	2788 job opportunities created through EPWP	Number of jobs opportunities created through EPWP.	2788 jobs opportunities created through EPWP (Infrastructure 2564, Environment and Culture 36 and Social Sector 188)	Achieved	2788 jobs opportunities created through EPWP (Infrastructure 2564, Environment and Culture 36 and Social Sector 188)	None	None	Signed & Salary report	R13 010 000.00
To provide support to SMMEs and co-operatives by June 2023.	Support to SMMEs and Co-operatives	30 SMMEs/Co-operatives supported	Number of SMMEs/Co-operative support provided.	20 SMMEs / Co-operatives supported	Not achieved	0 SMMEs/Co-operatives support not provided	Tender is at adjudication stage	To expedite finalisation of the procurement processes	Reports	R 2 000 000.00
To facilitate development of feasibility study for establishment of Flea Market by June 2023.	District Flea Market	Feasibility study of flea market within the district	Number of feasibility studies on the development of Flea Markets facilitated within the district	1 feasibility study on the development of a Flea Market facilitated within the District	Not achieved	0 feasibility study on the development of a Flea Market facilitated within the District. Tender validity period expired on the 18 April 2023	The tender could not be re-advertised as development of the feasibility study require a minimum of 2 months and above.	The project to be implemented in the future financial years.	Feasibility report on development of a Flea Market within the district. Terms of reference, Inception report and Appointment letter	R300,000.00
To facilitate farmers support through Farmers Production Support Unit (Agri Park) at Vleeschboom by June 2023.	Farmers support through Farmers Production Support Unit (Agri Park) at Vleeschboom (PED)	879 farmers supported through Farmers Production Support Unit (Agri Park) at Vleeschboom	Number of farmers supported through Farmers Production Support Unit (Agri Park) at Vleeschboom	1 000 farmers supported through Farmers Production Support Unit (Agri Park) at Vleeschboom	Achieved	1562 farmers supported through Farmer Production Support Unit (Agri Park) at Vleeschboom	None	None	*Signed Reports	R8 000 000 (DALRRD, LDARD)
To facilitate development of feasibility study for Poultry Abattoir facility by June 2023	Development of feasibility study for Poultry Abattoir facility	6 poultry houses (40 000 capacity each) in place	Number of feasibility study on Poultry Abattoir facility facilitated	1 feasibility study on development of Poultry Abattoir facility facilitated	Not achieved	0 feasibility study on development of Poultry Abattoir facility facilitated. Tender validity period expired on the 18 April 2023	The tender could not be re-advertised as development of the feasibility study require a minimum of 2 months and above.	The project to be implemented in the future financial years.	Feasibility study report for poultry abattoir facility. Terms of reference, Inception and Appointment letter	R400,000.00
To facilitate development of Industrial Development Master Plan for the Special Economic Zone (SEZ) (PED) by June 2023.	Development of Industrial Development Master Plan for the Special Economic Zone (SEZ) (PED)	SEZ Business Plan in place	Number of Regional Industrial Development Master Plan developed	1 Regional Industrial Development Master Plan developed	Not achieved	0 Regional Industrial Development Master Plan developed	Severely underbudgeted	To be implemented in the next financial year 2023/2024.	Report on Industrial Development Master Plan. Terms of reference, Inception and Appointment letter	R600 000.00

To facilitate Economic Development Forums (Mining, LED & Agric.) by June 2023.	Economic Development Forums (Mining, Tourism, LED & Agric.)	4 Economic Development Forums (Mining, Tourism, LED & Agric.) facilitated	Number of Economic Development Forums (Mining, Tourism, LED & Agric.) facilitated	4 Economic Development Forums (Mining, Tourism, LED & Agric.) facilitated	Achieved	4 Economic Development Forums (Mining, Tourism, LED & Agric.) facilitated	4 Economic Development Forum facilitated	None	Signed reports and attendance register	R93 600.00
To facilitate quarterly reports on replacement of Malekana Steel Bridge by June 2023.	Quarterly reports on replacement of Malekana Steel Bridge (SDA)	Old Malekana Steel Bridge in place	Number of quarterly reports on Malekana Steel Bridge replacement facilitated	4 quarterly reports on Malekana Steel Bridge replacement facilitated	Achieved	4 quarterly reports on Malekana Steel Bridge replacement facilitated	4 Quarterly Report on Malekana Steel Bridge replacement facilitated	None	Signed reports and Progress reports	R8 100 000.00
To facilitate fencing off of Tjate Heritage Site by June 2023.	Fencing off of Tjate Heritage Site	Tjate Heritage Site in place.	Number of fencing off of Tjate Heritage Site developed	1 fencing off of Tjate Heritage Site facilitated.	Not achieved	1 fencing off of Tjate Heritage Site facilitated.	0 fencing off of Tjate Heritage Site facilitated.	Tender is at adjudication stage	Signed report and Progress report	R400 000.00
To facilitate farmers support with Agricultural infrastructure by June 2023.	Farmers support	Cotton farmers identified	Number of farmers supported with Agricultural infrastructure	2 farmers supported with Agricultural infrastructure	Not achieved	2 farmers supported with Agricultural infrastructure	Support to 2 farmers with Agricultural infrastructure not provided	Tender is at adjudication stage	Signed report	R400 000.00
To facilitate installation of District Tourism Signage for Tourism Establishments and Products (Manche Masemola, King Nyabela and Tjate) by June 2023.	District Tourism Signage for Tourism Establishments and Products (Manche Masemola, King Nyabela and Tjate)	3 existing District Tourism Establishments and Products (Manche Masemola, King Nyabela and Tjate)	Number of District Tourism Signage for Tourism Establishments and Products (Manche Masemola, King Nyabela and Tjate) installation facilitated	9 District Tourism Signage for Tourism Establishments (Manche Masemola, King Nyabela and Tjate) installation facilitated	Not achieved	9 District Tourism Signage for Tourism Establishments (Manche Masemola, King Nyabela and Tjate) installation facilitated	4 District Tourism signage for Tourism Establishment (Tjate Heritage Site and Manche Masemola) installation facilitated	Delayed procurement process for the other 5 Tourism signage	Signed report	R100 000.00

# SPATIAL RATIONALE

Project Name	Location	Description	Justification	Benefits	Other
Project A	Region X	Infrastructure development	Economic growth	Job creation	Social stability
Project B	Region Y	Public services	Quality of life	Healthcare access	Education
Project C	Region Z	Environmental protection	Sustainable development	Ecosystem health	Biodiversity
Project D	Region W	Transportation	Connectivity	Trade expansion	Regional integration
Project E	Region V	Social infrastructure	Community development	Social cohesion	Cultural heritage
Project F	Region U	Energy infrastructure	Energy security	Economic resilience	Environmental impact

2022-2023 ANNUAL PERFORMANCE REPORT										
OBJECTIVES	PROJECTS	BASELINE 2021/2022	INDICATOR	ANNUAL TARGETS 2022/2023	ACHIEVED/NOT ACHIEVED	ANNUAL ACTUAL PROGRESS	CHALLENGES	REMEDIAL ACTION	POE	BUDGET 2022/2023
<b>SPATIAL RATIONALE</b>										
To facilitate Joint District Municipal Planning Tribunal (JDMPT) sittings by June 2023.	Joint District Municipal Planning Tribunal (JDMPT) sittings	4 JDMPT sittings facilitated	Number of JDMPT sittings facilitated	4 JDMPT sittings facilitated	Achieved	7 JDMPT sittings facilitated	None	None	*Signed Reports *Attendance registers	R497 571.00
To facilitate Township establishment process for District Municipal Offices by June 2023.	Township establishment process for District Municipal Offices	Signed Community resolution in place	Number of engagements for land development of District Municipal Offices facilitated	4 engagements for land development of District Municipal Offices facilitated	Achieved	6 engagements for land development of District Municipal Offices facilitated	None	None	*Signed Reports	R62 493.00
To facilitate institutional comments for land development application received by June 2023	Land development applications	Processed Land development applications in line with the reviewed SDF	Percentage of received Land Development applications processed in line with reviewed SDF	100% of received Land Development applications processed in line with reviewed SDF	Achieved	100% of received Land Development applications processed in line with reviewed SDF (3 Land Development applications)	None	None	*Application register *Signed Support letters	R0.00
To provide support to Local Municipalities by June 2023.	Support to Local Municipalities	None	Percentage of support to Local Municipalities on Land Development planning provided	100% of support to Local Municipalities on Land Development planning provided	Achieved	100% of support to Local Municipalities on Land Development planning provided (8 meetings attended)	None	None	*Signed Reports *Attendance registers by Local Municipalities	R0.00
To facilitate workshop to local municipal officials in terms of SPLUMA by June 2023.	Workshop to local municipal officials (Town Planners)	None	Number Workshop to local municipal officials on application processing in terms of SPLUMA facilitated	1 Workshop to local municipal officials on application processing in terms of SPLUMA facilitated	Achieved	1 Workshop to local municipal officials on application processing in terms of SPLUMA facilitated	None	None	Attendance registers	R0.00

To spatially reference the IDP and District Development Plan (DDP) capital projects by June 2023.	Spatial referencing of IDP capital projects	50 IDP capital projects spatially referenced	Percentage of capital projects spatially referenced	IDP 100% IDP capital projects spatially referenced	Achieved	100% (144) IDP capital projects spatially referenced	None	None	Reports	R0.00
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<p>to spatially reference the IDP and District Development Plan (DDP) capital projects by June 2023.</p>	<p>Spatial referencing of IDP capital projects</p>	<p>50 IDP capital projects spatially referenced</p>	<p>Percentage of capital projects spatially referenced</p>	<p>IDP 100% IDP capital projects spatially referenced</p>	<p>Achieved</p>	<p>100% (144) IDP capital projects spatially referenced</p>	<p>None</p>	<p>None</p>	<p>Reports</p>	<p>R0.00</p>
<p>to spatially reference the IDP and District Development Plan (DDP) capital projects by June 2023.</p>	<p>Spatial referencing of IDP capital projects</p>	<p>50 IDP capital projects spatially referenced</p>	<p>Percentage of capital projects spatially referenced</p>	<p>IDP 100% IDP capital projects spatially referenced</p>	<p>Achieved</p>	<p>100% (144) IDP capital projects spatially referenced</p>	<p>None</p>	<p>None</p>	<p>Reports</p>	<p>R0.00</p>

# FINANCIAL VIABILITY

2022/2023 ANNUAL PERFORMANCE REPORT

FINANCIAL VIABILITY

OBJECTIVES	PROJECT	BASELINE 2021/2022	INDICATORS	ANNUAL TARGET 2022/2023	ACHIEVED/NOT ACHIEVED	ANNUAL ACTUAL PROGRESS	CHALLENGES	REMEDIAL ACTION	IPOE	BUDGET 2022-2023
To ensure that valid and complete invoices are paid within 30 days by June 2030	Payment of creditors	80% of received invoices, valid and complete (paid within 30 days)	Percentage of payment of valid and complete invoices received and paid within 30 days	100% payment of valid and complete invoices received and paid within 30 days	Achieved	100% payment of valid and complete invoices received and paid within 30 days	None	None	Invoices, Creditors age analysis and payment register.	R0,00
To adhere to set dates for monthly submission of salary inputs and work schedules by June 2030	Salaries and Third-Party Payments	100% of Salaries paid by the 25th and 3rd party payments by the 7th.	Percentage of salaries paid on the 25th and 3rd party payment by the 7th.	100% of salaries paid on the 25th and 3rd party payment by the 7th.	Achieved	100% of salaries paid on the 25th and 3rd party payment by the 7th.	None	None	Bank statements and Salary reports	R0,00
To improve audit opinion by June 2030	Subsistence and Travel	100% of Travel claims paid on the 15th	Percentage of Travel claims paid by the 15th	100% Travel claims paid by the 15th	Achieved	100% Travel claims paid by the 15th	None	None	pay slip	R0,00
To improve audit opinion by June 2030	Clean Audit	Qualified Audit opinion	Percentage of Finance related Audit findings resolved	100% of Finance related Audit findings resolved	Not achieved	65% of Finance related Audit findings resolved	The Webased Audit Action completed without uploading the supporting documentation	Timely uploading of supporting documentation of the Webased Audit Action Plan	AG report	R0,00
To ensure compliance reporting by June 2030	Submission of AFS and APR to the AG within the legislated time frame	Submitted AFS and APR to AG within legislated timeframe	Number of Submission of AFS and APR by 31st August and consolidated AFS by 30th September	02 Submission of AFS and APR by 31st August and consolidated AFS by 30th September	Achieved	02 Submission of AFS and APR by 31st August and consolidated AFS by 30th September	None	None	Signed AFS and APR/ Acknowledgement of receipt by AGSA	R0,00
To ensure compliance reporting by June 2030	National Treasury statutory reports	17 National Treasury statutory reports	Number of National Treasury statutory reports submitted	17 National Treasury reports submitted (4 sec 52, 12 sec 71 and 1 sec 72)	Achieved	17 National Treasury reports submitted (4 sec 52, 12 sec 71 and 1 sec 72)	None	None	Signed report and proof of submission	R0,00

To provide sound financial management by June 2030	Budget	1 Credible (Annual and adjusted) Budget prepared and implemented.	Number of Credible (Annual and adjusted) Budget prepared and implemented.	2 Credible (Annual and adjusted) Budget prepared and implemented by Council	Achieved	2 Credible (Annual and adjusted) Budget prepared and implemented and adopted by Council	2 Credible (Annual and adjusted) Budget prepared and implemented and adopted by Council	None	None	Annual Budget & Council resolution	R0.00
To implement revenue enhancement strategy by June 2030	Improved revenue base and collection rate	Improve the collection rate to 75%	Percentage of revenue collected against the billing	75% of revenue collected against the billing	Not achieved	Not achieved	46% revenue collection against the billing	Lack of internal capacity to effect the disconnection	Fast track the appointment of Meter readers to do the disconnections	Collection rate report & Deplors Age analysis	R823 573.76
To implement Credit and debt collection policy by June 2030	Customer Data cleansing	25% inaccurate customer data	Number of service provider appointed for data cleansing	1 service provider appointed for data cleansing	Not achieved	Not achieved	0 service provider appointed for data cleansing	Delay in the procurement of provider to do data cleansing	Fast track the procurement of a provider to do data cleansing	Appointment letter & data cleansing report	R3 000 000.00
	pre-paid meter installations	287 prepaid meters installed in Tubatse	Number of service provider appointed to install prepaid meters	1 service provider appointed to install prepaid meters	Not achieved	Not achieved	0 service provider appointed to install prepaid meters	delay in the procurement of provider to do prepaid meters	Fast Track the appointment of the provider	Meter reading report and appointment letter	R3 000 000.00
	Meter reading	75% Verification and reading of 13100 customers' meters	Percentage of customers meter readings	70% reading of customers meters	Achieved	Achieved	75% of Customer meters were read	Access to meter reading in some areas is denied,	Request Political intervention in areas where access is denied	Billing report and meter reading schedule register	R8 500 000.00
To improve accountability of Asset Management by June 2030	Assets management support	80% Accountability of Asset Management	Percentage Accountability of Asset Management	100% Accountability of Asset Management	Achieved	Achieved	100% Accountability of Asset Management	None	None	GRAP and mSCOA compliant FAR	R5 308 134.00
To implement effective, efficient and economical supply chain management process and SCM regulations by June 2030	Procurement Plan	80% Procurement plan developed and implemented	Percentage development and implementation of procurement plan (MIG,RBIG,WSIG and all other tenders)	100% development and implementation of procurement plan (MIG,RBIG,WSIG and all other tenders)	Achieved	Achieved	100% development and implementation of procurement plan (MIG,RBIG,WSIG and all other tenders)	None	None	Procurement plan	R0,00
	Unauthorised, irregular, fruitless and wasteful expenditure (UJFW)	Section 32 expenditure amount reported	Number of reports on the Compliance with MFMA section 32	4 reports on the Compliance with MFMA section 32	Achieved	Achieved	4 reports on the Compliance with MFMA section 32	None	None	4 UJFW Reports	R0,00



Effective and Efficient inventory management system	90% Adherence Grap compliance	Number of reports on compliance with management of MFMA section 63(1)	4 reports on compliance with management of MFMA section 63(1)	Achieved	4 reports on compliance with management of MFMA section 63(1)	None	None	Monthly Recons reports	R0,00
<p>The inventory management system is effective and efficient. It ensures that all inventory items are accounted for and that the system is updated regularly. The system is user-friendly and easy to use, and it provides accurate and timely information on inventory levels and trends.</p>	<p>90% adherence to compliance requirements. The system is used to track inventory levels and ensure that all items are accounted for. The system is updated regularly and provides accurate and timely information on inventory levels and trends.</p>	<p>4 reports on compliance with management of MFMA section 63(1)</p>	<p>4 reports on compliance with management of MFMA section 63(1)</p>	<p>Achieved</p>	<p>4 reports on compliance with management of MFMA section 63(1)</p>	<p>None</p>	<p>None</p>	<p>Monthly Recons reports</p>	<p>R0,00</p>
<p>The inventory management system is effective and efficient. It ensures that all inventory items are accounted for and that the system is updated regularly. The system is user-friendly and easy to use, and it provides accurate and timely information on inventory levels and trends.</p>	<p>90% adherence to compliance requirements. The system is used to track inventory levels and ensure that all items are accounted for. The system is updated regularly and provides accurate and timely information on inventory levels and trends.</p>	<p>4 reports on compliance with management of MFMA section 63(1)</p>	<p>4 reports on compliance with management of MFMA section 63(1)</p>	<p>Achieved</p>	<p>4 reports on compliance with management of MFMA section 63(1)</p>	<p>None</p>	<p>None</p>	<p>Monthly Recons reports</p>	<p>R0,00</p>

# SEKHUKHUNE DEVELOPMENT AGENCY

2022/2023 ANNUAL PERFORMANCE REPORT

SEKHUKHUNE DEVELOPMENT AGENCY (SDA) 2022-2023 PROJECTS

Strategy (approach to achieve)	Project	Baseline 2021/2022	Indicators	Annual target 2022/2023	ACHIEVE/NOT ACHIEVED	ANNUAL ACTUAL PROGRESS	CHALLENGES	REMEDIAL ACTION	POE	Budget 2022/2023
To facilitate Signing of Agreement for SDA to be appointed as the FSPU Facilities Management	Appointment of SDA as the FSPU Facilities Management	Feasibility study on the FSPU conducted	Number of engagement for SDA to be appointed as the FSPU Facilities Management facilitated	4 Engagement for SDA to be appointed as the FSPU Facilities Management facilitated	Not achieved	0 Engagement for SDA to be appointed as the FSPU Facilities Management facilitated	4 engagements not facilitated due to unavailability of stakeholders	FPSU facilities to be managed by cooperatives henceforth	Report/minutes	R 0,00
To facilitate signing of agreement with local cotton Spinner	Local cotton spinner agreement with (SDA)	Concept document	Number of local cotton producers collected for database.	14 local cotton producers collected for database.	Achieved	14 local cotton producers collected for database.	None	None	Database of Local cotton producers	R0,00
To facilitate engagement on appointment of SDA inclusion to SEZ project	Engagement on appointment of SDA inclusion to SEZ project	Draft quadripartite agreement	Number of engagement on appointment of SDA inclusion to SEZ project to sign MOU between SDA and FTIP facilitated	3 Engagement on appointment of SDA inclusion to SEZ project to sign MOU between SDA and FTIP facilitated	Achieved	3 Engagement on appointment of SDA inclusion to SEZ project to sign MOU between SDA and FTIP facilitated	None	None	Signed MOU	R 0, 00
To conduct survey on district mineral resources	Conduct Survey of District Mineral Resources (SDA)	SDA business plan	Number of engagement to revive partnership with MINTeK to conduct district mineral resource survey	3 engagement to revive partnership with MINTeK to conduct district mineral resource survey	Not Achieved	0 engagement to revive partnership with MINTeK to conduct district mineral resource survey	No positive response from MINTeK.	Follow up with MINTeK will be done the 2023/2024 financial year.	formal request, Signed MOU	R 0, 00
To conduct feasibility study and 1 Business plan	Land ERF 488 (SDA)	Council resolution and deed of donation	Number of draft feasibility study conducted	1 draft feasibility study conducted	Achieved	1 Draft feasibility study in place	None	None	Signed SLA, draft feasibility study report	R0,00

To conduct tourism promotion and marketing	Promotion of District heritage sites	Concept document	Number of Marketing activities on District Heritage sites campaigns conducted	4 Marketing activities on District Heritage sites campaigns conducted	Achieved	4 Marketing activities on District Heritage sites campaigns conducted	4 Marketing activities on District Heritage sites campaigns conducted	None	None	Attendance register and or report	R0.00
To facilitate skills development learning intervention programmes	District-wide Skills development	None	Number of skills development learning intervention programmes facilitated	4 skills development learning intervention programmes facilitated	Not achieved	1 Skills development intervention programme facilitated	4 skills development intervention could not be facilitated due to lack of internal capacity	Consult with SETA in the 2023/2024 FY on capacitation of internal staff	Attendance register	R0.00	
By facilitating Strategic session of SDA	Facilitation of strategic session	Business Plan	Number of strategic session	1 Strategic Session facilitated	Achieved	1 Strategic Session facilitated on the 06-07 Feb 2023	None	None	Strategic session Report document and attendance register.	R50 000,00	
To develop and maintain SDM website	Website development and maintenance	None	Number of website developed and maintained	1 website developed and maintained	Not achieved	1 Website not developed and maintained	Website was not developed and maintained due to Budget constraints	Development and maintenance of Website to be done in the new FY 2023/24	Appointment letter and website screenshot	R.00	

# : Performance of Service Providers Report 2022/2023

**6. PERFORMANCE OF SERVICE PROVIDERS FOR 2022/2023 FINANCIAL YEAR PER KPA**

• **BASIC SERVICE DELIVERY AND INFRASTRUCTURE**

NAME OF SERVICE PROVIDER	SERVICE RENDERED	LEVEL OF PERFORMANCE	REMARKS
MGM Bluhray Engineers	Consultant	1	<ul style="list-style-type: none"> <li>Poor Supervision</li> <li>Extremely Poor performance</li> </ul>
Lebaka Construction	Contractor	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Eternity Star and Zacks Business Enterprise	Contractor	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Zacks Business Enterprise	Contractor	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Mulalo Business Enterprise	Contractor	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Babina Tlou Trading & Projects	Contractor	2	<ul style="list-style-type: none"> <li>Performs below expectation</li> </ul>
Mothakge Phadima	Contractor	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Masekwameng Traders JV Simango	Contractor	-	<ul style="list-style-type: none"> <li>No work done due to non-availability of the Sub-Contractor (Mapondo)</li> </ul>
20 Elevation Construction and Landscaping	Contractor	2	<ul style="list-style-type: none"> <li>Performs below expectation</li> </ul>
BO MaMohlala	Contractor	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Mont Consulting	Consultant	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Irhalane construction	Construction	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Moepagauta JV Mafoko JJ	Contractor	1	<ul style="list-style-type: none"> <li>Extremely poor performance</li> </ul>



HWA Engineers and Project Managers	Consultant	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Aphane Consulting Engineers (Pty) Ltd.	Consultant	2	<ul style="list-style-type: none"> <li>Performs below expectation</li> </ul>
Baphalaborwa 72 Construction	Contractor	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
DWS Construction West	Contractor	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Ntshiana & Maunyatlala JV	Contractor	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Madipadi	Contractor	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Tubatse Consulting	Consultant	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
HLTC Construction	Contractor	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
SDVK	Contractor	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Kgobokanang Business Project	Contractor	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Tlou Integrated Tech cc	Consultant	2	<ul style="list-style-type: none"> <li>Poor communication</li> <li>Poor supervision</li> </ul>
Tebekgo	Supply of indigenous trees for MHS.	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Are Lebogang dimpho	Supply and delivery of magnetic stickers for branding of MHS. personnel vehicles	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Segogome	Supply and delivery of bag-packs for MHS officials	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Lefa trading business Pty Ltd	Supply and delivery of food and water sampling equipment	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Bashoroma business enterprise	Supply and delivery of section 56 notice book	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Aquaroch Pty Ltd	Supply and delivery of wheel bin for MHS.	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>

2	2	<ul style="list-style-type: none"> <li>Performs as expected</li> <li>Supply of bag-packs</li> </ul>
3	3	<ul style="list-style-type: none"> <li>Performs as expected</li> <li>Supply of indigenous trees for MHS.</li> </ul>
2	2	<ul style="list-style-type: none"> <li>Performs as expected</li> <li>Supply of bag-packs</li> </ul>



Muratho laboratory services and consulting	Analyses of water samples	3	• Performs as expected
Johannes Frederick le roux t/a inteltronics	Calibration of meteorological data measuring equipment in Dilokong	3	• Performs as expected
Metason trading and projects	Installation of solar panel ambient air quality	3	• Performs as expected
Serithi sa Basotho	Supply and delivery of 2500 bottled water for MHS	3	• Performs as expected
Cozivax Pty Ltd.	Supply and delivery of MHS branded gazebos, heavy duty camp chairs and foldable tables	3	• Performs as expected
Smdj info tech Pty Ltd	Supply and delivery of 12v portable refrigerator 25 l	3	• Performs as expected
Muratho laboratory	Water sample for cholera and typhoid	3	• Performs as expected
Saesi (southern African emergency services institute)	Annual license fee for 2023	3	• Performs as expected
Hamilton hydraulic service	Servicing of fire service hydraulic equipment	3	• Performs as expected
Rebakone steel and building construction	Supply and delivery of disaster management services relief materials (blankets and sponges)	3	• Performs as expected

• **GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

NAME OF SERVICE PROVIDER	SERVICE RENDERED	LEVEL OF PERFORMANCE	REMARKS
Unathi	Events Management	4	• Performs above expectation
Africa Youth Consortium	Events Management	3	• Performs as expected
Teka	Events Management	3	• Performs as expected

Tshepang Marketing	Events Management	4	• Performs above expectation
Le fase La Rona	Events Management	3	• Performs as expected
Nkapešane Trading	Events Management	2	• Performs below expectation
T.K. Sound	Events Management	4	• Performs above expectation
Unathi	Budget day logistics	3	• Performs as expected
Tshepang Marketing	Logistics and catering	3	• Performs as expected
Tennyson Safety Solutions	Catering	3	• Performs as expected
Tatelo Catering Supplier	Catering	3	• Performs as expected
Hlapiadi A Nape Pty Ltd	Catering	3	• Performs as expected
Tshele le Barwa Trading	Catering	3	• Performs as expected
Ashcor Travel Pty	Accommodation	4	• Performs above as expectation
KT Mogano	Review of AFS	3	• Performs as expected
MNB Chartered Accountants	Review of AFS	3	• Performs as expected
Chapu Chartered Accountants	Overtime Investigation	3	• Performs as expected
Innovation Government Solution	Performance Management system	4	• Performs above expectation
Motlatso lefa Pty Ltd	Q1 lekgotla catering	3	• Performs as expected
Senzakahle trading enterprise	Q3 lekgotla catering	3	• Performs as expected
Materne Attorneys	Legal Services	2	• Performs below expectation
Dikgati Mphahlele Attorneys	Legal Services	1	• Poor
Jose' Associate	Legal Services	3	• Performs as expected
Mdhluli Attorneys	Legal Services	3	• Performs as expected
Verveen Attorneys	Legal Services	4	• Performs above as expectation
PK Legodi Inc. Attorneys	Legal Services	4	• Performs above as expectation

• **SPATIAL RATIONAL AND LOCAL ECONOMIC DEVELOPMENT**

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NAME OF SERVICE PROVIDER	SERVICE RENDERED	LEVEL OF PERFORMANCE	REMARKS
Sebapu Mankwe 247 construction	Tourism Signage	3	• Perform as expected
Rena ba Tswako Transport and construction	Catering IDP	3	• Perform as expected
Hlapiadi a Nape (PTY) LTD	Catering IDP	3	• Perform as expected
Baphokane Construction	Catering IDP	3	• Perform as expected
Byvirile Trading (PTY) LTD	Catering LED	3	• Perform as expected
Thutse Projects (PTY) LTD	Catering LED	3	• Perform as expected
Precious Cuisine	Catering LED	3	• Perform as expected
MITSRAM PROJECTS	Catering LED	3	• Perform as expected
Poyisano Multi projects PTY (LTD)	Catering LED	3	• Perform as expected
Nithokoseng	Catering LED	3	• Perform as expected
Sebapu Mankwe 247 construction	Tourism Signage	3	• Perform as expected
Pheladi Noko B1 Funerals	Catering LED	3	• Perform as expected
Kwapeng Holdings (PTY) LTD	Catering Spatial Planning	3	• Perform as expected
Vishney Events and Solution	Catering Spatial Planning	3	• Perform as expected
Maoto a Mabedi Transport and Projects	Catering Spatial Planning	3	• Perform as expected
Kefilwe Phenyio	Catering Spatial Planning	3	• Perform as expected
Michael Mohlala Trading and Projects	Catering Spatial Planning	3	• Perform as expected
Tetelo catering Supplier (PTY) LTD	Catering Spatial Planning	3	• Perform as expected

• INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Sebapu Mankwe 247 construction	Tourism Signage	3	• Perform as expected
Rena ba Tswako Transport and construction	Catering IDP	3	• Perform as expected
Hlapiadi a Nape (PTY) LTD	Catering IDP	3	• Perform as expected
Baphokane Construction	Catering IDP	3	• Perform as expected
Byvirile Trading (PTY) LTD	Catering LED	3	• Perform as expected
Thutse Projects (PTY) LTD	Catering LED	3	• Perform as expected
Precious Cuisine	Catering LED	3	• Perform as expected
MITSRAM PROJECTS	Catering LED	3	• Perform as expected
Poyisano Multi projects PTY (LTD)	Catering LED	3	• Perform as expected
Nithokoseng	Catering LED	3	• Perform as expected
Sebapu Mankwe 247 construction	Tourism Signage	3	• Perform as expected
Pheladi Noko B1 Funerals	Catering LED	3	• Perform as expected
Kwapeng Holdings (PTY) LTD	Catering Spatial Planning	3	• Perform as expected
Vishney Events and Solution	Catering Spatial Planning	3	• Perform as expected
Maoto a Mabedi Transport and Projects	Catering Spatial Planning	3	• Perform as expected
Kefilwe Phenyio	Catering Spatial Planning	3	• Perform as expected
Michael Mohlala Trading and Projects	Catering Spatial Planning	3	• Perform as expected
Tetelo catering Supplier (PTY) LTD	Catering Spatial Planning	3	• Perform as expected



NMP	IWS and Executive vehicle lease (Incoming)	3	<ul style="list-style-type: none"> <li>Performance fully meets the standard expected for service</li> </ul>
Makgonatsohle	Repairs and maintenance of emergency vehicles	3	<ul style="list-style-type: none"> <li>Performance fully meets the standard expected for service</li> </ul>
AFRIRENT	SDM vehicle tracking	3	<ul style="list-style-type: none"> <li>Performance fully meets the standard expected for service</li> </ul>
Dikgole Malesolo Ntjana Trading	Provision of PPE to employees	1	<ul style="list-style-type: none"> <li>Significant delays &amp; incomplete delivery of PPE</li> </ul>

• FINANCIAL MANAGEMENT AND VIABILITY

NAME OF PROVIDER	SERVICE RENDERED	LEVEL OF PERFORMANCE	REMARKS
Morar Inc.	Maintenance of fixed asset registers	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
MaxProf	VAT recovery	4	<ul style="list-style-type: none"> <li>Performs above expectation</li> </ul>
REVCO	Debt collection	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>
Ntuyiso consulting	Meter-reading	3	<ul style="list-style-type: none"> <li>Performs as expected</li> </ul>

• SEKHUKHUNE DEVELOPMENT AGENCY

NAME OF SERVICE PROVIDER	SERVICE RENDERED	LEVEL OF PERFORMANCE	REMARKS
Bafisaboke trading enterprise	Catering	3	<ul style="list-style-type: none"> <li>• Performs as expected</li> <li>• Performs as expected</li> </ul>
Vishny events and solutions (2021/112613/07)	Catering	3	
KDM travel express	Accommodation	4	<ul style="list-style-type: none"> <li>• Performs above expectation</li> </ul>
Moflatsolefa Pty Ltd	Catering	3	<ul style="list-style-type: none"> <li>• Performs as expected</li> <li>• Performs as expected</li> <li>• Performs as expected</li> </ul>
Marumo a Tubatse solution and construction	Catering	3	
Procurement dynamics Pty Ltd	Feasibility study	3	<ul style="list-style-type: none"> <li>• Performs as expected</li> <li>• Performs as expected</li> </ul>
KT Mogano investments	Afs	3	
Ashcor travels Pty Ltd	Accommodation	4	<ul style="list-style-type: none"> <li>• Performs above expectation</li> </ul>
Batlokwa travel Pty Ltd	Accommodation	4	<ul style="list-style-type: none"> <li>• Performs above expectation</li> <li>• Performs above expectation</li> </ul>
Image travel and tours	Accommodation	4	
Explohill advertising and media (Pty) Ltd	Advertisement	4	<ul style="list-style-type: none"> <li>• Performs above expectation</li> </ul>
Segokgome trading and projects	Laptops	4	<ul style="list-style-type: none"> <li>• Performs above expectation</li> <li>• Performs above expectation</li> </ul>

# Annexure D:

## Sekhukhune Development Agency

# Annual Report

# 2022/2023

SEKHUKHUNE  
DEVELOPMENT AGENCY



**Sekhukhune Development  
Agency**

**REACHING NEW HEIGHTS**

2022/2023





## FOREWORD

It is with great honour for me to report on the performance and activities of Sekhukhune Development Agency (SDA) for the financial year 2022/2023. The year 2022/2023 just like the previous one, has been the most challenging and difficult period the Agency has experienced. It was characterised by different sets of transition in the ranks of the parent municipality and the Agency's Board itself.

Agility, building strategic networks and mutually beneficial relations across various economic sectors of our District elevated SDA into a formidable force within the district's ecosystems. Speaking of agility, the SDA Board emerged out of its broadly consultative strategic planning session on 06 to 07 February 2023 emboldened by generous contributions from captains of key industries in the Sekhukhune District's economy – mining, agriculture, and tourism. There is noteworthy work done in the coordination of the economic role players, through multilateral forums and institutions such as Fetakgomo Tubatse Special Economic Zone, Mining General Managers' Forum, and the Local Economic Development Forum.

SDA succeeded to asset its catalytic role in the driving seat of the district's economy by stimulating conversations on rationalisation of game reserves within the district under the custodianship of the Limpopo Department of Economic Development Environment and Tourism (LEDET) to be handed over and operated by the Agency through the Public Private Partnership (PPP) model.

Empowered by the Memorandum of Agreement (MOA) signed with Department of Water and Sanitation (DWS) the SDA demonstrated its fervour to lead the implementation of De Hoop Dam Resource Management Plan (RMP), a strategic road map that guides the regulation of access, control, management, and recreational utilisation of the De Hoop Dam resource. Despite the economic spinoffs, the SDA further prioritised an informed approach that promotes protection of users, community participation, beneficiation of local communities and ensuring that the dam resource is kept in good condition without compromising its primary purpose of providing raw water to mining industries (and the Special Economic Zone) and bulk water supply to majority of the population of the district.

SDA has increasingly become a key role player in the district's travel and tourism sector. There is no doubt this sector is a key component of economic growth for the district, the province and country in general. It is encouraging to note the SDA is represented in the Limpopo Provincial Tourism Routes Development Task Team. This places SDA in the centre of actions required to intensify the province's marketing efforts led by Limpopo Tourism Agency (LTA) in order to reclaim the province's position and increase its market share.



The year under review was, despite COVID-19 pandemic disruption, a period of learning, developing resilience and change of narratives in the district's economic development outlook. The Agency collaborated with key stakeholders to help ignite tourism and travel in the district. Our fledgling relations with LTA led to the launch and wrap-up of the Tourism Month campaigns where the spinoffs were spread across the District at Black Aloe Waterfront in Ephraim Mogale Local Municipality and Tubatse Crossing Mall in Fetakgomo Tubatse Local Municipality respectively.

The Board will remain critical on compliance and governance matters. While the entity attained an unqualified audit opinion from the Auditor-General, despite the isolated areas of improvement. We will remain agile and active in conducting our oversight responsibilities to ensure further perfection on the Auditor General's opinion. If we pulled together this far in managing transition, I am assured that a clean audit is not farfetched as it can be achieved. I wish to, on behalf of the Board, express my sincere gratitude to the following for having been on our side:

- Shareholder, the Honourable Executive Mayor of Sekhukhune District Municipality Cllr Maleke Johanna Mokganyetji, Member of Mayoral Committee (MMC) for Planning and Economic Development (PED) Cllr Baatseba Leshaba, the PED Portfolio, the PED Director and Staff for continued support, guidance, and provision of space for the Board to fulfil its mandate.
- Media in general to have given us courage to expose the Agency's activities in the public discourse, thereby promoting our friendliest royal district, its people with their diverse cultures, icons, and a myriad of attractions. This will help the tourism sector in Sekhukhune from leaps of resilience to total recovery from the adverse effects of COVID-19.
- Captains of industries and drivers of mining, agriculture and tourism for their continued support and technical advice on economic development matters.
- The unqualified audit opinion in the past financial year would not have been possible had it not need for the continued cooperation among the various stakeholders including Auditor-General, Risk and Audit Committee, SDM's internal audit support, SDA's Senior Management and Staff as well as the Shareholder representative. Success in this area calls for intensity in compliance to governance. Clean audit is still attainable and continues to be our aspiration.

Thank you,

**MR. TSHABEDI RICHARD SEROTE**  
**CHAIRPERSON OF THE BOARD OF DIRECTORS**  
**SEKHUKHUNE DEVELOPMENT AGENCY**  
**CEO'S OVERVIEW & PERFORMANCE SUMMARY**



It's an honour and pleasure for me, on behalf of SDA Management and Staff, to present the 2022/2023 Annual Performance Report to you. The overarching theme of this report is to put the Agency on the pedestal of recovery, repositioning and revamp to meet its strategic feat.

Externally, the Agency functions within a highly integrated global economic system which exerts negative effects of COVID-19 and geopolitical events on our district. Internally, the protracted process of transition endured by the Agency imply a delayed and deprived opportunity to respond innovatively and do business differently, and to remain relevant and competitive in its arena of competence.

The current situational analysis of the Agency compels it to reposition and revamp to steer its strategic path. In order to capture the imagination of the population of Sekhukhune and various role players and stakeholders, the repositioning of SDA is unnegotiable. There are irresistible challenges and opportunities presented by the unparalleled wave of interest in our district's infrastructure-build investment inspired by the District Development Model.

We have to acknowledge that COVID-19 pandemic lockdowns caused massive job losses with some SMMEs closed. The SDA is mandated to contribute to job creation by calling for investment in the district, interventions to upskill the populace and industrial development. The SDA must lead innovative ways to rejuvenate the district's economy by playing a foremost role in the review of the District's Tourism and Economic Development Strategies in the post-COVID-19 environment.

The SDA has through this period of delicate transition succeeded in identifying, collaborating, partnering with important stakeholders to help it achieve its mandate of robust economic development. Key among this include adoption of Yellow Arum Lily Festival, celebrated in Leolo and Roosenekal communities, as the provincial destination marketing flagship. The Yellow Arum Lily Festival staged annually in November, given the amount of mileage this derives for the district, is the core manifestation of partnership with LTA. The partnership with LTA also will help expand on the SDA's brand awareness campaigns which requires enormous value of publicity and recognition by stakeholders.

With Roosenekal and Leolo as distinct examples, the SDA's commitment to community-based tourism is aligned to the White Paper on Tourism which emphasise cooperation among all sectors of society: "Tourism is Government enabled, Private Sector driven, and Community based". This approach stems from an endeavour of positioning Sekhukhune District as the top-most visited District in the domestic tourism front.

The repositioning of SDA prompt us to prioritise the following policy directives:



- Achieve Clean Audit;
- Integrating all the entity's systems;
- Attain exceptional performance in the SDBIP;
- Fighting triple challenges of poverty, unemployment and inequality;
- Building strong partnerships with private sector and communities;
- Encouraging trade training and skills development;
- Intensifying efforts on research;
- Growing tourism; and
- Enhancing market intelligence.

We wish to thank everybody who contributed towards the success of SDA during this difficult period, which saw most processes disrupted and mostly delayed. These include but not limited to the following:

- Our Board for its visionary leadership, support, and guidance.
- Our executive management and entire staff for giving their full support during the most difficult times.
- My Colleagues especially Director for Planning and Economic Development Ms Katlego Shongwe and Directors of PED in the four local municipalities of Sekhukhune for their willingness to always share good practices on how best we could grow economic development and navigate frustrations posed by the environment we are operating in.
- Members of the media for continuously covering our events and exposing Sekhukhune District to the world.
- Our esteemed lifetime partners, the ever-hard-working leaders in mining, agriculture, and tourism industries.
- As the Agency we value the strong partnership that we have with various economic development players and together we continue to position Sekhukhune as the friendliest royal destination for tourism and investment.

We thank you all for your support.

**Ms Mantwa Makanyane**  
**Chief Executive Officer**  
**Sekhukhune Development Agency**

## 1. INTRODUCTION

Sekhukhune Development Agency (SDA) herein presents annual report for 2022/2023 financial year. The annual report is a statutory requirement for all municipal entities in South Africa, primarily to report on performance during the year under review, guided by the Municipal Finance Management Act 56 of 2003 (MFMA). This is in accordance with the MFMA Circular 63 of 2012 and contents of this annual report are set out as below:

1. Introduction
2. Governance.
3. Project undertaken.
4. Organisational Development Performance.
5. Financial Performance.
6. Auditor General's Findings.
7. Appendices.

However, this introductory chapter begins by presenting the legislative background, mandate, projects undertaken and financial sustainability, and a summary of the annual report process.

### 1.1 Legislative Framework for Annual Reporting

The Annual Performance Report (APR) for Sekhukhune Development Agency for the financial year 2022/2023 has been prepared in compliance with the provisions of the Local Government Municipal Finance Management Act which provides as follows:

#### Section 121(3)(c)

*"the annual report of the municipality must include the annual performance report of the prepared by the municipality/municipal entity in terms of section 46 of the municipal Systems Act"* Section 46

(1) of the Local Government Municipal Systems Act, 2000

*"a municipality/municipal entity must prepare for each financial year an annual report consisting of-*

*a performance report reflecting-*

- (i) *the municipality/municipal entity's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year*
- (ii) *the development of service delivery priorities and performance targets set by the municipality/municipal entity for the following financial year, and*
- (iii) *measures that were or are to be taken to improve performance.*



The reader should take note that Sekhukhune Development Agency does not have its own Performance Management Unit and has an agreement with the parent municipality to utilise the performance management unit of the parent municipality for planning, monitoring and evaluation of its performance alongside code of good practices provided for in the King IV Report on Good Corporate Governance.

## 2. MANDATE

The mandate of the SDA is captured in the 'By-law for establishing and operating Sekhukhune Development Agency' which was published in the Provincial Gazette Extraordinary no. 1863 dated 4 November 2010.

In terms of the By-law, the following are the **five strategic objectives** of SDA:

- To act as an engine for economic growth by diversifying and expanding the SDM economic base;
- To secure a stable and sustainable financial base for the future development of the Agency;
- To initiate, identify and implement high impact economic development projects;
- To develop businesses that create sustainable job opportunities;
- To source funds for economic development concepts and convert these into projects aimed at transforming the district into the first economy.

It is thus imperative that the SDA ensures that projects and programmes initiated, identified and implemented annually are aligned to the strategic objectives. The governance and operation of SDA must also be informed in the same vein. More importantly, the strategic objectives must inform the planning, implementation, monitoring as well as review of the SDA Programmes.

The annual performance agreement between SDA Chairperson and Executive Mayor should also mirror the same strategic objectives. The SDA performance is assessed by the parent municipality on a quarterly basis as part of Performance Lekgotla reporting framework. The SDA reporting pathways begin from management to sub-committees of the board, board of directors, and lastly to the parent municipality.

## 3. FINANCES

### 3.1 Financial Overview

#### 3.1.1 Assets

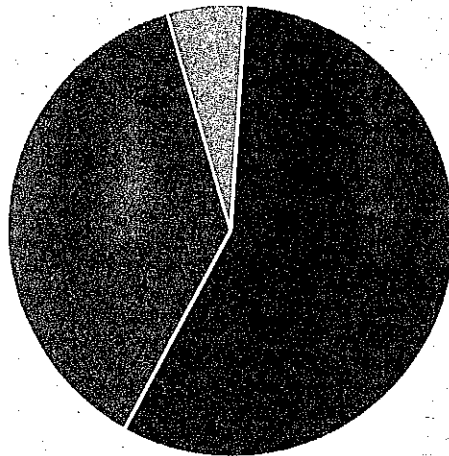
In the 2022/2023 financial year, the total assets for Sekhukhune Development Agency stood at R1 670 770.00 and net assets at R1 403 385.00 as compared



to the total asset position of R1 686 363.00 and net assets at R999 314.00 in the 2021/2022 financial year.

### 3.1.2 Revenue

2022/2023



■ Total for 2022/2023 ■ 2021/2022 □ Cash In Bank

The total revenue for Sekhukhune Development Agency in the 2022/2023 financial year stood at R8 608 059.00 compared to R5 687 026 in 2021/2022 financial. The Agency has cash in ABSA bank to an amount of R850 749.00

### 3.1.3 Liabilities

SDA incurred liabilities amounting to R 267 385.00 in the 2022/2023 financial year as compared to liabilities of R 687 049.00 in the 2021/2022 financial year. The liabilities relate to payables from exchange transactions.

### 3.1.4 Expenditure

The total expenditure incurred by SDA in the 2022/2023 financial year stands at R3 171 829.00 as compared to R3 779 683.00 in the 2021/2022 financial year. Employee costs that were incurred in the 2022/2023 financial year contributed to R1 391 387.00 as compared to R2 136 488.00 in the 2021/2022 financial year. Payment for members of the SDA Board that were incurred in the 2022/2023 amounted to R513 699.00 as compared to expenditure of R373 858.00 in the 2021/2022 financial year.



**4. GOVERNANCE**

**4.1 SDA's Non-Executive Board Members:**

- Mr. Tshabedi Richard Serote (Chairperson)
- Mr. Magomarele Geoffrey Mariri
- Mr. Freddy Raserote
- Mr. Lethabo Pheeha
- Mr. David Chesir

**4.2 Board Meetings**

The following Board Meetings were held:

No. of Meetings	Q1 22/23	Q2 22/23	Q3 22/23	Q4 22/23
<b>Ordinary Board Meeting</b>		14/11/2022	31/01/2023	13/04/ 2023
<b>TOTAL</b>				03
<b>ECONDEV</b>		24/10/2022	18/01/2023	
<b>REMCO</b>		21/10/2022	20/01/2023	
<b>FINCOM</b>		17/10/2022 & 20/10/2022	19/01/2023	
<b>TOTAL</b>				07
<b>Special Board Meeting</b>	31/08/2022		10/02/2023 & 14/03/2023	05/05/2023
<b>TOTAL</b>				04
<b>AGM</b>	0	0	0	0
<b>TOTAL</b>				0

**4.2.1 Annual General Meeting**

The AGM was not held for the annual financial year 2022/2023 due to disruptions in change of board directorship and executive management.





### 4.3 Strategic Planning

On January 3, 2023, the Board of the Sekhukhune Development Agency (SDA) took a significant step by convening and setting a course for the future. During this gathering, it was decided that a strategic planning session would be held from February 6 to February 7, 2023. The objective of this session was to engage in comprehensive discussions, evaluations, assessments, and measurements pertaining to the effectiveness and impact of the Agency's existing programs, projects, and strategic trajectory.

This strategic planning session embodies the spirit of foresight and dedication to the SDA's mission. By reviewing the ongoing initiatives and the broader direction of the Agency, the Board demonstrates its commitment to optimising outcomes and responding adeptly to the ever-evolving landscape of development.

The participation of key stakeholders, Board members, and experts during the strategic planning session amplifies the potential for innovative solutions and the refinement strategies. It is a platform for collective wisdom, a space to deliberate on challenges and opportunities, and a catalyst for informed actions that align with the aspirations of the community and the region.

### 4.4 Audit and Risk Committee

SDA has a standing arrangement with the parent municipality to share services of Audit and Risk Committees. The Audit Committee considers and makes recommendations on matters provided under Section 165 and Regulation 9 of the MFMA and Municipal Planning and Performance Management Regulations, 2001 (MPPR) respectively. The committee further advises management and the Council/Board on matters pertaining to the annual financial statements before submission to the Auditor General of South Africa.

In terms of legislative prescripts, the Audit Committee members should meet at least 4 times per annum as per its approved charter. During the current financial year three (3) meetings were held. The Members of the Audit Committee that



served for the period 1<sup>st</sup> July 2022 to 30 June 2023, and their attendance were as follows:

NAME OF MEMBER	STATUS	NUMBER OF MEETINGS ATTENDED
Mr. S Mofokeng	Member & Chairperson (appointed 01 April 2023)	2
Ms. M Ndhlovu	Member	1
Ms. M Mathabathe	Member	3
Ms. M Mothelesi	Member	1
Adv. L Thubakgale	Member	3
Ms. S Ngoetjane	Member	2
Mr. V Manyiseni	Member	2

**4.4.1 Risk**

Risk Management Committee forms part of the shared services with the parent municipality. The Risk Management Committee (RMC) is an oversight committee responsible to the Accounting Officer (AO) for the monitoring of risk management which includes assisting in designing, implementing, and coordinating the institution's risk management initiatives.

**4.5 Audit Outcomes**

The following is the comparative analysis of Audit Outcomes from Auditor-General South Africa (AGSA):

2019/20	Unqualified
2020/21	Unqualified
2021/22	Unqualified
2022/2023	Qualified

The Sekhukhune Development Agency had planned to achieve a total of 9 targets for the 2022/2023 financial year. The entity managed to achieve 5 of the 9 set targets, which is an equivalence of 56% and 4 targets were not achieved. The overall budget for the above financial year was R8 608 059,00. Expenditure is at R3 171 829,00. The variance including employee costs is at R5 375 169,44 which is 38%.

In terms of 2021/2022 financial year, the Agency planned 11 targets, 4 were achieved and 7 not achieved at 36%/. The performance of the current financial year therefore shows an improvement of 20% as compared to the previous year.



**TABLE 1: Comparison of performance for 2021/2022 and 2022/2023**

July 2022 to 30 June 2023

SEKHUKHUNE DEVELOPMENT AGENCY	PERCENTAGE ACHIEVED	NUMBER OF TARGETS SET	NUMBER OF ACHIEVED TARGETS	NUMBER OF TARGETS NOT ACHIEVED	PERCENTAGE ACHIEVED
2021/2022 ANNUAL PERFORMANCE	36%	11	4	7	36%
2022/2023 ANNUAL PERFORMANCE	56%	9	5	4	56%

**TABLE 2: PERFORMANCE OF SERVICE PROVIDERS FOR FINANCIAL YEAR 2022/2023**

NAME OF SERVICE PROVIDER	SERVICE RENDERED	LEVEL OF PERFORMANCE	REMARKS
BAFISABOKE ENTERPRISE TRADING	Catering	3	Performs as expected
VISHNY EVENTS AND SOLUTIONS (2021/112613/07)	Catering	3	Performs as expected
	Accommodation	4	Performs above expectation
KDM TRAVEL EXPRESS			
MOTLATSOLEFA PTY LTD	Catering	3	Performs as expected
MARUMO A TUBATSE SOLUTION AND CONSTRUCTION	Catering	3	Performs as expected
PROCUMENT DYNAMICS PTY LTD	Feasibility Study	3	Performs as expected
KT MOGANO INVESTMENTS	AFS	4	Performs above expectation
ASHCOR TRAVELS PTY LTD	Accommodation	4	Performs above expectation



BATLOKWA TRAVELPTYLTD	Accommodation	4	Performs above expectation
IMAGE TRAVEL AND TOURS	Accommodation	4	Performs above expectation
EXPLOHILL ADVERTISING AND MEDIA (PTY)LTD	Advertisement	4	Performs above expectation
SEGOKGOME TRADING AND PROJECTS	Laptops	4	Performs above expectation

**TABLE 3: MEASURES TO IMPROVE PERFORMANCE**

Challenge	Measures to improve performance
No Website for the Agency	Procurement of website for the Agency to be concluded before the end of the second quarter.
No financial system for the Agency	Procurement of own financial system well underway and to be concluded before the end of the second quarter.
Lack of own policies	Policies to be developed and submitted to the Board by the 3 <sup>rd</sup> quarter of 2023/2024 financial year.
Lack of internal capacity	Training of staff to be given priority in the new financial year
Shortage of staff	Posts have already been advertised and the filling of the posts including the posts of CEO and finance manager which are at an advance stage.
Unable to implement high economic impact project due lack of funding	Appointment of professional fundraisers in the second quarter to assist in attracting and/or approaching potential funders.



**7. CONCLUSION**

The annual report of the Sekhukhune Development Agency (SDA) for the 2022/2023 financial year presents a comprehensive overview of a period marked by significant challenges and transformative changes. The landscape within which we operated was dramatically altered by the negative impact on the operations of the Agency economic devastation that unfolded due to the resignation of the Acting CEO, a circumstance that reverberated throughout our endeavors. In the face of unprecedented economic hardships, the SDA demonstrated its commitment to the community it serves. The interim board of directors, appointed by the SDM council, played a pivotal role in steering the agency through uncharted waters, ensuring that the agency's mandate was upheld despite the circumstances. We hope and believe that the newly appointed Board will take the process further and ensure that the Agency does not only rely on the parent municipality but is self-reliant.

**ACCOUNTING OFFICER,**

**Ms. Mantwa Makanyane  
CHIEF EXECUTIVE OFFICER**

\_\_\_\_\_  
**DATE**



### 5.5 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN 2022/2023

Section 53(1)(ii) of the Local Government Municipal Systems Act, 2003 provides that the mayor of the municipality is charged with the responsibility to consider and approve the Service Delivery and Budget Implementation Plan. In this instance, for the 2022/2023 financial year. For the 2022/2023 financial year, Sekhukhune Development Agency has set 09 targets to deal with issues of economic development.

### 6. STAKEHOLDER ENGAGEMENT

#### 6.1 STAKEHOLDER ENGAGEMENTS AND REVENUE GENERATING PROJECTS

As part of its mandate, the agency hold regular meetings and engagements with stakeholders to exchange ideas on how to take the Agency forward. The following sectors and departments were engaged:

#### 6.2. LIMPOPO DEPARTMENT OF ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM (LEDET) AND FETAKGOMO-TUBATSE INDUSTRIAL PARK (FTIP)

The process of engaging an SDA inclusion in a Special Economic Zones (SEZ) project and signing a Memorandum of Understanding (MoU) with FTIP aims to facilitate cooperation and promote investment opportunities for the benefit of the SEZ's development and the overall economy.

# Annexure E: Audit Committee Report 2022/2023(SDM)

**SDM- REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2023**

We are pleased to present our report for the financial year ended 30 June 2023. The Audit Committee (Committee) has been established as an independent committee in terms of section 166 of the MFMA Act No.56 of 2003. The Committee has adopted formal terms of references which are regularly updated and approved by council.

The Committee consist of the members listed hereunder and should meet at least four times per annum as per its terms of references although special meetings may be called as the need arise. Below is the attendance held and attendance was tabled as follows

<b>Names of Audit Committee Members.</b>	<b>Title.</b>	<b>Status.</b>	<b>Appointed date.</b>	<b>Total Number of Meetings held in 2022/2023 FY.</b>	<b>Number of Meetings Attended.</b>
Ms. M Ndlovu	AC Chairperson/PAC Member	Contract ended.	01 April 2020- 31 March 2023	9	5
Mr. M Mathabatha	Member/PAC Chairperson	Active	01 April 2020-31 March 2023 01 April – 31 March 2026	9	8
Ms. M Motholesi	Member	Contract ended.	01 April 2020- 31 March 2023	9	5
Adv L Thubakgale	Member	Active	26 October 2021 -31 March 2023 01 April 2023-31 March 2026	9	9
Mr. LS Mofokeng	AC Chairperson	Active	01 April 2023-31 March 2026	9	4
Mr. V Manyisane	Member	Active	01 April 2023-31 March 2026	9	3
Ms. S Ngoetjane	Member	Active	01 April-31 March 2026	9	1



## **AUDIT COMMITTEE RESPONSIBILITIES**

The Committee reports that it has complied with its responsibilities arising from section 166 of the Municipal Finance Management Act 2003 (MFMA) section 79 of the Municipal Structure Act 117 1998 and paragraph 14 (2) (a) of the Local Government: Municipal Planning Management Regulations, 2001. The Committee also reports that it has adopted an appropriate formal terms of references, has regulated its affairs in compliance with these terms and has discharged all its responsibilities as contained therein

## **THE EFFECTIVENESS OF INTERNAL CONTROL AND INFORMATION COMMUNICATION TECHNOLOGY (ICT ) GOVERNANCE**

The Internal Control system was not entirely effective for the year under review although some improvements were registered in some control activities. From the various reports of the Internal Audit and Auditor General Report for 2022-2023 it became clear that more still needs to be done by both council and Administration in ensuring that the Municipality obtain a clean audit and that services delivery is effective rendered.

The Committee also reviewed the progress with respect to the ICT governance. Although there were some significant progress on the ICT internal control. The Committee report its dissatisfaction with the lack of ICT strategy and minimal progress made with the implementation of the disaster recovery plan and the business continuity plan. This continued to be a high risk for the municipality.

## **THE QUALITY OF REPORTING**

The Committee is of the view that the contents of the quarterly reports of the Municipality that it has been made privy to, have improved significantly. The performance management system for managers accountable to the Municipal Manager has been operating though not as efficient as the municipality would have liked the system to be. The committee has been part of the performance assessments of the managers accountable to the Municipal Manager for the year under review.

## **RISK MANAGEMENT**

Progress on the District Municipality risk management was reported to the Committee on a quarterly basis. The Committee is satisfied that the actual management of risk is receiving attention although there are areas that still require improvement. Management should take full responsibilities for the entire Enterprise Risk Management Process and continue to support the Chief Risk Officer to further enhance the performance of the Municipality. The Committee was dissatisfied about the capacity in the Risk Management to support the Chief Risk Officer.

## **HUMAN RESOURCES**

The Committee were concerned with slow filling of vacant position and request management to speed up the process of filling all the senior positions and key positions in the municipality.

### **AUDIT PROCESS**

The Committee is satisfied with how the audit process were handled by the Auditor General South Africa however there is room for improvement going forward to avoid delays during the audit period. The Committee had concerns that the Audit report for 2022-2023 Financial Year was not issued as per the audit strategy as agreed between the Auditee and the Auditor General South Africa. The committee would further like to be recommended that communication between AGSA and AC should be strengthened as part good Governance. The Committee recommend that Management of the Municipality must submit the credible Annual Financial Statements. From the Audit report of the Auditor General South Africa on the annual financial statement of the Municipality, it was noted that the Municipality has sustained the qualified audit opinion. We recommend that management should develop and implement a credible action plan to address all the findings as-raised by the Auditor General (SA) in order to strengthen the efficiency and effectiveness of the system of internal controls over financial reporting. The action plan should deal with the actual root causes of the finding.

### **Evaluation of the Financial Statements**

#### **The Audit Committee has:**

- Reviewed and discussed the audited annual financial statement.
- Reviewed the AGSA management letter and responses thereto.
- Reviewed compliance with legal and regulatory provisions
- Reviewed significant adjustment resulting from the audit process.
- Reviewed the audit report.

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We concur with and accept the Auditor General South Africa report on the annual financial statements and are of the opinion that the audited annual financial statement be accepted and read together with the report of the Auditor General South Africa.

### **ANNUAL REPORT FOR 2022-2023 FINANCIAL YEAR**

The Committee has considered the annual report for 2022-2023 financial year and recommend that management should ensure that Management and governance structures review the Annual Report.

#### **Appreciation**





**SDA- REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2023**

**AUDIT COMMITTEE REPORT**

The Audit Committee (the Committee) is pleased to present the report for the financial year ended 30 June 2023. The Audit Committee has been established as an independent committee in terms of section 166 of the Municipal Finance Management Act No.56 of 2003. The Committee adopted formal terms of references which are regularly updated and approved by Council.

**Audit Committee members and attendance**

The Committee consist of members listed hereunder and should meet atleast four times per annum as per its terms of references although special meetings maybe called as the need arises.

For the 2022-2023 financial year,5 meetings were held due to changes or lack of leaderships in the agency. The attendance was as follows:

<b>Names of Audit Committee Members.</b>	<b>Title.</b>	<b>Status.</b>	<b>Appointed date.</b>	<b>Total Number of Meetings held in 2022/2023 FY.</b>	<b>Number of Meetings Attended.</b>
Ms. M Ndlovu	AC Chairperson/PAC Member	contract ended.	01 April 2020- 31 March 2023	5	3
Mr. M Mathabatha	Member/PAC Chairperson	Active	01 April 2020-31 March 2023	5	4
			01 April – 31 March 2026		
Ms. M Motholesi	Member	contract ended.	01 April 2020- 31 March 2023	5	3
Adv L Thubakgale	Member	Active	26 October 2021 -31 March 2023 01 April 2023-31 March 2026	5	5

Mr. LS Mofokeng	AC Chairperson	Active	01 April 2023-31 March 2026	5	2
Mr. V Mañhisane	Member	Active	01 April 2023-31 March 2026	5	2
Ms. S Ngoetjana	Member	Active	01 April-31 March 2026	5	2

The Committee reports that it has considered its charter which was ultimately approved by Council which is the parent of the Sekhukhune Development Agency and charter regulates its affairs and detailed the responsibilities and expectations of the Committee.

### **The Effectiveness of the Internal Control**

The Committee noted the work of the assurance service providers, both internal and external auditors through reports that were submitted. The reports were noted with concern by the Committee regarding the number of significant internal control deficiencies.

Management has given assurance that effective corrective action will be implemented in respect of all internal control weakness. The Audit committee will monitor these going forward.

### **Risk Management**

The Committee fulfils an oversight role regarding the financial reporting risk, internal financial controls, fraud risk and information and technology as it relates to financial reporting. ~~The Chairperson of the risk management committee or the Chief Risk Officer report progress on the risk management process to the Committee on a quarterly basis. The Committee is dissatisfied that the actual management of risk is not receiving attention. Management should take full responsibility for the entire Enterprise Risk Management Process and continue to support the Chief Risk Officer to further enhance the performance of the Agency~~

### **Human Resources**

The Committee is dissatisfied that the agency is not receiving attention from the Municipality. The agency has been running with the Acting Chief Executive Officer and without the Finance Manager and the Board Secretary for a long period. Management should ensure that the critical positions are filled and that they receive necessary support from the shareholder.

### The Quality of Reporting

The Committee is of the view that the contents of the quarterly reports of the agency that has been made privy to have improved. Management must improve on the submission deadlines.

### Financial Management

The Committee is dissatisfied with the budget allocation for the agency and request that the shareholder support the agency so that the agency can realise its objectives.

### Audit Process

The Committee is satisfied with how the audit process were handled by the Auditor General South Africa however there is room for improvement going forward to avoid delays during the audit period. The Committee had concerns that the Audit report for 2022-2023 Financial Year was not issued as per the audit strategy as agreed between the Auditee and the Auditor General South Africa. The committee would further like to recommend that communication between AGSA and AC should be strengthened as part good Governance. The Committee regrettable noted the regression of the Agency from unqualified to qualified audit opinion. The Committee recommend that Management of the Municipality must submit the credible Annual Financial Statements. The Committee recommend that management should implement an action plan to address all the findings as raised by the AGSA in order to strengthen the efficiency and effectiveness of the system of internal controls over financial reporting.

### Evaluation of the Financial Statements

#### The Audit Committee has:

- Reviewed and discussed the audited annual financial statement;
- Reviewed the AGSA management letter and responses thereto
- Reviewed compliance with legal and regulatory provisions
- Reviewed significant adjustment resulting from the audit process;
- Reviewed the audit report

We concur with and accept the AGSA report on the annual financial statements, and are of the opinion that the audited annual financial statement be accepted and read together with the report of the Auditor General South Africa.

### Annual Report for the 2022-2023 Financial Year

The Committee has considered the annual report for 2022-2023 Financial year and recommend that management and governance structures should review the annual report so that the report is credible.

**Appreciation**

The Committee wishes to thank the Municipal Council, AGSA, Board, Management and staff for continued commitment to improve effective control environment and good governance and for their support.

**Chairperson of the Audit Performance Committee**

**Mr S Mofokeng**

**Date: 03 January 2023**

The Committee is satisfied with how the audit process was conducted. It is noted that there is room for improvement in the way the Council has conducted its business. The Committee will continue to monitor the progress of the audit process and will report to the Council on the findings of the audit. The Committee will also continue to work with the Council to improve its internal control systems and to ensure that the audit process is conducted in a timely and efficient manner.

Reviewed and discussed the audited annual financial statements of the Council for the year ended 31 December 2022.

Reviewed significant adjustment resulting from the audit of the financial statements.

Reviewed the financial statements of the Council for the year ended 31 December 2022 and found them to be in accordance with the applicable financial reporting framework.



# Annexure F: Audit Action Plan

Committee would like to thank the Municipal Council and staff for committed commitment to improve local governance and for their support.

**2022/2023 AUDIT ACTION PLAN**

Financial Year: 2022/2023
<b>Annexure A: Matters Affecting Audit Report</b>
Audit Action Plan Status: All
Implementation Status: Not Yet Started/In Progress. / Completed/ Agreed Findings Addressed

Section	Subsection	Finding	Due Date	Action Plan Status	Implementation Progress %	Implementation Status
Misstatements in annual financial statements	Expenditure	Description: Trade payables Amount as per the GL -349,396,781.53 Amount as per the AFS - 351,512,959.00 Differences 2,116,177.47	30-Jun-2024	Developed (CFO Approved)	0%	Not Yet Started
Misstatements in annual financial statements	Unauthorised, irregular and fruitless and wasteful expenditure	Prior year corresponding amounts Add: Irregular expenditure incurred in prior year but identified in current year. Schedule - 0 AFS - 1,863,668.00 Differences + (1,863,668.00) COMAF 02 + 8. Irregular expenditure corresponding figures	30-Jun-2024	Developed (CFO Approved)	0%	Not Yet Started

Non-compliance with laws and regulations	Unauthorised, irregular and fruitless and wasteful expenditure	No evidence submitted to show that prior year unauthorised, irregular and fruitless and wasteful expenditure were investigated. The same finding was raised in prior year.	30-Jun-2024	Developed (CFO Approved)	0%	Not Yet Started
Non-compliance with laws and regulations	Expenditure management	The municipality did make supplier payments after 30 days which was a non-compliance with the treasury regulations on supplier payments within 30 days.	30-Jun-2024	Developed (CFO Approved)	0%	Not Yet Started
Non-compliance with laws and regulations	Expenditure management	The municipality did make supplier payments after 30 days which was a non-compliance with the treasury regulations on supplier payments within 30 days.	30-Jun-2024	Developed (CFO Approved)	0%	Not Yet Started
Non-compliance with laws and regulations	Expenditure management	The municipality did make supplier payments after 30 days which was a non-compliance with the treasury regulations on supplier payments within 30 days.	30-Jun-2024	Developed (CFO Approved)	0%	Not Yet Started
Misstatements in annual financial statements	Aggregate misstatements as per audit finding	Misclassification of expenditure relating to the water tankering within the contracted services expenditure disclosed in the notes to the financial statements.	28-Feb-2024	Developed (CFO Approved)	0%	Not Yet Started

Submitted

Misstatements in annual financial statements	Aggregate misstatements as per audit finding	The municipality did not disclose the impairment loss events that led to the impairment, nature of the assets impaired, segment which the assets impaired belong to, whether they fair value less cost to sell or value in use, methods and assumptions if value in use is used, whether the independent valuer was used or not and key assumptions that were used to determine the impairment.	29-Feb-2024	Developed (CFO Approved)	0%	Not Yet Started
Non-compliance with laws and regulations	Other	The municipality was unable to provide sufficient and appropriate evidence to support some of the contingent liabilities disclosed in the AFS. Request for information No 30 was issued on the 9th day of October 2023, requesting the case files to support the amount disclosed as contingent liabilities and assets; however case files submitted to auditors only included internal memorandum from the municipality, and some cases the files included the incomplete summons without the details of the case.	29-Feb-2024	Under Development		Not Yet Started

Misstatements in annual financial statements	Non-current assets	The impairment methodology takes into account the factors such as not found, does not exist, write off duplicates, stolen and this assets are impaired, these factors are not in line with the requirements of GRAP 21 & 17. The indicators mentioned in the report indicates that investigation needs to be performed on those assets and be considered for write off not impairment.	30-Jun-2024	Developed (CFO Approved)	0%	Not Yet Started
Non-compliance with laws and regulations	Procurement	The Municipality did not record all the deviations in their quarterly Section 52 reports that are presented to the Council to report all the quarterly supply chain management activities, therefore rendering the deviations below not to have been reported to the Council, the following deviations were not reported to council.	30-Jun-2024	Developed (CFO Approved)	50%	In Progress
Non-compliance with laws and regulations	Procurement	The contract between the municipality and NJ Van Der Wal are extended on a yearly basis by the council and there is no approval by the accounting officer or delegated official to deviate from the official processes.	30-Jun-2024	Developed (CFO Approved)	0%	Not Yet Started

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Non-compliance with laws and regulations	Revenue management	The disclosure note on trade receivables was not in compliance with the requirements of GRAP 104 as the disclosure note does not include the following: 1. Disclosure on whether any receivables from non-exchange transactions have been pledged as collateral. 2. Disclosure by class of receivables from exchange transactions; an analysis of the age of financial assets that are past due but not impaired.	29-Feb-2024	Developed (CFO Approved)	0%	Not Yet Started
Non-compliance with laws and regulations	Revenue management	There are long outstanding debtors which have been included in the schedule for receivables from exchange transactions in the 2023 financial statements.	30-Jun-2024	Developed (CFO Approved)	0%	Not Yet Started
Misstatements in annual financial statements	Revenue from exchange transactions	There were 1079 duplicate debtor accounts identified during the audit of receivables from exchange transactions for the 2022/23 financial year.	30-Jun-2024	Developed (CFO Approved)	0%	Not Yet Started

Non-compliance with laws and regulations	Revenue management	The disclosure note on trade receivables was not in compliance with the requirements of GRAP 104 as the disclosure note does not include the following: 1. Disclosure on whether any receivables from non-exchange transactions have been pledged as collateral. 2. Disclosure by class of receivables from exchange transactions; an analysis of the age of financial assets that are past due but not impaired.	29-Feb-2024	Developed (CFO Approved)	0%	Not Yet Started
Non-compliance with laws and regulations	Revenue management	There are long outstanding debtors which have been included in the schedule for receivables from exchange transactions in the 2023 financial statements.	30-Jun-2024	Developed (CFO Approved)	0%	Not Yet Started
Misstatements in annual financial statements	Revenue from exchange transactions	There were 1079 duplicate debtor accounts identified during the audit of receivables from exchange transactions for the 2022/23 financial year.	30-Jun-2024	Developed (CFO Approved)	0%	Not Yet Started

<p>Misstatements in annual financial statements</p>	<p>Aggregate misstatements as per audit finding</p>	<p>During the audit of revenue from non-exchange transactions: Water services infrastructure grant and regional bulk infrastructure grant, we noted that tax invoices relating to a period outside the current financial year were recognized in the current year. Below are the details:                  Details as per contractor invoice                  Invoice Number Invoice Date Stamp Date Supplier Amount Excluding VAT VAT Amount Including VAT                  Water service Infrastructure Grant:                  1084 16-Mar-22 24-Mar-22 HLTC 337 825,57 50 677,88 388 530,45                  Regional Bulk Infrastructure Grant:                  R4C30348 12-Feb-22 Not Stamped Rendeals Four Consulting 271 179,88 40/676,98 311 856,86</p>	<p>29-Feb-2024</p>	<p>Developed (CFO Approved)</p>	<p>0%</p>	<p>Not Yet Started</p>
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Non-compliance with laws and regulations	Other	<p>During the review of annual financial statements for year 2022/23 the auditor noted that the debt impairment methodology was not in accordance with GRAP for the 2023 financial statements. Below are the details</p> <p>GRAP REQUIREMENT Has the requirement been met? GRAP 104 reference</p> <p>Historical data</p> <p>Has the municipality adjusted historical data on the basis of current observable data? No AG5.112</p> <p>Does the municipality regularly review the methodology and assumptions used for estimating expected credit losses to reduce any differences between estimates and actual credit loss experience? No AG5.112</p> <p>Grouping of financial assets</p> <p>Has the municipality applied the historical credit loss rate to groups that are defined in a manner that is consistent with the groups for which the historical credit losses were observed? No AG5.113</p> <p>Has the municipality developed an impairment method which enables each group of financial assets to be associated with information about past credit loss experience in groups? No</p> <p>Risks</p> <p>Has the municipality identified the</p>	29-Feb-2024	Developed (CFO Approved)	0%	Not Yet Started
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following 104.125	(a) The exposures to risk and how they arise No	(b) The objectives, policies and processes for managing the risks and methods used to measure the risks No	Any changes in (a) or (b) No	Has the municipality performed an assessment of significant increase in credit risk on a collective basis? No	AG5.60	Objective evidence of impairment	Has the municipality assessed whether objective evidence of impairment exists individually or collectively for financial assets? No 104.62	If no objective evidence exists, has the municipality included the asset in a group of financial assets with similar credit risk characteristics? No	Has the municipality collectively assessed assets with similar credit risk characteristics for impairment? No																																																																																																																				

AG5.60  
Objective evidence of impairment  
Has the municipality assessed whether objective evidence of impairment exists individually or collectively for financial assets? No 104.62  
If no objective evidence exists, has the municipality included the asset in a group of financial assets with similar credit risk characteristics? No  
Has the municipality collectively assessed assets with similar credit risk characteristics for impairment? No

<p>Non-compliance with laws and regulations</p>	<p>Unauthorised, irregular and fruitless and wasteful expenditure</p>	<p>Through the review of the AFS we noted that the municipality impaired assets amounting to R 5 683 544 as a result of theft, vandalism and some could not be found. Contrary to what is required by the legislation quoted above, we note that the accounting officer did not take effective steps to safeguard assets belonging to the municipality and some of these assets are being written off without a proper investigation or approval.</p>	<p>30-Jun-2024</p>	<p>Developed (CFO Approved)</p>	<p>0%</p>	<p>Not Yet Started</p>
<p>Non-compliance with laws and regulations</p>	<p>Expenditure management</p>	<p>The following payment was made after 30 days:          Details as per general ledger 30 Days compliance          No Vote number      Vote          Description      Debit Amt          Cheque Invoice date Payment date          Days      Invoice date      Payment date          1 35102272460EQMRCZZHO C&amp;PS:          I&amp;P ENGINEERING CIVIL - PSP          562,788.72 55027832 8/4/2022          10/20/2022 56      10/20/2022          The cheque was not cashed          and is not supported by any invoice or          any statement of work in the system          and it may not be a valid invoice for</p>	<p>30-Jun-2024</p>	<p>Developed (CFO Approved)</p>	<p>Not Yet Started</p>	

Non-compliance with laws and regulations	Expenditure management	discrepancies were noted between the amounts recorded in the general ledger and the actual amounts specified on the invoices. This observation stems from a comprehensive examination of the invoices. No Vote number, Cheque Amount as per General ledger. Amount as per invoice excluding vat Difference between GL and Invoice.	29-Feb-2024	Developed (CFO Approved)	Not Yet Started
		1. 35102272460EQMRCZZHO 55029109 3,883,242.18 3,376,732.33 506,509.85			
		2. 34057431430ZZZZZZZWD 55027148 647,207.03 562,788.72 84,418.31			
		3. 34057431430ZZZZZZZWD 55027150 647,207.03 562,788.72 84,418.31			
		4. 34057431430ZZZZZZZWD 55027152 647,207.03 562,788.72 84,418.31			
		5. 34057431430ZZZZZZZWD 55027151 350,782.84 305,028.56 45,754.28			

<p>discrepancies were noted between the amounts recorded in the general ledger and the actual amounts specified on the invoices. This observation stems from a comprehensive examination of the invoices.</p> <p>No Vote number, Cheque Amount as per General ledger. Amount as per invoice excluding vat Difference between GL and Invoice.</p> <p>1. 35102272460EQMRCZZHO 55029109 3,883,242.18 3,376,732.33 506,509.85</p> <p>2. 34057431430ZZZZZZZWD 55027148 647,207.03 562,788.72 84,418.31</p> <p>3. 34057431430ZZZZZZZWD 55027150 647,207.03 562,788.72 84,418.31</p> <p>4. 34057431430ZZZZZZZWD 55027152 647,207.03 562,788.72 84,418.31</p> <p>5. 34057431430ZZZZZZZWD 55027151 350,782.84 305,028.56 45,754.28</p>	<p>discrepancies were noted between the amounts recorded in the general ledger and the actual amounts specified on the invoices. This observation stems from a comprehensive examination of the invoices.</p> <p>No Vote number, Cheque Amount as per General ledger. Amount as per invoice excluding vat Difference between GL and Invoice.</p> <p>1. 35102272460EQMRCZZHO 55029109 3,883,242.18 3,376,732.33 506,509.85</p> <p>2. 34057431430ZZZZZZZWD 55027148 647,207.03 562,788.72 84,418.31</p> <p>3. 34057431430ZZZZZZZWD 55027150 647,207.03 562,788.72 84,418.31</p> <p>4. 34057431430ZZZZZZZWD 55027152 647,207.03 562,788.72 84,418.31</p> <p>5. 34057431430ZZZZZZZWD 55027151 350,782.84 305,028.56 45,754.28</p>	<p>discrepancies were noted between the amounts recorded in the general ledger and the actual amounts specified on the invoices. This observation stems from a comprehensive examination of the invoices.</p> <p>No Vote number, Cheque Amount as per General ledger. Amount as per invoice excluding vat Difference between GL and Invoice.</p> <p>1. 35102272460EQMRCZZHO 55029109 3,883,242.18 3,376,732.33 506,509.85</p> <p>2. 34057431430ZZZZZZZWD 55027148 647,207.03 562,788.72 84,418.31</p> <p>3. 34057431430ZZZZZZZWD 55027150 647,207.03 562,788.72 84,418.31</p> <p>4. 34057431430ZZZZZZZWD 55027152 647,207.03 562,788.72 84,418.31</p> <p>5. 34057431430ZZZZZZZWD 55027151 350,782.84 305,028.56 45,754.28</p>	<p>discrepancies were noted between the amounts recorded in the general ledger and the actual amounts specified on the invoices. This observation stems from a comprehensive examination of the invoices.</p> <p>No Vote number, Cheque Amount as per General ledger. Amount as per invoice excluding vat Difference between GL and Invoice.</p> <p>1. 35102272460EQMRCZZHO 55029109 3,883,242.18 3,376,732.33 506,509.85</p> <p>2. 34057431430ZZZZZZZWD 55027148 647,207.03 562,788.72 84,418.31</p> <p>3. 34057431430ZZZZZZZWD 55027150 647,207.03 562,788.72 84,418.31</p> <p>4. 34057431430ZZZZZZZWD 55027152 647,207.03 562,788.72 84,418.31</p> <p>5. 34057431430ZZZZZZZWD 55027151 350,782.84 305,028.56 45,754.28</p>
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Misstatements in annual financial statements	Expenditure	The following expenditure transactions were misclassified. Details as per Invoice no. Supplier Description Invoice Date Amount Inclu. VAT Cheque No	29-Feb-2024	Developed (CFO Approved)	Not Yet Started
		<p>The following expenditure transactions were misclassified.</p> <p>Details as per Invoice</p> <p>Invoice no. Supplier Description</p> <p>Invoice Date Amount Inclu. VAT</p> <p>Cheque No</p> <p>230008 Phaisomo Management Consultants Acquisition of RAMS system and disbursements 6/19/2023 983,483.97 55029715</p> <p>2023/0004 Segokome Trading and Projects 9 Laptops, laptop backs, Cordless mouse and Drive 2/23/2023 492,867.00 55028849</p>			

Misstatements in annual financial statements	Expenditure	The following expenditure transactions were misclassified. Details as per Invoice no. Supplier Description Invoice Date Amount Inclu. VAT Cheque No	29-Feb-2024	Developed (CFO Approved)	Not Yet Started
		<p>The following expenditure transactions were misclassified.</p> <p>Details as per Invoice</p> <p>Invoice no. Supplier Description</p> <p>Invoice Date Amount Inclu. VAT</p> <p>Cheque No</p> <p>230008 Phaisomo Management Consultants Acquisition of RAMS system and disbursements 6/19/2023 983,483.97 55029715</p> <p>2023/0004 Segokome Trading and Projects 9 Laptops, laptop backs, Cordless mouse and Drive 2/23/2023 492,867.00 55028849</p>			

Misstatements in annual financial statements	Expenditure	The following expenditure was for the 2021/22 financial year was incorrectly reported in the 2022/23 financial year. Details as per Invoice Invoice no. Supplier Description Invoice Date Amount Inclu. VAT	30-Jun-2024	Developed (CFO Approved)	Not Yet Started
		<p>Cheque</p> <p>INV0000491 Stonefound Engineering solutions PTY Work done for Sekhukhune District for MAR 2022 7/6/2022 647 207.03 55027148</p> <p>INV0000495 Stonefound Engineering solutions PTY Work done for Sekhukhune District municipality June 2022 7/14/2022 647 207.03 55027150</p> <p>INV0000492 Stonefound Engineering solutions PTY Work done for Sekhukhune District for April 2022 7/6/2022 647 207.03 55027152</p> <p>INV0000490 Stonefound Engineering solutions PTY Work done for Sekhukhune District for Feb 2022 7/6/2022 350 782.84 55027151</p>			

<p>Non-compliance with laws and regulations</p>	<p>Contract management</p>	<p>The following contracts were not listed on the contract register and as a result contract management was not exercised during the year.</p> <p>No. Name of supplier : Services : Start date : End date :</p> <p>1 Mashiloane Jabulani Paulus Provision of water supply through borehole to Philadelphia Hospital 01-Oct-22 The Agreement shall remain valid for a period up till the Agreement terminates upon the transfer of an aqua servitude to the Municipality, However, the duration of the Agreement should not exceed a period of one (1) year from Effective Date</p> <p>2 Nkoto Catering &amp; Projects Provision of water supply through water tankering to identified areas within Sekhukhune District Municipality 03-Nov-22 02-Nov-25</p> <p>3 Dirane Trading JV Black Sky Investments and Holdings Provision of construction of 440 VIP toilets in Legolane 22-May-23 23-Nov-23</p> <p>4 Tsogatec Provision of convenient payment services 01-Sep-20 31-Aug-23</p> <p>5 Unathi Catering &amp; Cleaning services event management services 25-Mar-22 24-Mar-25</p> <p>6 SC Mdhuli Attorneys Provision of legal services 28-Sep-21 27-Sep-24</p> <p>7 ML Mateme Inc Provision of legal services 28-Sep-21 27-Sep-24</p>	<p>29-Feb-2024</p> <p>Developed (CFO Approved)</p>	<p>Not Yet Started</p>
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<p>8 Engineer Provision of consultancy engineering services for Maebe water intervention 30-Aug-21 Agreement shall remain valid for a period up till the project is handed over to the Municipality (Upon issue of the Contractors Certificate of Completion), which is the next day after Contractor's twelve (12) months defects liability period lapse</p>			
<p>9 Tubatse Consulting Engineers Provision of consulting engineering for Mooihoeck/ Tubatse Bulk water supply phase 4 and upgrading of Ga-Malekana Treatment Works (Tripling from 12ML to 36 MI) 25-Sep-20 Contract will be terminated upon issue of the Contractors Certificate of Completion) which will be the next day after Contractor's 12 months defects liability period lapse</p>			
<p>10 MNB Chartered Accountants Provision of internal audit services 01-Apr-21 01-Apr-24</p>			
<p>11 TK Sound and Visual solutions Provision of support and maintain portable wireless digital audio recording 05-Dec-21 05-Dec-24</p>			
<p>12 Fleet Afrika Rental of vehicles 15-Nov-18 2021/11/14 ( It has extensions )</p>			
<p>13 In Quest Collection Provision of Deby Collection Services 01-Jan-20 31-Dec-23</p>			
<p>14 Rendeals Consulting Conduct</p>			



**Learnership training on National Certificate for Water Reclamation Services NCF Level: 02 28-Nov-19 Extended until 09 November 2023**  
**15 Maximum profit recovery Provision of Vat Recovery services 08-Jan-20 09-Jan-23**

The following information is provided for the purpose of providing information to the relevant stakeholders. The information is provided for the purpose of providing information to the relevant stakeholders. The information is provided for the purpose of providing information to the relevant stakeholders.

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Misstatements in annual financial statements	Aggregate misstatements as per audit finding	The lack of appropriate sufficient supporting documents for the journals listed below, therefore we could not confirm the validity of the journal processed at year end.	29-Feb-2024	Developed (CFO Approved)	Not Yet Started
		<p>No SEGMENT DESCRIPTIONS JOURNAL NO REMARKS AMOUNT</p> <p>1 INVENTORY JNL AJAF01 To correct the expenditure, incorrectly classification against an asset account 304 891.10</p> <p>2 BULK AJAF04 To correct the expenditure, incorrectly classification against an asset account 609 782.00</p> <p>3 WATER INVENTORY AJBOI-WATER IN To correct the expenditure, incorrectly classification against an asset account 326 869.10</p> <p>4 INVENTORY JNL AJAF02 To correct the expenditure, incorrectly classification against an asset account 1636375</p> <p>5 INVENTORY JNL AJAF02 To correct the expenditure, incorrectly classification against an asset account 93 168.00</p> <p>6 MISALLOCATED ACCOUNT FOR INVENTORY AJBOI-INVENTOR To correct the expenditure, incorrectly</p>			

<p>classification against an asset account 343 271 89 7 ACCOUNTING FOR PPE - CURRENT YEAR ADDITIONS IN THE FIXED ASS 2223MOV-KP005 They were accounting for additions to the movable FAR 15 000.00</p>			
<p>8 ACCOUNTING FOR PPE - CURRENT YEAR ADDITIONS IN THE FIXED ASS 2223MOV-KP005 They were accounting for additions to the movable FAR 8 806.00</p>			
<p>9 ACCOUNTING FOR PPE - CURRENT YEAR ADDITIONS IN THE FIXED 2223MOVKP003 They were accounting for additions to the movable FAR 13 877.00</p>			
<p>10 ACCOUNTING FOR PPE - CURRENT YEAR ADDITIONS IN THE FIXED 2223MOVKP003 They were accounting for additions to the movable FAR 13 877.00</p>			

<p>11 ACCOUNTING FOR PPE - CURRENT YEAR ADDITIONS IN THE FIXED 2223MOVKP003 They were accounting for additions to the movable FAR 13 877.00</p>			
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Misstatements in annual financial statements	Expenditure	<p>The following expenditure for April 2022, which pertained to the prior year, was erroneously recorded within the current year's expenditure.</p> <p>Details as per General ledger</p> <table border="1"> <thead> <tr> <th>No. Vote</th> <th>Description</th> <th>TranDate</th> <th>Debit Amt</th> <th>Transaction</th> </tr> </thead> <tbody> <tr> <td></td> <td>Cheque Payee</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1 OC: VEHICLE TRACKING - LEASED VEHICLE</td> <td>20221018</td> <td>1,814,190.76</td> <td>REN019: MONTHLY PAYMENT FOR APRIL 2022</td> </tr> <tr> <td></td> <td>55027884</td> <td></td> <td></td> <td>AMASONDO FLEET SERVICES</td> </tr> </tbody> </table>	No. Vote	Description	TranDate	Debit Amt	Transaction		Cheque Payee					1 OC: VEHICLE TRACKING - LEASED VEHICLE	20221018	1,814,190.76	REN019: MONTHLY PAYMENT FOR APRIL 2022		55027884			AMASONDO FLEET SERVICES	29-Feb-2024	Developed (CFO Approved)	Not Yet Started
No. Vote	Description	TranDate	Debit Amt	Transaction																					
	Cheque Payee																								
	1 OC: VEHICLE TRACKING - LEASED VEHICLE	20221018	1,814,190.76	REN019: MONTHLY PAYMENT FOR APRIL 2022																					
	55027884			AMASONDO FLEET SERVICES																					
Non-compliance with laws and regulations	Expenditure management	<p>upon auditing the supporting documents of Stonefound Engineering Solution (PTY) LTD submitted, it was observed that the payment vouchers and its accompanying documentation lacked sufficient evidence to substantiate the work purportedly delivered by the supplier.</p>	29-Feb-2024	Developed (CFO Approved)	Not Yet Started																				

Misstatements in annual financial statements	Non-current assets	<p>GRAP 17 paragraph 57 (a) In assessing whether there is any indication that the expected useful life of an asset has changed, an entity considers the following indications:</p> <p>The asset is approaching the end of its previously expected useful life.</p> <p>A sample of the fixed assets register items were sitting at the carrying value of zero and the items were verified to be in good or fair condition. The carrying amount of an item reflects the economic benefits that the municipality expects from the items hence having the items are zero while they are in use is inappropriate.</p> <p>Action: Conduct physical verification on the entire population of assets valued at zero and R 1. Compile supporting evidence in a form of physical verification reports and photos of the assets.</p>	29-Feb-2024	Developed (CFO Approved)	Not Yet Started
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Misstatements in annual financial statements	Expenditure	The following expenditure was incorrectly classified as contracted services.	29-Feb-2024	Developed (CFO Approved)	Not Yet Started
		<p>Details as per General Ledger</p> <p>No Vote number      Vote</p> <p>Description      Transaction</p> <p>Type      Debit Amt</p> <p>Cheque</p> <p>1 39052283610EQP74ZZHO CONTR: MAINTENANCE OF EQUIPMENT</p> <p>Sundry Payments</p> <p>857,725.23 55027147</p> <p>2 35102280300EQP53ZZWD CONTR: BORE WATERHOLE DRILLING</p> <p>Order Payments</p> <p>172,500.00 55029794</p> <p>3 35102320600EQP47ZZWD INV - CONSUMABLE STORES - STANDARD RATED Order Payments</p> <p>87,135.00 55029787</p> <p>4 35102323600EQP48ZZWD INVENTORY - MATERIALS &amp; SUPPLIES</p> <p>Year End Sundry Payments</p> <p>66,864.20</p> <p>55030151</p> <p>5 39052283610EQP74ZZHO CONTR: MAINTENANCE OF EQUIPMENT</p> <p>Order Payments</p> <p>126,420.00 55028232</p> <p>6 35102280300EQP53ZZWD CONTR: BORE WATERHOLE DRILLING</p> <p>Order Payments</p> <p>164,500.00 55029610</p> <p>7 35102280300EQP53ZZWD CONTR: BORE WATERHOLE DRILLING</p>			

21



Misstatements in annual financial statements	Expenditure	The following invoice relating to 2021/22 financial year was recorded in the 2022/23 financial year. Details as per Invoice Invoice no: Supplier Description Invoice Date/Amount Incl. VAT BAR044 Westnras Engineering Services Billing of electricity, water and Sanitation 6/5/2022 986,384.02	29-Feb-2024	Developed (CFO Approved)	Not Yet Started
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**ANNEXURE: MATTERS MANAGEMENT AUDIT REPORT**

Section	Subsection	Finding	Due Date	Action Plan Status	Implementation Progress %	Implementation Status
Non-compliance with laws and regulations	Internal audit	External quality assurance review for internal audit	30-Mar-2024	Not Yet Started	46%	In Progress
Other reported information	Other information	No Training was conducted during 2022/23 financial year for Internal Audit and the membership of the unit is not up to date with the Institute for Internal Auditors of South Africa	30-Mar-2024	Developed (Management Approved)	100%	In Progress
Non-compliance with laws and regulations	Human resource management	Chief Audit Executive position not appointed permanently	30-Mar-2024	Developed (Management Approved)	100%	Agreed Findings Addressed



Non-compliance with laws and regulations	Internal audit	Feasibility and Cost-effectiveness of outsourcing the Internal Audit Services was not conducted.	30-Mar-2024	Not Yet Started	Not Yet Started
Non-compliance with laws and regulations	Internal audit	Internal Audit did not execute all the audits as per the plan in line with par 165 of MFMA	30-Jun-2024	49%	In Progress
Non-compliance with laws and regulations	Other	Understanding the entity and its environment Financial Misconduct Disciplinary Committee/Board	30-Jun-2024	Developed (CFO Approved)	Not Yet Started
Non-compliance with laws and regulations	Implementing consequences	The municipality does not have the Terms of Reference for the Financial Misconduct Disciplinary Board	30-Jun-2024	Developed (CFO Approved)	Not Yet Started
Non-compliance with laws and regulations	Contract management	The contract register must be kept electronically and in alphabetical order. All new contracts that have been entered into must immediately be recorded in the register. Contracts that have expired or no longer exist for whatever reason must be removed from the register and be recorded on a register or list for "cancelled or terminated agreements".	30-Jun-2024	Developed (CFO Approved)	Not Yet Started

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Non-compliance with laws and regulations	Asset management	we have identified that the Commitment Register does not have the following details: Records of the contract money to the planned projects, the completion time of the projects, the reason for changes in the completion time, and payment register which records all payments that have been made against the projects.	30-Jun-2024	Developed (CFO Approved)	Not Yet Started
Other reported information	Other information	Incorrect Performance evaluation panel for Municipal manager	31-Jan-2024	Under Development	Not Yet Started
Other reported information	Other information	No performance reviews were conducted for manager's and senior managers.	29-Mar-2024	Under Development	Not Yet Started
Other reported information	Other information	The reported performance indicator is not well defined.	30-Apr-2024	Under Development	Not Yet Started
Other reported information	Other information	Reliability: Job cards not signed by the depot manager Number of registered water incidents resolved within 14 days	28-Jun-2024	Under Development	Not Yet Started
Other reported information	Other information	Reliability: Progress reported in percentages (MIG)		Under Development	Not Yet Started
Other reported information	Other information	Reliability: Progress (MIG) progress report not signed by the consultant and municipality representatives	28-Jun-2024	Under Development	Not Yet Started

Other reported information	Other information	Reliability: Limitation of scope co-ordinates taken during verifications does not agree to the co-ordinates in the supporting documentation	28-Jun-2024	Under Development	Not Yet Started
Other reported information	Other information	Reliability: Supporting documents for number of boreholes reported does not relate to the current year under review 2022/23 financial year	28-Jun-2024	Under Development	Not Yet Started
Other reported information	Other information	Reliability: Proper listing/register of number of boreholes developed not kept by the municipality	28-Jun-2024	Under Development	Not Yet Started
Other reported information	Other information	Reliability: Progress reported in percentages (RBIG)	28-Jun-2024	Under Development	Not Yet Started
Other reported information	Other information	Limitation of Scope no distinction between the numerator and denominator Emergency services Percentage of reported fire prevention and safety services provided	28-Jun-2024	Under Development	Not Yet Started
Other reported information	Other information	2. Reported performance indicator not well-defined	29-Mar-2024	Under Development	Not Yet Started

Other reported information	Other information	Reliability: Limitation of scope co-ordinates taken during verifications does not agree to the co-ordinates in the supporting documentation	28-Jun-2024	Under Development	Not Yet Started
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Other reported information	Other information	2. Reported performance indicator not well-defined	29-Mar-2024	Under Development	Not Yet Started

Other reported information	Other information	Reliability: Number of job opportunities created through EPWVP	Number of job opportunities created through EPWVP	Under Development	Not Yet Started
Other reported information	Other information	Reliability: Number of job opportunities created through EPWVP	29-Mar-2024	Under Development	Not Yet Started
Non-compliance with laws and regulations	Other	The SCM policy implemented by the municipality is not in line with MFMA sec 112 (c) SCM regulation 18 (d) as it does not stipulate that the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written quotations accepted by an official acting in terms of a sub delegation.	30-Jun-2024	Developed (CFO Approved)	Not Yet Started
Other reported information	Other important matters	A gap analysis was not performed before the appointment of consultants by the municipality during the financial year.	30-Jun-2024	Developed (Management Approved)	In Progress
Non-compliance with laws and regulations	Procurement	The municipality did make awards on the supply of goods and services to persons in the service of state.	30-Jun-2024	Developed (CFO Approved)	Not Yet Started
Other reported information	Other important matters	The municipality was unable to submit the following contracts in line with request of information number 65: Nkadimeng Bulk Water Supply 9C1-Mediro Construction, CRR Projects –	30-Jun-2024	Developed (CFO Approved)	Not Yet Started

Non-compliance with laws and regulations	Revenue management	Pumps, and Fetakgomo Hotspots Projects.	The accounting officer did not take reasonable steps to ensure that the municipality has and maintains an effective system of revenue collection to prevent financial loss. The municipality has debtors that are likely to result in a financial loss for the municipality due to lack of collection of revenue.	30-Jun-2024	Developed (CFO Approved).	Not Yet Started
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The accounting officer did not take reasonable steps to ensure that the municipality has and maintains an effective system of revenue collection to prevent financial loss. The municipality has debtors that are likely to result in a financial loss for the municipality due to lack of collection of revenue.	Revenue management	Pumps, and Fetakgomo Hotspots Projects.	The accounting officer did not take reasonable steps to ensure that the municipality has and maintains an effective system of revenue collection to prevent financial loss. The municipality has debtors that are likely to result in a financial loss for the municipality due to lack of collection of revenue.	30-Jun-2024	Developed (CFO Approved).	Not Yet Started
The accounting officer did not take reasonable steps to ensure that the municipality has and maintains an effective system of revenue collection to prevent financial loss. The municipality has debtors that are likely to result in a financial loss for the municipality due to lack of collection of revenue.	Revenue management	Pumps, and Fetakgomo Hotspots Projects.	The accounting officer did not take reasonable steps to ensure that the municipality has and maintains an effective system of revenue collection to prevent financial loss. The municipality has debtors that are likely to result in a financial loss for the municipality due to lack of collection of revenue.	30-Jun-2024	Developed (CFO Approved).	Not Yet Started
The accounting officer did not take reasonable steps to ensure that the municipality has and maintains an effective system of revenue collection to prevent financial loss. The municipality has debtors that are likely to result in a financial loss for the municipality due to lack of collection of revenue.	Revenue management	Pumps, and Fetakgomo Hotspots Projects.	The accounting officer did not take reasonable steps to ensure that the municipality has and maintains an effective system of revenue collection to prevent financial loss. The municipality has debtors that are likely to result in a financial loss for the municipality due to lack of collection of revenue.	30-Jun-2024	Developed (CFO Approved).	Not Yet Started

<p>Non-compliance with laws and regulations.</p>	<p>Unauthorised, irregular and fruitless and wasteful expenditure</p>	<p>The municipality appointed a contractor (Masekwaneng Trade JV Semango) in 2018 for the construction of connector pipes and water reticulation for the Lebalale community, in 2020 The contractor entered into a cession with Ndomakho trading for the supply of steel tanks to the amount of R7 799 875. wherein Ndomakho Trading requested 80% deposits from the municipality before the steel tanks could be erected. The municipality then responded to the request by advancing a first payment amounting to R 3 899 937.5 on 01 July 2020 and the second payment was paid on the 08 of October 2020 amounting to R 2 339 962 Further, in 2021 the main contractor and the cession signed another cession agreement amounting to R125 667.75 and again requested the municipality to pay 80% deposit of which the municipality paid the amount R100 542. In 2022 Ndomakho Trading abandoned the project due to reasons not specified and the municipality in 2023 instituted legal proceedings against Ndomakho Trading for abandoning the project, and the matter is in the high court of South Africa Limpopo division, Polokwane.</p>	<p>Developed (CFO Approved)</p>	<p>Not Yet Started</p>
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Non-compliance with laws and regulations	Other	The municipality did not issue any notice to DTI on the following appointments with local content specifications.	30-Jun-2024	Developed (CFO Approved)	Not Yet Started
		<p>Name of supplier Description Total rand value of the award</p> <p>Dikhole Molesole Trading &amp; Project Service provider for Personal Protective Clothing R459 345,72</p> <p>Ntshiana Trading Maebe Water Intervention Phase 4 R3 403 000,00</p> <p>Kgobokanang Business Projects Mabulela Water Supply Intervention R2 995 239,17</p>			
		<p>Pheladi Noko B1 Funeral &amp; Construction Nkosini Water supply intervention R6 909 423,98</p>			

<p>Non-compliance with laws and regulations</p>	<p>Procurement</p>	<p>The municipality did to comply with the MFMA and the SCM regulations requirements, as they awarded a tender to a company for which the director is a person in service of the state. The service provider submitted a false declaration as they did not declare that they are in service of the state on their MDB4 form.</p>	<p>29-Feb-2024</p>	<p>Developed (CFO Approved)</p>	<p>Not Yet Started</p>
<p>TENDER AMOUNT COMPANY DIRECTOR STATE INSTITUTION EMPLOYED AT SK8/3/1-77/2021/2022 (CDP) R2 013 045 Morwankgatla Projects Morwamokgatla Johannes Madutiela Limpopo: Department of Education</p>	<p>The municipality did to comply with the MFMA and the SCM regulations requirements, as they awarded a tender to a company for which the director is a person in service of the state. The service provider submitted a false declaration as they did not declare that they are in service of the state on their MDB4 form.</p>	<p>TENDER AMOUNT COMPANY DIRECTOR STATE INSTITUTION EMPLOYED AT SK8/3/1-77/2021/2022 (CDP) R2 013 045 Morwankgatla Projects Morwamokgatla Johannes Madutiela Limpopo: Department of Education</p>	<p>29-Feb-2024</p>	<p>Developed (CFO Approved)</p>	<p>Not Yet Started</p>



Non-compliance with laws and regulations	Expenditure management	<p>Finding: During the audit of Revenue from Non-Exchange Transaction (Municipality Infrastructure Grant), we noted that payment to the following supplier was not made within 30 days per the National Treasury Regulations. Below are the details of the non-compliance issue identified:</p> <p>Details per the supplier invoice Payment Period Compliance</p> <p>Invoice no. Date Received Supplier</p> <p>Payment date as per proof of payment. Number of days</p> <p>DEHOOP/MALEKANA - 14 2022/07/29</p> <p>LEBAKA CONSTRUCTION PTY LTD 2022/09/01 34,00</p> <p>HWA/SDM/GL-01 2022/08/02 HWA ENGINEERS AND PROJECTS MANAGERS 2022/09/06 35,00</p> <p>8 2022/08/29 BO MAMOHLALA PROJECTS 2022/10/10 42,00</p>	30-Jun-2024	Developed (CFO Approved)	Not Yet Started
Non-compliance with laws and regulations	Other	<p>Supporting document relating to contingent asset amounting to R 12 084 011 could not be provided on a matter involving the municipality and its employees.</p>	29-Feb-2024	Developed (CFO Approved)	Not Yet Started

Supporting document relating to contingent asset amounting to R 12 084 011 could not be provided on a matter involving the municipality and its employees.

Non-compliance with laws and regulations	Procurement	<p>The Bid Evaluation Committee evaluated Bid: SK8/3/1-27/2022/23 for the provision of water to Jane Furse New Hospital through water tankering for period of two months and the winning bidder (Ngoato le Nareadi) was determined to be responsive during evaluation of the pre-qualifying criteria. The auditors re-performed the evaluation and noted that the bidder was not responsive and should have been disqualified as the bidder did not submit the required returnable documents which were compulsory administrative documents used for evaluation of the pre-qualification criteria to confirm the responsiveness of the bidder. The winning bidder did not attach the following compulsory documents and the Bid Evaluation Committee indicated that the winning bidder did attach and complete the documents:</p> <ul style="list-style-type: none"> <li>Ø MBD 4 (Declaration of Interest)</li> <li>Ø MBD 8 (Declaration of Bidder's Past Supply Chain Management Practices)</li> </ul> <p>Bid Number Awarded Supplier Description of goods/services Value of the award</p> <p>SK8/3/1-27/2022/23 Ngoato le Nareadi (Provision of water to Jane Furse New Hospital through water tankering for period of two month) R4 227,745,85</p>	30-Jun-2024	Developed (CFO Approved)	Not Yet Started
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<p>05/07/2024</p> <p>05/07/2024</p> <p>05/07/2024</p> <p>05/07/2024</p> <p>05/07/2024</p>	<p>05/07/2024</p> <p>05/07/2024</p> <p>05/07/2024</p> <p>05/07/2024</p> <p>05/07/2024</p>	<p>05/07/2024</p> <p>05/07/2024</p> <p>05/07/2024</p> <p>05/07/2024</p> <p>05/07/2024</p>	<p>05/07/2024</p> <p>05/07/2024</p> <p>05/07/2024</p> <p>05/07/2024</p> <p>05/07/2024</p>	<p>05/07/2024</p> <p>05/07/2024</p> <p>05/07/2024</p> <p>05/07/2024</p> <p>05/07/2024</p>	<p>05/07/2024</p> <p>05/07/2024</p> <p>05/07/2024</p> <p>05/07/2024</p> <p>05/07/2024</p>
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Non-compliance with laws and regulations	Unauthorised, irregular and fruitless and wasteful expenditure	No regular site inspections were conducted on the municipal water infrastructure to ensure that the plant is in compliance with the occupational health & safety act and the National Environmental Act. The issues on the plant were only noted during the Executive Mayor's visit and after Mulbert's occupational health and safety assessment.  And furthermore, the goods procured which are mainly replacements, could have been long noted for replacement and procured in time if site inspections on the plant were done. A competitive bidding process that is equitable, transparent and cost effective would have been followed as opposed to deviating by only obtaining three quotes.	30-Jun-2024	Developed (CFO Approved)	Not Yet Started
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Non-compliance with laws and regulations.	Procurement	During the evaluation of bid SK8/3/1-60/2022/23 for the provision of sucking, emptying, and cleaning of 1075 VIP Toilets services at Walter Sisulu RDP under Uitspanning depot the Municipality appointed Abaphumeleli Trading as the winning bidder, however the auditor performed the recalculations of the functionality criteria, preference point criteria and confirmed that Kgobokang Business Enterprise scored more than 70% of the minimum threshold on functionality and should have been evaluated further on the preference point criteria. We recalculated the preference point and confirmed that Kgobokang Business Projects is the tenderer that scored the highest points.	30-Jun-2024	Developed (CFO Approved)	Not Yet Started
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<p>During the evaluation of bid SK8/3/1-60/2022/23 for the provision of sucking, emptying, and cleaning of 1075 VIP Toilets services at Walter Sisulu RDP under Uitspanning depot the Municipality appointed Abaphumeleli Trading as the winning bidder, however the auditor performed the recalculations of the functionality criteria, preference point criteria and confirmed that Kgobokang Business Enterprise scored more than 70% of the minimum threshold on functionality and should have been evaluated further on the preference point criteria. We recalculated the preference point and confirmed that Kgobokang Business Projects is the tenderer that scored the highest points.</p>	<p>During the evaluation of bid SK8/3/1-60/2022/23 for the provision of sucking, emptying, and cleaning of 1075 VIP Toilets services at Walter Sisulu RDP under Uitspanning depot the Municipality appointed Abaphumeleli Trading as the winning bidder, however the auditor performed the recalculations of the functionality criteria, preference point criteria and confirmed that Kgobokang Business Enterprise scored more than 70% of the minimum threshold on functionality and should have been evaluated further on the preference point criteria. We recalculated the preference point and confirmed that Kgobokang Business Projects is the tenderer that scored the highest points.</p>	<p>30-Jun-2024</p>	<p>Developed (CFO Approved)</p>	<p>Not Yet Started</p>
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Non-compliance with laws and regulations	Expenditure management	<p>During the audit of Revenue and Receivables from Non-Exchange Transactions: MIG, RBIG and WSIG we noted that the following payment certificates were not approved:</p> <p>Details per Progress certificate Authorization of payment (Contractor payment certificate) Certificate no. Date Contractor Work performed Total Amount Claimed Total Retention Details Position Date</p> <p>14 20-Jul-22 MGM-BLUHRAY ENGINEERS Connector pipes and Reticulation to Lebelelo South Villages Phase 2 (Ga-Maraga and Mottola) 906 720,94 - Not Approved</p> <p>24 20-Jul-22 ZACKS BUSINESS ENTERPRISE cc Connector pipes and reticulation to Motlolo Village 1 501 184,70 166 798,30 Not Approved</p> <p>14 10-Aug-22 Lebaka Construction De Hoop/ Malekana (Fetagomo - Tubatse Local Municipality) 464 078,68 51 564,37 Not Approved</p> <p>8 20-Jul-22 Moebagauta Trading JV Mafoko JJ Construction of Water Reticulation at makgemeng Village 579 868,67 98 726,23 Not Approved</p> <p>SIZABANTU PIPING SYSTEMS (PTY) LTD Supply of Fixed Pipes for Construction of Makgemeng Village Water Supply 308 667,43 Not Approved</p> <p>24 2022/08/22 BABINA TLOU TRADING</p>	29-Feb-2024	Developed (CFO Approved)	Not Yet Started
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Approved by: [Signature] Date: 2024/08/22 Page 36

AND PROJECTS: Construction of  
 Bulkpipeline and 3.0ML Concrete  
 Reservoirs at Schoonoord 1 221 679,50  
 122 167,95 Not Approved  
 10 2022/08/23 APHANE CONSULTING  
 CC Construction of Water Reticulation at  
 Makgeru, Garatau & Matekane 900  
 547,72 - Not Approved  
 12 2022/08/25 NTSHIANA TRADING  
 ENTERPRISE AND MAUYATLALA JV  
 Construction of Water Reticulation at  
 Makgeru and Matekane 920 405,09  
 102 267,23 Not Approved  
 9 2022/08/19 Moepagauta Trading JV  
 Mafoko JJ Construction of Water  
 Reticulation at Makgemeng Village  
 979 596,24 230 567,00 Not Approved  
 SIZABANTU PIPING SYSTEMS (PTY)  
 LTD Supply of Fixed Pipes for  
 Construction of Makgemeng Village  
 Water Supply 1 095 506,78 Not  
 Approved  
 10 2022/09/19 Moepagauta Trading JV  
 Mafoko JJ Construction of Water  
 Reticulation at Makgemeng Village 1  
 882 647,09 229 806,41 Not Approved  
 SIZABANTU PIPING SYSTEMS (PTY)  
 LTD Supply of Fixed Pipes for  
 Construction of Makgemeng Village  
 Water Supply 1 185 610,58 Not  
 Approved  
 11 2022/08/24 MONT CONSULTING  
 ENGINEERS Mottailana/ Makgemeng  
 Village Water Supply 301,179,11 15  
 851,53 Not Approved

37  
 37  
 37



352,22	Not Approved	6	2021/10/15	HLTC Tukagomo Water Supply Intervention Phase 4	167	697,14	-	Not Approved
6	2022/10/25	IRHALANE CONSTRUCTION OF RUTSENG WATER BULKLINE	1	128	094,10	-	Not Approved	
1	2021/09/10	Monde Consulting Engineers	UITSPANNING WATER INTERVENTION PH.4	375 781,21	-	Not Approved		
3	2022/02/02	BIG O TRADING	UITSPANNING WATER INTERVENTION PH.4	164 099,25	-	Not Approved		
4	2022/03/15	HLTC Tukagomo Water Supply	Intervention Phase 4	388530,45	43170,05	Not Approved		

170	10/03/2021	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25
170	10/03/2021	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25	164 099,25



Other reported information	Other information	The lack of appropriate sufficient supporting documents for the journals listed below, therefore we could not confirm the validity of the journal processed at year end.	29-Feb-2024	Developed (CFO Approved)	Not Yet Started
<p>No SEGMENT DESCRIPTIONS. JOURNAL_NO REMARKS AMOUNT</p> <p>1- INVENTORY JNL</p> <p>AJAF01 To correct the expenditure incorrectly classification against an asset account 304 891.10</p> <p>2 BULK</p> <p>AJAF04 To correct the expenditure incorrectly classification against an asset account 609 782.00</p> <p>3 WATER INVENTORY</p> <p>AJBOI-WATER IN To correct the expenditure incorrectly classification against an asset account 326 869.10</p> <p>4 INVENTORY JNL</p> <p>AJAF02 To correct the expenditure incorrectly classification against an asset account 1636375</p> <p>5 INVENTORY JNL</p> <p>AJAF02 To correct the expenditure incorrectly classification against an asset account 168.00</p> <p>6 MISALLOCATED ACCOUNT FOR INVENTORY AJBOI-INVENTOR To correct the expenditure incorrectly classification against an asset account 343 271.89</p>					

<p>7 ACCOUNTING FOR PPE - CURRENT YEAR ADDITIONS IN THE FIXED ASS 2223MOV-KP005 They were accounting for additions to the movable FAR 15 000.00</p>	<p>8 ACCOUNTING FOR PPE - CURRENT YEAR ADDITIONS IN THE FIXED ASS 2223MOV-KP005 They were accounting for additions to the movable FAR 8 806.00</p>	<p>9 ACCOUNTING FOR PPE - CURRENT YEAR ADDITIONS IN THE FIXED 2223MOVKP003 They were accounting for additions to the movable FAR 13 877.00</p>	<p>10 ACCOUNTING FOR PPE - CURRENT YEAR ADDITIONS IN THE FIXED ASS 2223MOV-KP005 They were accounting for additions to the movable FAR 15 000.00</p>	<p>11 ACCOUNTING FOR PPE - CURRENT YEAR ADDITIONS IN THE FIXED ASS 2223MOV-KP005 They were accounting for additions to the movable FAR 15 000.00</p>	<p>12 ACCOUNTING FOR PPE - CURRENT YEAR ADDITIONS IN THE FIXED ASS 2223MOV-KP005 They were accounting for additions to the movable FAR 15 000.00</p>
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Other reported information	Other important matters	The incorrect key assumptions were used for the Long Service Award liability and unused leave provision.	29-Feb-2024	Under Development	Not Yet Started
Non-compliance with laws and regulations	Other	The municipality did not report to the Minister, the Minister for Provincial Affairs and Constitutional Development, the relevant Province and every organisation representing municipalities having jurisdiction in the area of the water services authority on the implementation of the Water Services Development Plan (WSDP) for the three financial years before the financial year under review. Same finding was issued in the prior year.	30-Jun-2024	Under Development	Not Yet Started

Other reported information	Other information	The auditor was unable to confirm if the below final decision to awards were approved by an appropriate delegated official as the signed delegation of authority was not submitted to the auditor.	29-Feb-2024	Developed (CFO Approved)	Not Yet Started
		<p>Supplier name Amount Payment voucher</p> <p>Fito and sons construction and projects 197,225.00 55027469</p> <p>Thankale projects, 92,700.00 55029759</p> <p>lekgaka investment - 146,675.00 55029626</p> <p>Lefakgau transport and project (Pty )Ltd 195,800.00 55028736</p> <p>Slovo rand Holding pty ltd 133,043.50 55029480</p> <p>Franthibe pty ltd 198,800.00 55027827</p> <p>Shlanu landscaping 65,898.00 55028087</p> <p>SEKHUKHUNE TIMES (PTY) LTD R65261.4 55029209</p> <p>Connys catering and construction 170,000.00 55029626</p> <p>Fel group pty 120,000.00 55029192</p> <p>KGOANE ENTERPRISE 18,000.00 55027598</p> <p>BASADZI PERSONNEL CC 12,142.00 55028736</p> <p>DIKHULONG TSA MMASENONG (PTY) LTD - 29,950.00 55029536</p> <p>MMachela trading 168,000.00 55028037</p>			

The auditor was unable to confirm if the below final decision to awards were approved by an appropriate delegated official as the signed delegation of authority was not submitted to the auditor.

Non-compliance with laws and regulations	Procurement	<p>The CSD report generated in support of the purchase order for the below mentioned supplier indicated that the supplier's tax matters were not in order. Payment voucher Name of Supplier Amount : CSD No CSD No :</p> <p>55029626 Conny's catering and construction 170,000.00 01 June 2023 MAAA0501371</p>	29-Feb-2024	Developed (CFO Approved)	Not Yet Started
Other reported information	Other information	<p>During the audit of operating lease expenditure, we noted that certain expenses related to Amasondo Fleet Services were incorrectly treated as eligible for input tax claims from SARS. This occurred even though the service provider's invoice was found to be non-compliant with the VAT Act.</p>	29-Feb-2024	Developed (CFO Approved)	Not Yet Started

# Annexure G: Community consultation Report

## 2022/2023

# **Annexure H: Oversight Report 2022/2023**