



SEKHUKHUNE
District Municipality

Draft Annual Report 2020/2021



GENERAL INFORMATION

1. MEMBERS OF THE MAYORAL COMMITTEE

NO.	SURNAME AND INITIALS	DESIGNATION
1.	Cllr. Ramaila K.S.	Executive Mayor
2.	Cllr. Nkosi M.S.	Member of the Mayoral Committee (MMC): Budget & Treasury
3.	Cllr. Mahlangu M.F.	1 st Member of the Mayoral Committee (MMC):
4.	Cllr. Manganeng L.M.	2 nd Member of the Mayoral Committee (MMC):
5.	Cllr. Matlala M.A.	Member of the Mayoral Committee (MMC): Corporate Services
6.	Cllr. Mafefe O.H.	Member of the Mayoral Committee (MMC): Planning & Economic Development
7.	Cllr. Mmakola MY	Member of the Mayoral Committee (MMC): Community Services
8.	Cllr. Mnisi SP	Member of the Mayoral Committee (MMC): Office of the Executive Mayor (Special Programmes)
9	Cllr. Phaladi C	Member of the Mayoral Committee (MMC): Office of the Executive Mayor (Special Programmes)

2. ADDRESS

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3. CONTACTS

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ACRONYMS

NO.	ABBREVIATIONS	ABBREVIATION IN FULL
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 Privite 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

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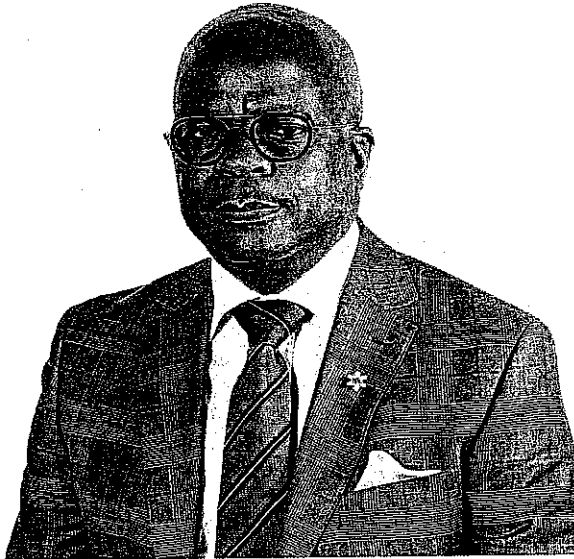
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CHAPTER ONE:

1.1. MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

We are enjoined and guided by section 121 (1) of the Local Government: Municipal Finance Management Act of 2003, which when read together with prescripts of the constitution, stipulates that 'Every municipality and every municipal entity must for each financial year prepare an annual report', in accordance with its guidelines.

We are then mandated to provide a detailed 2020/21 financial year report on account of activities and outline general performances of Sekhukhune District Municipality.

We also report back on the district municipality's annual financial performance during the financial year under review. Annual report gives stakeholders and communities insight into our performance regarding service delivery targets:

Our achievements are detailed to identify where we did not meet our objectives and make a renewed commitment for improvement. During the same financial year, our

financial books were at favourable balance of R218 million and R20 million in investment. When we closed our books in 2020/21 financial year, our liquidity ratio was at healthy position at 1:3 which reflected our ability to service our creditors.

Total liability has shown a slight increase from R554 million in 2019/20 financial year to R555 million in the reporting financial year.

Our asset book, including Property, Plant and Equipment as well as Non-Current Asset have shown an overall increase while liability is inflexible. The municipality had an increasing net asset of R3.9 billion, from the R3.4 billion position in 2019/20 financial year.

We have committed to spend our conditional grants optimally to fast-track service delivery. We have managed to spend 99 percent of MIG expenditure for the 2020/21 financial year. With this, we have seen improvement in various water backlog in our district. We have been given a new mandate, guided by the ANC manifesto, to deliver better services, stopping corruption, growing our economy to create jobs.

However, I must hasten to add that service delivery does not know any political colour; it belongs to all the people of our district irrespective of political affiliation.

Corruption is the enemy of freedom and fairness and the thief of opportunity. There will be no more erosion of municipal resources due to corruption procurement practices. We are focusing our energies on the implementation of the Anti-Fraud and Corruption Strategy to rid the municipality of all fraudulent and corrupt elements.

This is done in partnership with the law enforcement agencies. The fight against these crimes is in collaboration with the National Anti-Corruption Strategy, the Public Service Anti-Corruption Strategy, and the Local Government Anti-Corruption Strategy.

We have reported all fraudulent and corruption related cases to the South African Police Services. All these cases are now with National Prosecuting Authorities for further investigation and prosecution.

The water services challenges in the district remains huge. As a water service authority, the municipality has implemented the water projects that it had planned for 2020/21 financial year.

Our main sources of funding are the conditional grants. Under the Municipal Infrastructure Grant (MIG), we have managed to implement twelve (12) infrastructure projects and five (5) VIP sanitation projects. The Water Services Infrastructure Grant (WSIG) enabled us to implement eight (08) water projects as we intervened in areas that required urgent attention. Based on the Regional Bulk Infrastructure Grant (RBIG), twelve (12) bulk water projects were implemented.

All these projects are aimed at reversing the historical water infrastructure backlog we are dealing with in the district. The Covid-19 pandemic caused some interruptions on the implementation of some of our projects. This halted several bulk water projects as well. However, the corona virus situation forced us to develop ways of working smartly because we could not allow the pandemic to paralyse our operations and projects. In more ways than one, our efforts to working smartly have begun to bear fruit in the implementations of our projects. Many of our bulk water projects are nearing completed.

The bulk pipeline from Ga-Malekane Water Treatment Works, which extracts water from the De Hoop Dam, is technically completed. We are currently working on commissioning this pipeline, which will supply the 25 Mega Litre reservoir in Jane Furse, in the current 2021/22 financial year. Once commissioned, several villages around Jane Furse, including Schoonoord, Nebo and Lobethal will receive sustainable water supply.

The attainment of this is anchored on the implementation of the social contract we entered into with the communities of Sekhukhune through various means including the Integrated Development Plan.

Our pursuit for good governance still stands. We are working on repositioning the municipality's supply chain management and procurement systems. After 2019/20 financial year regression audit opinion from 2018/19, we initiated audit action plan with the aim to improve the situation starting from 2020/21 financial year.

In the spirit of Thuma Mina, a call to action by President Ramaphosa, we have facilitated the building of 6 descent 5-roomed houses for indigent families in the last municipal administration.

The latest family to receive a house built by a Good Samaritan, was the family of physical disabled single parent from Ga-Moretsele, Jane Furse. Before she received her new house, she was a victim of a burned houses and stayed in a small shack with her two daughters and grandchildren.

Our district is very rich with minerals, rich with tourism and agriculture. We have a comparative advantage in those sectors towards the economy of the province if not the country. We ought to take advantage of that and start building strong economic development capacity and turn our reserved fortune and wealth into competitive advantage.

Competitive advantage will not only attract investors but to sustain our boom economy for a very long time to benefit every single household of Sekhukhune.

It creates clear opportunities for districts to enter the marketplace and start new businesses. Businesses that will create jobs and provide people with a choice and have a laissez faire or enough freedom in business.

We then need to start putting everything together to ensure that we strengthen good corporate governance, financial oversight and performance in the agency. The financial sustainability plan needs to be finalized as a matter of urgency so that the agency is able to be self-sustainable in the medium to long term.

The outbreak of the Covid-19 pandemic in March 2020, found a vulnerable South African economy. In fact, at the time pandemic reached our shores, the South African economy had experienced two consecutive quarters of a technical recession.

As a result, the Covid-19 pandemic deepened the economic crisis. Many people lost their jobs, many have gone without income for extended periods, and many are going hungry every day. Inequality is expected to widen and poverty to deepen.

Given the extent of the devastation, the economic response required should match or even surpass the scale of the disruption caused.

The stagnation of the economy for a long period coupled with the Covid-19 crisis has also led to contraction of our economic growth and continuous increase in the unemployment rate recently.

This trend is projected to continue; painting a dire picture for gross fixed capital formation and fiscus continues to receive pressure with a budget deficit that amounts to over 10% of the country's GDP.

The district economic recovery plan will help accelerate the agricultural output and promote the tourism sectors. Working in partnership with the mining sector, and other stakeholders, our municipality will play a central role in this all-important task through SDA and also LED department.

On behalf of the Sekhukhune District Municipality Council, I hereby present this Annual Report for the financial year 2020/2021.

Cllr Keamotseng Stanley Ramaila

Executive Mayor

1.2. EXECUTIVE SUMMARY: MUNICIPAL MANAGER'S OVERVIEW

Sekhukhune District Municipality (SDM) herein presents annual report for 2020/2021 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.

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, the annual report 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 2017-2018 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 31st March 2021.

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	93 795	96 668	8%	31 594	38 955
Greater Tubatse	335 676	393 713	34%	128 819	184 259
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
Sekhukhune	1 076 830	1 169 762	100%	378 205	491 642

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.

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:

MUNICIPALITY	HOUSEHOLDS 2011	HOUSEHOLDS 2016	AS PERCENTAGE
Greater Tubatse/ Fetakgomo	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%
Sekhukhune	263 802	290 489	100%

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.

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 in the financial year (2021/2022). Both WSDP and BWSMP 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 twelve (12) infrastructure projects and five (5) VIP sanitation projects.

The Water Services Infrastructure Grant (WSIG) enabled us to implement eight (08) water projects as we intervened in areas that required urgent attention.

Based on the Regional Bulk Infrastructure Grant (RBIG), twelve (12) 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. In the 2016-2017 to 2019/2020, financial year's 36 449 VIP Sanitation units were built across the district as part of providing communities with sanitation. In 2020/2021 4 936 VIP units were provided which add up to 41 385 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 2020/2021 financial year the municipal assets stood at R4 000 588 824 as compared to R3 656 339 669 2019/2020 financial year. There was overall increase in the SDM assets. The total liabilities for the 2020/2021 financial year for SDM stood at R590 157 389 in contrast to R616 106 030 in the 2019/2020 financial year.

The net asset position of the municipality stands at R3 968 294 588 in 2020/2021 compared to R3 345 030 259 in the 2019/2020 financial year.

Revenue

The total revenue realised by the SDM for the financial year 2020/2021 stood at R1 720 899 127 as compared to total revenue of R1 430 792 263 in the 2019/2020 financial year. Revenue from exchange items is summarised as follows:

Service charges which is sale of water and sewer services stood at R85 340 370 for 2020/2021 financial year as compared to R94 840 932 in the 2019/2020 financial year.

Interest from receivables stood at R12 936 559 compared to R10 878 102 in 2019/2020 financial year.

The total revenue from exchange items stood at R196 266 480 compared to R126 978 493 in 2019/2020 financial year.

Revenue from non-exchange items stood at R1 524 632 647 compared to R1 303 813 770 in 2019/2020 financial year. The bulk 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 2020/2021 was R1 092 383 760 in contrast to R1 068 760 856 that was spent in 2019/2020 financial year. Personnel costs remain the largest item of expenditure in the 2020/2021 financial year to the payment of salaries and allowances for staff members in the district.

General expenses is the second biggest expenditure item at R196 273 758 at 17% compared to R209 002 053 for the 2019/2020 financial year. The top five general expense items relate to provision of security, lease rental and operating lease, fuel and lubricants, laboratories and chemicals and well as consulting professional services.

Bulk purchases become the third largest area in the expenditure items at R162 186 318 at 17% compared to R115 165 701 in the 2019/2020 financial year. Bulk purchases relate to purchase of electricity for water operations as well as purchase of water from various service providers for provision to communities.

Depreciation and amortisation become the fourth largest expenditure at R94 331 387 at 8% as compared to R107 361 215 in the previous financial year.

VIP Sanitation (contracted services) is the fifth largest area of expenditure at R76 969 790 at 7% compared to R58 983 449 in 2019/2020 financial year. The municipality has been constructing VIP Sanitation units in all the four local municipalities as part of dealing with the sanitation backlogs.

Lease rentals on operating lease becomes the sixth largest expenditure at R64 123 781 at 6% as compared to the previous year 2019/2020 at R55 253 928.

Repairs and maintenance become the seventh largest expenditure at R30 328 288 at 2% as compared to R32 854 123 in the previous financial year. The municipality infrastructure has worn out causing repairs and maintenance budget to increase.

1.9 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 th 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
8	Mayor tables the unaudited Annual Performance Report	
9	Municipality submits draft Annual Performance Report including consolidated annual financial statements and performance report to Auditor General.	

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

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-

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 objects of local government;

Section 152 (1) the objects 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. Keamotseng Stanley Ramaila

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. Maria Mmachuene Manamela

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. Mokganyetjie Maleke

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.

	Position	Name
1	Member of the Mayoral Committee (MMC) Budget and Treasury	Cllr. Nkosi SM
2	1 st MMC Infrastructure and water services	Cllr. Mahlangu M. F
3	2 nd MMC Infrastructure and Water services	Cllr. Manganeng L.M
4	MMC Corporate services	Cllr. Matlala M. A
5	MMC Community services	Cllr. Mmakola M. Y
6	MMC Planning and Economic Development	Cllr. Mafefe O.H
7	MMC Office of Executive Mayor (Special Programmes)	Cllr. Mnisi S, P and Cllr. Phaladi RC

2.3.2.5. Directly Elected Councillors

DIRECTLY ELECTED COUNCILLORS			
Council Members	Full Time / Part Time (FT/PT)	Position held	Party Represented
CLLR. RAMAILA KEAMOTSENG STANLEY	FT	Executive Mayor	ANC
CLLR. MOKGANYETJI MJ	FT	Chief Whip	ANC
CLLR. MANAMELA MACHUENE MARIA	FT	Speaker	ANC
CLLR. PHALADI RC	P. T	MMC	ANC
CLLR.MATSEKE RT	P.T	N/A	ANC
CLLR.MAHLANGU MBUZI FANI	F. T	MMC	ANC
CLLR. MAFEFE ORGINIA.H.	P. T	MMC	ANC
CLLR. MATLALA M. A	P. T	MMC	ANC
CLLR. MANGANENG MMAMATETE LORRAIN	P. T	MMC	ANC
CLLR. MNISI SELLO PETER	P. T	MMC	ANC
CLLR. SEFALA KUKIE RAESSETJA ELIZABETH	F. T	MPAC Chairperson	ANC
CLLR. MMAKOLA MASHIMOLE YVONNE	P. T	MMC	ANC

DIRECTLY ELECTED COUNCILLORS			
Council Members	Full Time / Part Time (FT/PT)	Position held	Party Represented
CLLR. NKOSI SAMSON MAGODIRENG	F. T	MMC	ANC
CLLR. MOGOFE ME	P. T	N/A	ANC
CLLR. RAMAUTSWA KJ	P. T	N/A	BOLSHEVIC
CLLR. MAILA SOLOMON MASEHLELE	P. T	N/A	DA
CLLR. MATSETELA MADIMETJA LORENCE	P. T	N/A	EFF
CLLR. MTSWENI BUTI WILLIAM	P. T	N/A	EFF
CLLR. MOLOKO MK	P. T	N/A	EFF
CLLR. MOIMANE MATHABATHE THANDI	P. T	N/A	EFF

2.3.2.6. Traditional Leaders in Council

The district has 75 traditional leaders. Seven (7) traditional leaders are elected to serve in Council, Kgoshi Matlala, Kgoshigadi Malepe, Kgoshigadi Matsepe-Kopa, Kgoshigadi Nkosi, Kgoshi Makofane, Kgoshi Phahlamohlaka and Kgoshi Tisane.

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.

BUDGET AND TREASURY (BTO) MEMBERS	COMMUNITY SERVICES (CMS) MEMBERS
Cllr. Mehlope SH (chairperson)	Cllr. Phala ML (chairperson)
Cllr. Makua MJ	Cllr. Mahlangu J
Cllr. Matseke RT	Cllr. Matlala FM
Cllr. Ranoto P	Cllr. Mamogale MF
Cllr. Mabatane MC	Cllr. Motseni NL
Cllr. Mtshweni BW	Cllr. Sebothoma RG
Cllr. Mamokgopa LD	Cllr. Nkadimeng LR
Cllr. Maila SM	Cllr. Diale MH
Cllr. Ramautswa KJ	MMC Mmmakola MY
MMC Nkosi SM	Kgoshigadi Nkosi T. E
Kgoshi Tisane M. N	

CORPORATE SERVICES (CPS) MEMBERS	INFRASTRUCTURE AND WATER SERVICES (IWS) MEMBERS
Cllr. Mabelane MM (Chairperson) ANC	Cllr. Radingwana MR (chairperson)
Cllr.Motseni NL	Cllr.Mamogale MF
Cllr.Maloka MF	Cllr.Matseke RT
Cllr.Dolamo FM	Cllr.Makeke GM
Cllr.Mogofe ME	Cllr.Motlafe MG
Cllr.Thokoane MJ	Cllr. Makua MJ
Cllr.Moimane MT	Cllr.Matsetela ML
Cllr.Mosotho MT	Cllr.Makola JV
Cllr. Matsepe CD	Cllr.Makofane IT
	Cllr.Ramautswa KJ
MMC Matlala MA	MMC Mahlangu
	MMC Manganeng
Kgoshi Lehwelere-Matlala M.A	Kgoshigadi Malepe M. R

PLANNING AND ECONOMIC DEVELOPMENT (PED) MEMBERS
Cllr. Rankoe TP (Chairperson)
Cllr.Maloka MF
Cllr.Mokgotho LL
Cllr.Mashabela MN
Cllr.Kgaphola A
Cllr.Moloko MK
Cllr.Mabitlela KK
Cllr.Makofane IT

MMC Mafefe OH
Kgoshi Phahlamohlaka K. P

2.3.4. SPECIAL COMMITTEES OF COUNCIL

COUNCIL WHIPPERY
1. Cllr Mokganyetji MJ Chairperson
2. Cllr Makofane IT
3. Cllr.Ramautswa KJ

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
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.	

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:

Cllr. Sefala K.R.E. (Chairperson)
Cllr. Motlafe MG.
Cllr. Maila SM
Cllr. Mtshweni BW
Cllr. Malapane SS
Cllr. Ramautswa KJ
Cllr. Mashabela MN
Cllr. Makeke MG
Cllr. Motseni NL

2.3.7. Meetings held as per each committee

NAME OF THE COMMITTEE	NO OF MEETINGS HELD	DATE OF MEETINGS
<p>Mayoral Committee</p> <p>(MC = Mayoral Committee)</p> <p>(SMC=Special Mayoral Committee)</p>	<p>24</p> <p>09</p> <p>15</p>	<ul style="list-style-type: none"> • 07 & 30 (SMC) July 2020 • 25 (MC) & 31 (SMC) Aug 2020 • 21 (MC) & 09 & 10 (SMC) Sept 2020 • 20 (MC) & 20,26 & 29 (SMC) Oct 2020 • 24 (MC) 20 Nov 2020 • 10 Dec 2020 (SMC) • 19 (MC) & 25 (SMC)Jan 2021 • 23 (SMC) Feb 2021 • 23 (MC) & 26 (SMC) Mar 2021 • 20 (MC) & 22 (SMC) Apr 2022 • 18 (MC) & 05 & 21 May 2019 (SMC) • 22(MC) June 2019
SECTION 79 COMMITTEES		
<p>Infrastructure & Water Services</p>	<p>24</p>	<ul style="list-style-type: none"> • 27 July 2020 • 07 August 2020 • 20 August 2020 • 27 August 2020 • 01 September 2020 • 16 September 2020 • 14 October 2020 • 21 October 2020 • 20 November 2020 • 14 January 2021 • 15 February 2021 • 02 March 2021

		<ul style="list-style-type: none"> • 14 April 2021 • 19 April 2021 • 20 April 2021 • 14 May 2021 • 12 May 2021 • 17 May 2021 • 17 June 2021 • 23 June 2021
Corporate Services	14	<ul style="list-style-type: none"> • 28 July 2020 • 17 August 2020 • 27 August 2020 • 17 September 2020 • 21 September 2020 • 15 October 2020 • 18 November 2020 • 14 December 2020 • 15 February 2021 • 19 March 2021 • 14 April 2021 • 16 April 2021 • 13 May 2021 • 17 May 2021 • 18 June 2021
Planning & Economic Development	10	<ul style="list-style-type: none"> • 24 July 2020 • 28 July 2020 • 18 August 2020 • 16 September 2020 • 21 September 2020 • 14 October 2020 • 20 October 2020 • 18 November 2020 • 03 December 2020

		<ul style="list-style-type: none"> • 12 January 2021 • 16 February 2021 • 16 March 2021 • 15 April 2021 • 13 May 2021 • 17 June 2021
Budget & Treasury	10	<ul style="list-style-type: none"> • 28 July 2020 • 19 August 2020 • 17 September 2020 • 20 October 2020 • 25 October 2020 • 19 November 2020 • 14 January 2021 • 16 February 2021 • 17 March 2021 • 17 May 2021 • 18 June 2021
Community Services	11	<ul style="list-style-type: none"> • 28 July 2020 • 17 August 2020 • 17 September 2020 • 21 September 2020 • 14 October 2020 • 18 November 2020 • 13 January 2021 • 16 February 2021 • 16 March 2021 • 15 April 2021 • 13 May 2021
Council Meetings	16	<ul style="list-style-type: none"> • 09 July 2020 • 03 August 2020 • 31 August 2020

		<ul style="list-style-type: none">• 10 September 2020• 29 September 2020• 26 October 2020• 29 October 2020• 25 November 2020• 08 December 2020• 15 December 2020• 28 January 2021• 18 February 2021• 24 February 2021• 28 February 2021• 25 March 2021• 30 March 2021• 29 April 2021• 06 May 2021• 20 May 2021• 27 May 2021• 31 May 2021• 29 June 2021
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2.3.8 COUNCILLORS ATTENDANCE OF COUNCIL MEETINGS

Registry of Council Attendance 2020-2021

Note:

P=Present

A= Absent

N/A= Not applicable

	Q1			Q2				Q3					Q4					
	July - September			October - December				January - March					Apr- Jun					
	2020/07/30	2020/09/10	29/09/2020	2020/10/29	2020/11/25	2020/12/08	2020/12/15	28/01/2021	2021/02/18	2021/02/24	2021/02/28	2021/03/25	2021/03/25	2021/04/29	2021/05/06	2021/05/20	2021/05/27	2021/06/29
Cllr. Manamela M.M	P	P	P	P	P	P	P	P	P	P	P	P	A	A	P	P	P	P
Cllr Ramaila K. S	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cllr Mahlangu M. F	P	P	P	A	P	P	P	P	P	A	P	P	P	P	A	P	P	P
Cllr. Sefala R. E	P	P	P	P	P	P	P	P	A	P	A	P	P	P	P	P	P	P
Cllr Nchabeleng T. L	P	P	P	P	P	P	P	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Cllr. Matlala M. A	P	P	P	A	A	P	P	A	A	A	A	A	A	P	A	P	P	P
Cllr Mafefe O.H	P	P	P	P	P	P	A	P	P	P	P	P	P	P	P	P	P	P
Cllr Manganeng L.M	P	P	P	P	P	P	P	P	P	P	P	P	P	P	A	P	P	A
Cllr. Phaladi R.C	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cllr. Mnisi S. P	P	P	P	P	P	P	P	P	P	P	A	P	P	A	P	P	P	P

MPAC Councillors' Attendance of Municipal Public Account Committee Meetings for 2020/2021 Financial Year

Names	11 Aug 2020	15 September 2020	16 September 2020	18 September 2020	28 September 2020	06 October 2020	04 November 2020	11 May 2021
Cllr Mtshweni B. W	A	A	P	P	A	A	A	A
Cllr Malapane S. S	P	A	P	P	P	P	P	P
Cllr Sefala K.R. E	P	P	P	P	P	A	A	P
Cllr Maila S.M	P	A	P	P	A	P	P	P
Cllr Ramautswa KJ	A	A	A	A	A	A	A	A
Cllr Mashabela	P	A	P	P	P	P	P	P
Cllr Motseni N. L	P	P	P	P	P	P	P	P
Cllr Motlape M. G	P	A	A	A	A	P	P	P
Cllr Makeke M. G	A	P	A	P	P	P	P	P

A = Absent

P = Present

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 September 2020 to June 2021
Acting Municipal Manager	Ms M.S Mabitsela	Served from 01 August 2020 to 31 August 2020
Chief Financial Officer	Mr M.J Mofokeng	Served from 01 July 2020 to 31 July 2020
Acting Chief Financial Officer	Mr. C. Mufamadi	Served from 01 September 2020 to 30 April 2021
Acting Chief Financial Officer	Mr H. Nkadimeng	Served from 01 May 2021 to 30 June 2021
Acting Director Corporate Services	Mr. L.J Kabini	Served 01 July 2020 to 30 June 2021
Director Planning and Economic Development	Mrs. M.S. Mabitsela	Served from 01 July 2020 to 30 June 2021

Director Community Services	Mr. S. Masemola	Served from 01 July to 30 June 2021
Acting Director Infrastructure & Water Services	Mr. T. Maroga	Served from 01 July 2020 to August 2020.
Director Infrastructure & Water Services	Mr. M. Matji	01 September 2020 to 31 August 2021
Acting Chief Audit Executive	Ms. J. Makgolane	Served from 01 July 2020 to 30 June 2021

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

ITEM	Cluster	Focus areas	Chair
Resuscitation of clusters	Development planning	Development planning: Spatial /SPLUMA Economic Strategic planning	Director Planning and Economic Development

		Housing	
	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 Financial statements Grant performance	Chief Financial Officer
	Basic services	Capital grant performance Disaster management Emergency services Refuse removal Operations and maintenance Municipal health services	Director Infrastructure and Water Services

		Roads and storm water Electricity Public transport Environmental management	
	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 is a strategic political fora 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 2020/2021 the following IGR meetings were convened:

IGR STRUCTURE	NUMBER OF MEETINGS CONVENED	DATE OF THE MEETING
Speaker's Forum	4	10/09/2020, 07/12/2020, 11/03/2021, 10/06/2021
Mayor's Forum	3	21/12/2020 21/04/2021 30/06/2021
Chief Whip's Forum	4	21/09/2020, 03/12/2020, 11/03/2021, 10/06/2021
Municipal Manager's Forum	2	11/12/2020 15/04/2021
Economic Cluster (IDP, LED & Spatial)	2	03/02/2021 09/06/2021

CFO's Forum	1	19/10/2020
Basic Service Delivery Cluster	2	23/03/2021 26/05/2021
Public Participation Forum	5	20/08/2020, 20/11/2020, 20/01/2021, 11/03/2021, 07/05/2021
Secretariat	2	17/12/2020, 07/06/2021
MPAC Forum	2	20/11/2020, 25/06/2021

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 aforementioned 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 2020/2021 financial year is as follows:

	Names	Expertise	Portfolio
1.	Ms. Maureen Ntshudisane	<ul style="list-style-type: none"> • Skills development • Business & Planning development • Project management 	Board Chairperson and member of Economic Development Sub-Committee from September 2018. Resigned September 2020
2.	Ms Frederica Mercia Blake	<ul style="list-style-type: none"> • Estate & Land Planning • Business development • Project management 	<ul style="list-style-type: none"> • Member of Finance sub-committee • Member of Economic Development sub-

			<p>committee</p> <ul style="list-style-type: none"> • Member of Remuneration & Human Resource sub-committee
4.	Mr Madulo Hlapi Mampuru	<ul style="list-style-type: none"> • Local Business Development • Project management • Skills growth development 	Chairperson of Economic Development sub-committee
5.	Mr Morwamokoena Stephen Masemola	<ul style="list-style-type: none"> • Agriculture & Spatial planning • Project Management • Agricultural Development 	<ul style="list-style-type: none"> • Member of Finance sub-committee • Member of Economic Development sub-committee • Member of Remuneration & Human Resource sub-committee
6.	Mr. Petrus Matji	<ul style="list-style-type: none"> • Hydrologist *Water engineering *Roads projects management *Business management and strategic planning 	<ul style="list-style-type: none"> • Chairperson of Finance sub-committee with effect from November 2018. • Member of Economic Development sub-committee • Resigned

			September 2020
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NO. OF BOARD SPECIAL MEETINGS HELD	DATES OF MEETINGS
2	1. 25 March 2021 2. 11 May 2021
NO. OF BOARD MEETINGS HELD	DATES OF MEETINGS
3	1. 4 September 2020 2. 14 June 2021 3. 26 January 2021

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 2019/2020 draft annual report and 2021/2022 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

The public participation meetings were held in all the local municipalities in the district from 01/04/2021 to 28/04/2021.

The following stakeholders were consulted;

- a. SDM Staff
- b. General Public
- c. Magoshi
- d. Special Groups
- e. Business & Labour
- f. Rate Payers

In the 2020/2021 financial year, the Municipality managed to arrange 2 Draft annual report and 8 IDP/Budget public consultation meetings reaching out to many villages and stakeholders.

Public consultation programmes for draft annual report and IDP/budget were conducted during the month of April 2021, the programmes are stated below:

2019/2020 ANNUAL REPORT PUBLIC PARTICIPATION

PROGRAMME

DATE	TIME	MUNICIPALITY	VENUE	STAKEHOLDER GROUP
23 April 2021	11h00	Sekhukhune District	Zoom Videoconferencing Platform	SDM Staff (Inclusive of Labour)
28 April 2021	18h00	Fetakgomo Tubatse L.M, Makhuduthamaga L.M, Elias Motsoaledi L.M, Ephraim Mogale L.M.	Moutse FM, Thabantsho FM, Sekhukhune FM, Tubatse FM, Masemola FM, Facebook Live Broadcast	General Public (Inclusive of Magoshi, Special Groups, and Business)

2021/2022 IDP/BUDGET PUBLIC CONSULTATION PROGRAMME

DATE	STAKEHOLDER	MUNICIPALITY	VENUE	TIME
01/04/2021	SDM Staff (Inclusive of Labour)	Sekhukhune District	Zoom Videoconferencing Platform	11h00

06/04/2021	Magoshi	Fetakgomo Tubatse L.M	Fetakgomo Tubatse Municipal Chamber, GaNkwana	10h00
		Makhuduthamaga L.M	Makhuduthamaga Municipal Chamber	10h00
07/04/2021	Magoshi	Elias Motsoaledi L.M	Elias Motsoaledi Municipal Chamber, Groblersdal	10h00
		Ephraim Mogale L.M	Ephraim Mogale Municipal Chamber, Marble Hall	10h00
08/04/2021	Business & Rate Payers	All Local Municipalities and District Municipality	Zoom Videoconferencing Platform	18h00
09/04/2021	General Public	Makhuduthamaga L.M	<ul style="list-style-type: none"> • Sekhukhune FM • Masemola FM • Facebook live broadcast 	18h00
13/04/2021	General Public	Fetakgomo Tubatse L.M	<ul style="list-style-type: none"> • Tubatse FM • Facebook live broadcast 	18h00
16/04/2021	General Public	Elias Motsoaledi L.M	<ul style="list-style-type: none"> • Thabantsho • Moutse FM • Facebook live broadcast 	18h00
21/04/2021	General Public	Ephraim Mogale L.M	<ul style="list-style-type: none"> • Moutse FM • Facebook live broadcast 	18h00

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.

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 the financial year under review

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 seven meetings were held.

The Members of the Audit Committee that served for the period 1st July 2020 to 30 June 2021, and their attendance were as follows:

Name of member	Status	Number of Meeting Held	Number of meetings attended
Mr. M Mokwele	Chairperson	7	6
Ms. M Ndlovu	Member	7	6
Ms. T Mathabathe	Member	7	7
Ms. M Mothelesi	Member	7	7

PERFORMANCE AUDIT COMMITTEE

The Members of Performance Audit Committee that served for the period 01 July 2020 to 30 June 2021, and their attendance were as follows:

Name of member	Status	Number of Meeting Held	Number of meetings attended
Ms. M Ndhlovu	Chairperson	3	3
Ms. M Mothelesi	Member	3	3
Ms. T Mathabathe	Member	3	3
Mr. M Mokwele	Member	3	3

2.8.3. RISK MANAGEMENT COMMITTEE

The Risk Management Committee has been established to advise the Municipal Manager on risk management issues. The committee is chaired by an external person (independent) chairperson.

Currently the said committee has not been functional as it did not have a chairperson as the chairperson had resigned in 2019/2020FY.

All risk management report is being processed through tabling at the Audit Committee as an interim arrangement.

Listed in the below table is the meetings held in their sitting dates.

NO OF MEETINGS	DATES OF THE MEETING
4	23/10/2020 12/02/2021 12/05/2021 16/09/2021

2.8.3.1. RISK GOVERNANCE

As mandated by Section 62 (1) (i) of the MFMA and the Public Sector Risk Management Framework, Sekhukhune District Municipality (“SDM”) Council is responsible for risk governance within its operations.

Council is further responsible for the setting of the municipality’s risk appetite and tolerance statement that articulates the levels used in the attainment of strategic and operational objectives set for the 2020/2021FY.

Through the support of the Risk Management Committee, Audit Committee, and the administration, Council is enabled to ensure oversight on Risk Management through the implementation of the actions as per the approved annual Risk Management Strategy and Implementation plan. The strategy and plan are utilised in setting out the actions to be undertaken and their related time scales.

As a going concern, the municipality is exposed to a myriad of risks as part of its day- to day operations. All risks that are identified during the annual Risk and Control assessment exercise and those that emerge during the year are documented in the departmental risk registers which are monitored on monthly basis for progress registered. These risks comprise those that are strategic in nature, operational, processes and the ones related to capital projects.

CURRENT SCENARIO

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 2020/2021FY.

Strategic risks are regarded as top risks.

TABLE A - STRATEGIC RISKS

KPA	RISK DESCRIPTION
Local Economic Development (LED)	Inadequate capacity (Infrastructure/financial & human) to support LED
Provision of water and sanitation services in a sustainable manner	1. Inadequate water sources and infrastructure 2. Insufficient operations and maintenance of existing infrastructure
Sustainable land use management and spatial transformation.	1. Uncoordinated land use practices
Public participation, stakeholder engagements and partnerships	1. Ineffective leadership and Management 2. Collusive practices and Fraud
Good governance and sound financial management	1. Inability to meet financial obligation (Weak Liquidity position)
Institutional Development and Organisational Transformation	1. Limited Organisational capacity to materialise institutional mandate
Community development, social cohesion, and nation building	1. Possible litigation and class action due to non-provision of mandatory services

2.8.3.2. TOP TEN RISKS IN THE MUNICIPALITY

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 is to always review the short-term cash flow forecast, mid-term and long-term financial plans.

The current liquidity ratio of 1:0.93 as at the 30th June 2021 (2020/2021FY) signals the challenging financial position that the municipality find itself in as in comparison with the previous financial year (2019/2020FY) which was at 1:1.7.

Council has as of the previous financial year (2019/2020) put in place mechanisms to ensure that the situation is turned around and the municipality remains a going concern.

2.8.3.3. 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 have 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.

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 2020/2021 the municipality has incurred the following deviations, irregular, fruitless, and wasteful expenditure

2020/2021 ANNUAL DEVIATION REPORT/REGISTER

Date	IMPLEMENTING DEPARTMENT	SERVICES REQUIRED	SERVICE PROVIDER	AMOUNT	AREAS OF DEVIATION /WASTEFUL	REASONS FOR DEVIATION / WASTEFUL
02-Feb-21	IWS	Emergency installation of New multi-stage pumps at Motetema Booster Pump Station	Mulbert Pump Repairs	R979 501,00	Impractical to follow SCM processes	Emergency installation as two pumps were not functioning
09-Feb-21	Community Services	Training Instructional material	Skillstrain Distribution ta Corpelo 440CC	R64 662,10	Impractical to follow SCM processes	The service provider is the only Sole provider of the service
19-Mar-21	Corporate Services	Payment for CPMD	University OF Witwatersrand	R290 000,00	Impractical to follow SCM processes	CPMD training for 5 (five) BTO Interns
23-Apr-21	Corporate Services	Repair of a Municipal vehicle – CNC 338 L	Marble Gold 182 PTY LTD	R23 102,24	Impractical to follow SCM processes	The car was taken to the Manufacturer for repair
23-Apr-21	Corporate Services	Repair of a Municipal vehicle – CNC 338 L	55024136	R23 102,24	Impractical to follow SCM processes	The Service Provider is providing support

05-May-21	Corporate Services	Repair of fire Engines	Marce Projects	R19 085,00	Impractical to follow the SCM Processes	The car was taken to the Manufacturer for repairs
06-May-21	Municipal Manager	Court order issued on SDM versus M.M Matsemela matter	SHERIFF GROBLERSDAL/MOUTSE	R2 063,61	Impractical to follow the SCM Process	Payment to Groblersdal sheriff
11-May-21	Corporate Services	Car repair	Legacy Auto	R6 309,00	Impractical to follow the SCM Processes	The car was taken to the Manufacturer for repairs
11-May-21	Community Services	Training material	Skills Train Distributors	R53 296,75	Impractical to follow the SCM Processes	The company is the Sole Provider
20-May-21	Corporate Services	Car repair	Supreme Autobody	R86 464,40	Impractical to follow the SCM Processes	The car was taken to the OEM Man dealership for repairs
20-May-21	IWS	Repair of pumps	Keewave Trading	R1 948 100,00	Impractical to follow the SCM processes	Emergency repair of pumps
27-May-21	Corporate Services	Training for staff members	MicTech Skills Solutions	R145 000,00	Impractical to follow to SCM processes	Training for SFM Officials
28-May-21	Corporate Services	Training for staff members	MicTech Skills Solutions	R58 000,00	Impractical to follow SCM	Training provider for Protocol workshop

28-May-21	Corporate Services	Training for staff members	MicTech Skills Solutions	R14 500,00	Impractical to follow SCM process	Training provider for Protocol workshop
28-May-21	Corporate Services	Bursary	University of Kwazulu Natal	R117 660,00	Impractical to follow the SCM Processes	Payment for an external bursary holder
20210520	Infrastructure and Water Services	Cession for capital projects	Csp Engineering & Fabrication Pty Ltd	R6 774 076,33	Impractical to follow the SCM Process	The Cessionary is appointed by the Service provider not SDM
20210513 6 5	Infrastructure and Water Services	Cession for capital projects	Dymapix Pty Ltd	R1 003 206,18	Impractical to follow the SCM Process	The Cessionary is appointed by the Service provider not SDM
20210520	Infrastructure and Water Services	Cession for capital projects	Dymapix Pty Ltd	R995 027,56	Impractical to follow the SCM Process	The Cessionary is appointed by the Service provider not SDM
20210521	Infrastructure and Water Services	Cession for capital projects	Water Skills	R122 532,50	Impractical to follow the SCM Process Impractical to follow the SCM Process	The Cessionary is appointed by the Service provider not SDM

20210510	Municipal Manager	Disciplinary hearing	Chilwane NI	R72 450,00	Impractical to follow the SCM Process	Refund for catering of LGSETA and SDF's meeting
20210504	Municipal Manager	Disciplinary hearing	Lathane Mp	R1 872,00	Impractical to follow the SCM Process	Refund for attending a disciplinary hearing as an initiator
20210504	Corporate Services	Appointed to prosecute employees' disciplinary cases	Malau Tebogo	R5 500,00	Impractical to follow the SCM Process	Refund for attending a disciplinary hearing as chairperson
20210506	Corporate Services	Purchasing of materials for SDM offices	Mamarege Me	R2 233,17	Impractical to follow the SCM Process	Refund for using own funds to purchase materials
20210506	Infrastructure and Water Services	Purchasing of materials for SDM offices	Ntoampe Philemon	R2 354,77	Impractical to follow the SCM Process	Refund for using own funds to purchase materials
20210506	Infrastructure and Water Services	Purchase of materials for	Ramadje Km	R1 700,00	Impractical to follow the SCM Process	Refund for using own funds to purchase materials

	O&M			Process		
30-Jun-21	Office of the Executive Mayor	Training for the visually impaired	Sensory solutions	R27 760,00	The company is the sole provider	Impractical to follow the SCM Process
22-Jun-21	Corporate Services	Repair of car	Dealership Middelburg	R77 295,68	Impractical to follow SCM processes	The car was taken to the Manufacturer for repairs
30-Jun-21	IWS	Supply of chemicals for the Festive season	Motagane Chem Works	R1 799 750,00	Emergency	Emergency procurement of Water treatment chemicals during the festive season
30-Jun-21	Office of the Executive Mayor	Training for the deaf	Sensory solutions	R27 760,00	The company is the sole provider	Impractical to follow the SCM Process
22-Jun-21	Corporate Services	Repair of car	Dealership Middelburg	R77 295,68	Impractical to follow SCM processes	Repair of car by OEM
				12,838,997.91		

Register of UIF Expenditure Year end June 2021

Name of Municipality: SEKHUKHUNE DISTRICT MUNICIPALITY

No	Date of discovery	Date Reported to Accounting Officer	Transaction details			Description of Incident	Person Liable (Official or Political Office Bearer)	Type of Prohibited Expenditure	Status						General comments		
			Date of Payment	Payment Number	Amount				UI	DP	CC	TR	P	WO			
1.	20210209	20210209	20210209	55024400	3 099.00	Reliable Accountants Forensic Investigation		Irregular Expenditure	Yes								The Internal Audit contract expired while the case was still on and Municipality still requires the witness services until the matter is concluded
2.	2020531	2020531	2020531	55024335	150 656.50	Reliable Accountants Forensic Investigation		Irregular Expenditure	Yes								The Internal Audit contract expired while the case was still on and Municipality still requires the witness

3.	20210318	20210318	20210318	55023682	64 400.00	Reliable Accountants Forensic Investigation	Irregular Expenditure	Yes								The Internal Audit contract expired while the case was still on and Municipality still requires the witness services until the matter is concluded
4.	20210318	20210318	20210318	55023888	66 270.00	Reliable Accountants Forensic Investigation	Irregular Expenditure	Yes								The Service Provider is providing support since the Finance Manager has resigned
5.	20210322	20210322	20210322	550233775	35 000.00	KT Mogano Audit support	Irregular Expenditure	Yes								Service provider was appointed without following the proper SCM processes
6.	20210325	20210325	20210325	55023701	105 000.00	KT Mogano Audit support	Irregular Expenditure	Yes								Service provider was appointed

7.	2021042 2	2021042 2	2021042	20210422	55024124	72 000.00	KT Mogano Audit support	Irregular Expenditur e	Yes							without following the proper SCM processes Service provider was appointed without following the proper SCM processes
8.	2021032 4	2021032 4	20210324	20210324	55023925	35 000.00	KT Mogano Audit support	Irregular Expenditur e	Yes							Service provider was appointed without following the proper SCM processes
9.	2021042 2	2022042 2	2022042	20220422	55024124	72 000.00	KT Mogano Audit support	Irregular Expenditur e	Yes							Service provider was appointed without following the proper SCM processes
10	2021052 7	2021052 7	20210527	20210527	55024309	35 000.00	KT Mogano Audit support	Irregular Expenditur e	Yes							Service provider was appointed without following the proper SCM processes
11	2021052 7	2021052 7	20210527	20210527	55024309	52 500.00	KT Mogano Audit support	Irregular Expenditur	Yes							Service provider was

12	20210528	20210528	20210528		5 250.00	KT Mogano Audit support										appointed without following the proper SCM processes
	20210531	20210531	20210531		72 250.00	Reliable Accountants TM Consortium JV Forensic Audit					Yes	Irregular Expenditure				The company was appointed to do a Forensic audit
	20210531	20210531	20210531		1 872.00	Reliable Accountants TM Consortium JV Forensic Audit					Yes	Irregular Expenditure				The company was appointed to do a Forensic audit
	20210531	20210531	20210531		76 334.50	Reliable Accountants TM Consortium JV Forensic Audit					Yes	Irregular Expenditure				The company was appointed to do a Forensic audit
	20210630	20210630	20210630	55023543	302 750.00	KT Mogano Audit support					Yes	Irregular Expenditure				Service provider was appointed without

2021062 1	2021062 1	20210621		77 295.68	KT Mogano Audit support	Irregular Expenditure	Yes					Service provider was appointed without following the proper SCM processes
2021012 2	2021012 2	20210122	55023588	139 521.90	Mphoke Mogane Legal fees	Fruitless and wasteful expenditure	Yes					Payment made into a fraudulent account
				139 521.90	Mphoke Mogane Legal fees	Fruitless and wasteful expenditure	Yes					Payment made into a fraudulent account
				968 760.00	Mashcorp	Irregular Expenditure	Yes					The director is in the service of the state
				402 965.52	Anaka Group	Irregular Expenditure	Yes					The director is in the service of the state
2020/12/ 22	2020/12/ 22	2020/12/2 2	55023516	165 380.13	Dikgati Mphahlele Attorneys Legal fees	Irregular Expenditure	Yes					Appointment without following the required SCM processes
2021030	2021030	20210303	55023833		Dikgati	Irregular	Yes					Appointment

3	2020092	2020092	20200928	55022728	296 925.00	Mphahlele Attorneys Legal fees	Expenditure	Yes					without following the required SCM processes
3	2020092	2020092	20200928	55022728	265 429.55	Dikgati Mphahlele Attorneys Legal fees	Irregular Expenditure	Yes					Appointment without following the required SCM processes
3	2020102	2020102			424 891.80	Dikgati Mphahlele Attorneys Legal fees	Irregular Expenditure	Yes					Appointment without following the required SCM processes
3	2020102	2020102	20201020	55022933	344 715.00	SC Mdituli Attorneys Legal fees	Irregular Expenditure	Yes					Appointment without following the required SCM processes
3	2020102	2020102	20201020	55002293	492 855.00	SC Mdituli Attorneys Legal fees	Irregular Expenditure	Yes					Appointment without following the required SCM processes
3	2020101	2020101	20201019	55022924	55 780.05	Verveen Attorneys Legal fees	Irregular Expenditure	Yes					Appointment without following the required SCM processes

2020/2021 Tenders awarded annually

Project Name	Date of Specification	Date of Advert	Closing Date	Evaluation date	Adjudication date	Award date	Bid Amount	Award/Progress Details	30% Sub-Contractor
Motlailana Village Water	11/06/2020	22/06/2020	02/07/2020	02/10/2020	23/10/2020	30/10/2020	R5 825 214.63	Irhilane Construction	N/A
NSD07 Regional Water Scheme: Construction of Water Reticulation at Ga-Ratau	11/06/2020	22/06/2020	07/08/2020	16/10/2020	30/10/2020	04/11/2020	R48 644 732.16	SDVK Construction and Projects	N/A
NSD07 Regional Water Scheme: Construction of Water Reticulation at Mafokeng and Matekane	11/06/2020	22/06/2020	07/08/2020	16/10/2020	30/10/2020	05/11/2020	R47 744 745.44	Maunyatlala JV Ntshiana Trading	N/A
Makgemeng Village Water Supply	11/06/2020	22/06/2020	07/08/2020	16/10/2020	30/10/2020	05/11/2020	R33 367 711.50	Moepagauta JV Mafoko JJ	N/A
Mooihoeck/ Tubatse BWS Phase 4G1.1 The Construction of DN200, PN40 Steel Rising Main to Alverton and The Upgrading/	15/06/2020	22/06/2020	11/08/2020	30/09/2020	23/10/2020	06/11/2020	R38 946 983.59	Babina Tlou Trading	N/A

Project Name	Date of Specification	Date of Advert	Closing Date	Evaluation date	Adjudication date	Award date	Bid Amount	Award/Progress Details	30% Sub-Contractors
Refurbishment of the Mooihook Water Treatment Works at Fetakgomo LM	15/06/2020	22/06/2020	11/08/2020	30/09/2020	23/10/2020	06/11/2020	R38 580 434.51	Mothake Phadima Construction	N/A
Mooihook/ Tubatse BWS phase 4GI.2 The Construction of a DN200 and DN150, PN40, Flanged steel rising main to Alverton in Fetakgomo Tubatse	15/06/2020	22/06/2020	11/08/2020	30/09/2020	23/10/2020	04/11/2020	R105 562 942.79	Bo Mamohlala	N/A
Connector Pipes and Reticulation to Maroga	30/07/2020	02/08/2020	01/09/2020	09/10/2020	N/A	N/A	N/A	No award was made. Bidders were unresponsive	None
Service Provider for Assets Insurance Policy for a period of three years	29/09/2020	02/10/2020	20/10/2020	16/11/2020	01/12/2020	13/01/2021	R1 891 883.40	Hamilton Hydraulics	N/A
Appointment of Service Provider for Hydraulic Rescue tools for EMS	29/09/2020	02/10/2020	04/11/2020	25/01/2021	01/02/2021	01/02/2021	Rates	MNB Chartered Acc ARMS Audit Reliable	N/A

Project Name	Date of Specification	Date of Advert	Closing Date	Evaluation date	Adjudication date	Award	Bid Amount	Award/Progress Details	30% Sub-Contracts
								Accountants JV TM Consortium TKAM CA Jv Matseba CATHU Consulting SHUMBA Inc SID Advisory MMB Consulting Tladi and Associates R Kadilass and Associates SB Consulting CHAPU	
1	07/10/2020	14/10/2020	13/11/2020	Re-advertised	Re-advertised	Re-advertised	Re-advertised	Re-advertised	N/A
2	07/10/2020	14/10/2020	13/11/2020	Re-advertised	Re-advertised	Re-advertised	Re-advertised	Re-advertised	N/A

Project Name	Date of Specification	Date of Advert	Closing Date	Evaluation date	Adjudication date	Award	Bid Amount	Award/Progress Details	30% Sub-Contracts
Treatment chemicals for a period of three (3) years									
Appointment of Terms Contractors for Hydrological Services, Drilling, Testing, Equipping and Rehabilitation of Boreholes for a period of three (3) years	07/10/2020	14/10/2020	13/11/2020	Re-advertised	Re-advertised	Re-advertised	Re-advertised	Re-advertised	N/A
Appointment of Service Provider for Asset Management support for a period of 3 (three) years	28/10/2020	04/11/2020	08/12/2020	26/02/2021	05/02/2021	07/03/2021	R18 356 680.00	Morar Incorporated	N/A
Appointment of Service Provider for vehicle Tracking system	28/10/2020	04/11/2020	08/12/2020	11/01/2021	21/02/2021	21/01/2021	R485 115.55	Afrirent Pty Ltd	N/A
Appointment of Service Provider for Lease of Photocopy Machines for a period of Three (03) years	17/11/2020	27/11/2020	18/01/2021	29/01/2021	17/02/2021	18/02/2021	R2 647 037.52	Anaka Group	N/A

Project Name	Date of Specification	Date of Advert	Closing Date	Evaluation date	Adjudication date	Award	Bid Amount	Award/Progress Details	30% Sub-Contractor
Appointment of Skills development provider to conduct learnership for 30 unemployed learners	01/12/2020	01/12/2020	15/12/2020	22/12/2020	23/12/2020	12/01/2021	R1 200 000.00	K Boneng Pty Ltd	N/A
Tukakgomo Water intervention (phase 4)	17/12/2020	17/12/2020	29/01/2021	22/02/2021	12/03/2021	26/04/2021	R5 998 618.62	HLTC	N/A
Construction of Rutseng Water Bulkline	17/12/2020	17/12/2020	29/01/2021	22/02/2021	05/03/2021	15/04/2021	R6 760 774.64	Irhalane Construction	N/A
Maebe Water Intervention phase 4	17/12/2020	17/12/2020	29/01/2021	22/02/2021	05/03/2021	15/04/2021	R9 898 188.26	Picabiz 367	N/A
Uitspanning water intervention phase 4: construction of treatment plant	17/12/2020	17/12/2020	29/01/2021	22/02/2021	05/03/2021	15/04/2021	R5 479 982.15	Big O Trading	N/A
Re-advert for the Appointment of Term Contractors for Civil works for a period of three (3) years	07/10/2020	21/01/2021	01/03/2021	17/05/2021	27/05/2021			Due diligence	N/A
Re-advert for the Appointment of Terms contractors for Water and Waste Water Treatment chemicals for a period of three (3)	07/10/2020	21/01/2021	02/03/2021	17/05/2021	28/05/2021			Due diligence	N/A

Project Name	Date of Specification	Date of Advert	Closing Date	Evaluation date	Adjudication date	Award	Bid Amount	Award/Progress Details	30% Sub-Contracts
years									
Re-advert for Appointment of Terms Contractors for Hydrological Services, Drilling, Testing, Equipping and Rehabilitation of Boreholes for a period of three (3) years	07/10/2020	21/01/2021	03/03/2021	24/05/2021	31/05/2021			Due diligence	N/A
Appointment of service provider for Backend and Frondend Solutions	12/02/2021	21/02/2021	29/03/2021	20/05/2021	28/04/2021	Re-advert	Bid will re-advertised. The bidders did not meet the SCM requirements	Re-advert	Re-advert
Appointment of service provider for personal protective clothing and safety related items	05/02/2021	12/02/2021	18/03/2021	20/04/2021	28/04/2021	Re-advert	This bid will be re-advertised. The bid prices don't comply with the evaluation criteria	Re-advert	Re-advert
Appointment of Service Provider to supply	17/12/2020	13/02/2021	01/03/2021		28/04/2021	Re-advert	The bid will be re-advertised. Bidders did not	Re-advert	Re-advert

Project Name	Date of Specification	Date of Advert	Closing Date	Evaluation date	Adjudication date	Award	Bid Amount	Award/Progress Details	30% Sub-Contractors
COVID 19 related items				20/04/2021			meet the SCM requirements.		
Construction of rising main to the reservoir, pump houses and equipping of boreholes in Legolaneng	26/01/2021	12/02/2021	10/03/2021	22/04/2021	04/05/2021	28/05/2021	R3 128 864.16	Sedietse Trading and Projects	N/A
Construction of rising main to the reservoir, pump houses and equipping of boreholes in Tshikanosi	26/01/2021	12/02/2021	10/03/2021	29/04/2021	04/05/2021	01/06/2021	R4 011 375.72	Kgobokanang Business Projects	N/A
Construction of rising main to the reservoir, pump houses and equipping of boreholes in Brooklyn	26/01/2021	12/02/2021	09/03/2021	22/04/2021	28/04/2021	28/05/2021	R3 145 495.87	Kgobokanang Business Projects	N/A
Construction of rising main to the reservoir, pump houses and equipping of boreholes in Kgotlopong	26/01/2021	12/02/2021	09/03/2021	22/04/2021	28/04/2021	28/05/2021	R3 578 046.18	HLTC Pty Ltd	N/A
Construction of rising main to the existing reservoir and equipping	26/01/2021	12/02/2021	09/03/2021	29/04/2021	04/05/2021	28/05/2021	R2 950 674.61	Pheladi Noko B1 Funerals	N/A

Project Name	Date of Specification	Date of Advert	Closing Date	Evaluation date	Adjudication date	Award	Bid Amount	Award/Progress Details	30% Sub-Contractor
of boreholes in Sephaku									
13 Construction of rising main, pump house and equipping of boreholes in Polaseng	26/01/2021	12/02/2021	08/03/2021	14/04/2021	28/04/2021	01/06/2021	R2 303 577.65	Ngoato Le Nareadi Construction	N/A
14 Construction of rising main, Installation of pressed steel tank, pump houses and equipping of boreholes in Mahlokwenwa(Malaeneng)	26/01/2021	12/02/2021	08/03/2021	14/04/2021	28/04/2021	28/05/2021	R4 043 763.52	Morwa Moleke Trading	N/A
15 Construction of rising main to the existing reservoir and equipping of borehole in Eenzam	26/01/2021	12/02/2021	08/03/2021	22/04/2021	28/04/2021	28/05/2021	R3 973 889.98	Mothakge Phadima Construction	N/A
16 Appointment of Service provider for submission of proposal for Auction of Municipal assets for a period of three (3) years	11/03/2021	23/03/2021	23/04/2021	05/05/2021	06/05/2021	13/05/2021	5.75%	Five Star Trading as Auction 24	N/A
17 Appointment of a service provider for the development of water source and construction	27/03/2021	23/03/2021	06/04/2021	05/05/2021	21/05/2021	No awards made	Bid will be re-advertised. Bidders did not meet the SCM	Re advert	N/A

Sl. No.	Project Name	Date of Specification	Date of Advert	Closing Date	Evaluation date	Adjudication date	Award	Bid Amount	Award/Progress Details	30% Sub-Contractor
	of rising main to supply 550 kl per day of portable water to Jane Furse Hospital							Compliance requirements		
18	Re advertisement Supply and delivery of cartridges	29/03/2021	06/05/2021	02/06/2021	Evaluation stage					N/A
19	Appointment of Service Provider for support and maintenance of Digital audio recording for a period of three years	29/03/2021	06/05/2021	10/06/2021	Evaluation stage					N/A
20	Appointment of a Panel of attorneys for a period of three (3) years	12/05/2021	25/05/2021	30/06/2021	Evaluation stage					N/A
21	Lease of office space in Moutse west for a period of three (3) years	29/05/2021	29/05/2021	30/06/2021	Evaluation stage					N/A
22	Re-advertisement Appointment of Professional service provider for Assets Insurance Policy for a period of three (3) years	19/05/2021	27/05/2021	30/06/2021	Evaluation stage					N/A

Project Name	Date of Specification	Date of Award	Closing Date	Evaluation date	Adjudication date	Award	Bid Amount	Award/Progress Details	30% Sub-Contractor
13 Re-advertisement Appointment of Service Provider for supply of Covid -19 PPE	26/05/2021	17/06/2021	23/07/2021	Evaluation stage					N/A

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 now functional (www.sekhukhunedistrict.gov.za) and updated on a regular basis especially the component where compliance issues have to be adhered to such as publishing of annual report, tenders and vacancies.

The website for the financial year 2019/2020 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:

- 2020/2021 SDBIP
- Quarterly SDBIP reports done every end of the quarter.
- 2020/2021 BUDGET
- Process Plan and Framework for IDP Review 2020/2021
- 2020/2021 MIDTERM
- Performance agreements of senior managers.
- Quarterly SDBIP reports done every end of the quarter.
- Annual Report in February 2021 for public comments and final oversight report in March 2021.

Creating awareness for internal departments to provide information in a timely manner

Marketing the use of the website for external audiences

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

As part of elevating and prioritising customer care and Batho-Pele issues, the municipality has moved the division from Corporate services to Office of the

Executive Mayor so that queries raised by municipality are attended to and necessary political support is provided.

BATHO PELE PRINCIPLES

1. COURTESY PRINCIPLE :

- **Nametags**

Currently SDM employees utilise access cards to be identified.

- **Frontline:**

SDM frontline desk is operated by Receptionist in Bareki Mall (next to the Office of the MM), at West street there is no receptionist in the reception area.

- **Signage/Way finding**

There is no signage/way finding in the entrance of Groblersdal to SDM Offices

- **Suggestion boxes**

The boxes are available in our main entrances

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

The Office of the premier is monitoring the telephone rings of our call centre phones. Despite several unresolved problems of tools of trade, SDM call centre is steadily improving with an average calls per month of 60 for incidents and an average of 2000 calls for accounts as compared to an average of 40 calls for incidents in the previous financial year. Majority of our calls are related to water accounts, water related queries, motor vehicles accidents followed by structural fire wildfires and. The rest of the queries are special and general services.

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 2020/2021 are as follows:

INCIDENT	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Motor Vehicle Accident	30	33		24	30	33	11	15	27	11	37	36
Structural	01	19		20	22	28	06	16	16	10	11	04

fire												
Special services	12	03		02	03	03	05	02	03	05	02	05
Veld fire	01	11		04	03	01	00	00	00	05	00	00
Water related	67	39		15	17	15	00	00	00	14	00	00

2. ACCESS PRINCIPLE

- **Accessibility to Municipal Buildings**

SDM buildings are accessible.

- **Thushong Service Centres**

SDM has 6 Thushong services centres that are located in different 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. Improve access of government services to communities in an integrated fashion. name of Thushong Centre & category	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

3 CONSULTATION PRINCIPLE

Africa Peer Review Mechanism

The coordination of both the APRM and the OGP in the Province is located in the Batho-Pele Programmes. APRM focus persons have been appointed in all provincial departments and district municipalities. The coordination of both the APRM and the OGP in the Province is located in the Batho-Pele Programmes.

The Office of the Premier's Batho Pele Programmes have since facilitated the appointment of the governance structure called the Provincial Governing Council (PGC), comprising of eminent persons representing the following civil society organisations;

- Traditional Leadership
- Business
- Labour
- SANCO
- Youth
- Women
- Children
- Faith Based Organisations

- Farming sector
- Disability
- NGOS
- Sport

Open Government Partnership (OGP)

OGP are based on the following principles that sum up the benefits of the mechanisms;

Accountability of government

Responsiveness to citizens

Corruption free governance

Promoting partnership between government and civil society.

Mass Service Provision (Batho Pele build – ups)

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 type of events are rolled-out and budgeted for by respective Local Municipalities and the District municipality. Government, SOEs and business show case their services. The events are led by Mayors of the LM and Batho Pele Coordinators.

During the year 2020 the event could not take place to the lockdown restriction.

4 SERVICE STANDARDS PRINCIPLE

- **Service Standards**

Service standards are in place. They are in a process of being reviewed

- **Service Delivery Improvement Plan**

Service Delivery Improvement Plans were developed by the Office of the Premier and implemented in line with the Public service regulation of 2001 as amended, Part III.C.1 – which requires an executing authority to establish and sustain a service delivery improvement programme for his or her department and municipalities;

5 INFORMATION PRINCIPLE

- **Newsletters**

- Intranet
- Electronic mails (Emails)
- Meetings

6 OPENNESS AND TRANSPARENCY PRINCIPLE

- Departmental Citizen's reports
- Hotlines /Toll-Free Lines
- Audit reports

7 REDRESS PRINCIPLE

PRESIDENT'S AND PREMIER'S HOTLINES

TRENDS ANALYSIS FOR BOTH THE HOTLINES

1205

Resolved: 1153

Outstanding: 52

Month/Quarter	Total number of queries receive	Total number of queries resolved	Total number of queries pending
1 st Quarter	1156	1124	32
2 nd Quarter	1156	1124	32
3 rd Quarter	1205	1153	52
4 th Quarter	1680	1678	02

1. Higher percentage of water and sanitation related complaints were reported and resolved.
2. Cases that are pending, were wrongly directed to SDM. Those are cases related to roads, electricity etc.
3. There is also a trend that is continuing where one person reports same cases using different names or different people reporting the same case.

8 VALUE FOR MONEY PRINCIPLE

- Signing of Statement of Public Service Commitment

- Customer Satisfaction Survey
- Audit reports
- Walk-ins

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 (2020/2021). 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.

INVESTMENTS ON INFRASTRUCTURE DEVELOPMENT DURING 2020/21 FINANCIAL YEARS:

During 2020/21 Financial Year, the following infrastructure grants were spent during 2020/21 financial year on water and sanitation projects:

Municipal Infrastructure Grant (GRANT): R 460 140 845 million

- The SDM has implemented 12 water infrastructure project and 5 VIP sanitation projects during 2020/21 financial year.
- Water Services Infrastructure Grant (WSIG): R29 027 423 The SDM has implemented 8 intervention water projects during 2020/21 financial year
- Regional Bulk Infrastructure Grant (RBIG): R 58 643 774
- The SDM has implemented 12 bulk water projects during 2020/21 financial year

BACKLOG IN ACCESS TO WATER AND SANITATION IN 2020/21 AS COMPARED TO 2019/20

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 155 238 in 2015/16 financial year and reduced by 17 481 in 2016/17, reduced by 4919 in

2017/18, reduced by 5254 in 2018/19, reduced by 10 194 in 2019/20 and further reduced by 4936 in 2020/21 financial year.

The sanitation backlog is currently at 112 454.

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

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

KEY WATER INFRASTRUCTURE DEVELOPMENT SCHEMES IMPLMENTED DURING 2020/21 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 commissioning and testing of Bulk pipeline from Malekana Water Treatment Works to Jane Furse command reservoir under (Nebo Plateau Bulk Water Scheme) to be completed in 2021/2022
- 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 2021/22 to 2022/23
- The Lebalelo South Bulk Water Scheme commenced with construction in the current financial 2018/2019 and to be completed by June 2022.
- The Phase 3 of the Lebalelo South Water Distribution and Reticulation scheme commenced in 2018/19 financial year and to be completed in 2022/23

- The Olifantspoort South Bulk Water Schemes is currently under implementation at Phase 24 to complete the bulk pipeline and water distribution pipeline

- Moutse Bulk Water supply is currently under implementation and will be completed in 2022/23.

The following projects were implemented in the 2020-2021 financial year

PROJECT NAME	LOCATION /VILLAGE	PROJECT VALUE	EXPENDITURE	PROGRESS TO DATE
Zaaiplaas Village Reticulation Phase 2 (Vlakfontein, Sovolo and remaining villages) - CO	Dindela	R1 397 102.00	R848 232.13	<p><u>Reservoir at 20%</u></p> <p>Contractor finally terminated and no response has been received from the contractor. A proposal to complete the project has been submitted to the Municipality and options will be selected based on the available budget and viability.</p> <p><u>Pump Station at 92%</u></p> <p>Pump station building 90% Mechanical Installation 80% Electricity 100% Refurbishment of well fields 100%.</p>
Ga-Marishane water reticulation supply	Ga-Marishane	R5 818 120.00	R5 365 955.91	Progress made is 98%. Practical completion is scheduled for the 09/07/2021
Lebalelo South connector pipes and reticulation	Ga Riba, Rivercross, Driekop	R55 121 791.00	R35 588 228.92	<p><u>For the Bulk Pipelines</u></p> <p>The overall progress is at 98%.</p> <p>System 1 – 84.39km of Bulk pipeline constructed. Contractor to Finalize the installation of Valve chambers and pipe testing –Physical Progress 99%</p> <p>System 2 – 93.6km of Bulk</p>

			<p>pipeline constructed, one Steel tank erected, Currently busy with the excavations in areas with hard rock and erection of Valve chambers –Physical Progress 97%</p> <p>System 3 - 35km of Bulk pipeline constructed, Two Steel tanks erected and valve chambers completed. Project practically completed and the contractor. Currently busy with the identified snags- Physical Progress 99%.</p> <p><u>For the Reticulation.</u></p> <p>The overall progress is at 88%.</p> <p>System 1 – 87km of reticulation constructed, currently busy with the valve chambers and installation of water meters and stand pipes- Physical Progress 91%.</p> <p>System 2 – 108km of reticulation network constructed, Currently busy with the installation of the water meters and stand pipes – Physical Progress 90%.</p> <p>System 3 - 15km of reticulation network constructed, contractor to start with the installation of water meters. –Physical Progress 86%</p> <p><u>For the Reservoir</u> The overall progress is at 86%. <u>Package A</u></p> <p>Contractor currently busy with</p>
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				<p>the platform for the installation of steel tanks. The supplier for the steel tanks is busy manufacturing the tanks and has started with the ring beam .Physical progress is at 85%.</p> <p><u>Package B</u></p> <p>Contractor has completed the platforms and the supplier for the steel tanks to start with the ring beams. Physical progress is at 84%.</p> <p><u>Package C</u></p> <p>Contractor has completed all the platform for the installation of steel tanks and currently busy the erection of gabions and stone pitching. Physical progress is at 89%</p>
NSD07 Regional Water Scheme Construction of Concrete Reservoirs	Schoonord	R46 716 098.00	R45 137 561.89	<p>2km pipeline constructed. 87% complete Overall progress. Reservoir construction completed (only water tightness test remains), busy finalising valve chambers on the gravity pipeline, drainage systems around the reservoir and palisade fencing.</p> <p>0km pipeline constructed. 23% Overall progress. Access road preparations at 95%. Reservoir platform preparations at 75% progress.</p> <p>0km pipeline constructed. 38% Overall progress. Excavations for reservoir platform completed, platform at 100%. Contractor completed with backfilling using imported G6 material for platform, and the other reservoir steel fixing for ring beam is completed and</p>

				pouring of mass concrete underway
Ga-Mogashoa (Senggapudi) and Ga-Mogashoa (Manamane) Water Reticulation	Sekgapudi & Manamane	R66 835 031.00	R54 525 421.74	<p>65.6 kilometres of pipeline constructed. Contractor busy with pressure testing and also doing yard connections Overall progress is at 77%</p> <p>28.5 kilometres of pipeline constructed. Contractor busy with construction of valve chambers and also doing yard connections Overall progress is at 83%</p>
De Hoop/ Malekana regional Water Scheme	Malekana, Maphopha Ga-Masha Ga-Maepa Ga-Rantho Ga-Ratau Kutollo Maseven Ga- Mpana	R 88 022 463,00		<p>Overall progress = 39%</p> <p><u>Works in Progress</u></p> <p>13.24km out of 21km completed to date</p> <p>No progress for the month due to none-payment of the contractor by the Client.</p> <p>Overall progress = 80%</p> <p>Site establishment complete</p> <p><u>Works in Progress</u></p> <p>410 kl reservoir 90% 280kl reservoir 90% 180kl reservoir 50% 1.1MI reservoir 80% 0.7MI reservoir 35%</p>
Lebalelo South Phase 3(Ga Maroga & Motlolo reticulation , bulk and reservoir)	Maroga and Motlolo	R69 318 954.00		<p>Overall Progress =55%</p> <p>7 out of 8 reservoirs progress Earthworks 100% Blinding and footing 90% First lift wall for 5 reservoirs 100%</p>

			R69 318 922.11	Reticulation Overall Progress =90% 66 km out of 69 has been completed. Pressure testing done sectionally as the project proceeds
Ga Maphopha Command Reservoir	Ga Maphopha	R2 500 000.00	R218 738.65	Pump station 98%(awaiting commissioning) <u>Pipeline</u> Overall progress = 96% <u>5 MI Command Reservoir</u> Command reservoir completed. complete
De Hoop/ Nebo Plateau/Schoonoord Water Scheme Villages: Makgeru, Ga Ratau & Matekane	Makgeru, Matekane and Ga-Ratau	R9 330 710.00	R8 534 931.96	Project split into two contracts One contract has been awarded, Introduction of the contractor was done on 04/02/2021, CLO appointed
Motlailana and Makgemeng Water Supply	Motlailana and Makgemeng	R6 791 934.00	R2 598 071.07	Motlailana Village Overall Progress = 57% Makgemeng Village Appointment stage (Busy with Construction permit application)
Disaster Management Pandemic COVID-19 Project	Brooklyn, Eenzam, Polaseng, Sephaku, Legolaneng, Tshikanoshi, Mahlakwana, Kgotlopong	R29 204 596,00	R1 995 748.65	Appointment issued to contractors
Roosenekal WWTW	Roosenekal	R500 000.00	R0.00	Overall progress = 95%.

Tukakgomo water intervention and meter installations.	Tukakgomo	R 7 000 369.69	R 2 465 592.43	Site establishment is at 100%, Construction of water reticulation network is at 65%, Drilling of the four odex holes are at 100%, testing and equipping are at 0%.
Uitspanning Water Supply Intervention	Uitspanning	R 8 004 034.76	R4 071 095.77	Site establishment is at 100%, The contractor and engineer are still finalising the quotation for the RO Plant.
Maebe drilling and equipping of borehole	Maebe	R 16 000 800.33	R 7 048 233.42	Site establishment is at 78%, Contractor has sourced three quotations for RO Plant and submitted them to the Engineer for evaluation.
Jane Furse RDP Package plant	Jane Furse RDP	R 2 811 905.20	R 2 183 987,90	100% Installation of package plant. 100% installation of the Razor Fence. 100% completion of constructing the concrete base. 100% construction of the attenuation tank. Overall Progress is 100%.
Mogoroane Water Supply	Mogorwane	R 6 400 240.20	R 4 897 145.75	Site establishment 100%, Reticulation network 94%, 2 storage tanks at 80% and communal stand pipes 95%. Overall Progress is 93%
Rutseng Water Intervention	Rutseng	R 7 202 092.84	R 2 867 319.80	Site establishment is at 100%, Construction of bulk pipeline is at 63%, Construction of the reinforced concrete wall at abstraction 0%, sealing of the leaks on the existing concrete reservoir 0%.
Flag Boshielo WC&WDM (Letebejane Water Meters Installation)	Letebejane	R 4 411 097.68	R0.00	500km construction of reticulation network completed.0 Water meters installed. Overall Progress is at 70%
Phiring Water Supply Intervention Phase 2	Phiring	R 1 640 459.30	R0.00	Construction of 0.7km of water reticulation is 100% completed. Material for the elevated steel tank delivered to site. Overall Progress is at 85%

Construction of Mooihoek bulk water supply phase 4E	Dresten	R80,000,000.00	R1,212,732.50	Physical progress at 100%
Mooihoek bulk water supply phase 4F2	Ga Motodi	R80,000,000.00 R24,292,000.00	R0.00	Physical progress at 100%
Mooihoek bulk water supply phase 4F1	Ga Motodi		R3,429,084.57	Progress to date is 99%, contractor busy with pressure testing, commissioning and rehabilitation of site
Mooihoek bulk water supply phase 4G1.1	Alverton		R2,101,683.09	Contractor appointed. Done with contractual obligations and site establishments. 0% physical progress.
Mooihoek bulk water supply phase 4G1.2	Alverton		R1,957,100.00	15% physical progress.
Mooihoek bulk water supply phase 4G2	Alverton and Manoke		R33,024,778.95	4,459Kilometres of bulk water supply pipeline constructed (91%), 500KL Concrete reservoir at 95% construction.
Nebo BWS Makgeru to Schoonoord	Schoonord, Ga Maloma, Ga Mogashoa,		R20,138,198.31	Overall progress is 90%

BWS	Kotsiri, Makgeru, Rarau, Sekele, Matekane, Mkhondweni			18.2km of pipeline completed. Reservoir structure is 100% completed, remaining work is water tightness test, palisade fence around reservoir and landscaping
Nebo Commission Jane Furse Pipeline	Janefurse and surrounding villages	R24,292,000.00 R31,364,000.00	R 0.00	Project has been abandoned by Engineers and Contractor due to outstanding fees
Jane Furse to Lobethal water supply	Lobethal and surrounding villages		R0.00	Proposal to transfer the remedial works to Lepelle Water Board as implementing agent to be submitted to MM
Moutse BWS Project 13 & 14	Moutse East and West villages		R 709,003.22	No progress as project was stopped by affected stakeholder's interference (business forum). Stakeholders meeting are held bi weekly to resolve the impasse.
Moutse BWS Project (7 to 12)	Moutse East and West villages	R31,364,000.00	R0	No progress as project was stopped by affected stakeholder's interference (business forum). Stakeholders meeting are held bi weekly to resolve the impasse.
Moutse BWS Construction bulk water Pipeline	Moutse East and West villages		R0	No progress as project was stopped by affected stakeholder's interference (business forum). Stakeholders meeting are held

Project 2 – 4			bi weekly to resolve the impasse.

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 2017-2018 to 2019/2020, financial year's 20 367 VIP Sanitation units were built across the district as part of providing communities with sanitation.

The following sanitation projects were implemented in the 2020-2021 financial year

NUMBER OF VIP TO CONSTRUCT	MUNICIPALITY	PROJECT VALUE	EXPENDITURE	PROGRESS TO DATE
550 VIP units	Ephraim Mogale	R8 443 903.00	R8 433 050.11	550 VIP units completed
1 682 VIP units.	Elias Motsoaledi	R24 054 875.00	R21 943 427.16	1671VIP units completed
915 VIP units	Makhuduthamaga	R26 361 132.00	R14 518 417.17	915 Units completed
1800 VIP units	Fetakgomo-Tubatse	R33 186 126.34	R26 581 781.32	150 VIP units completed
4947 VIP units	Sekhukhune	R92 046 036,34	R58 410 105.76	4936 VIP units completed

Grant spending of projects

GRANT	NUMBER OF PROJECTS IMPLEMENTED	EXPENDITURE AS AT 30 JUNE 2021	%
Municipal Infrastructure Grant (MIG)	12 projects and 5 VIP sanitation projects	R 460 140 845	99%
Water Services Infrastructure Grant (WSIG)	8 intervention projects	R29 027 423	57%
Regional Bulk Infrastructure (RBIG)	12 bulk projects	R 58 643 774	27%
Rural Roads Assets Management System (RRAMS)	1 project	R2 310 000	99%

3.4 MUNICIPAL HEALTH SERVICES 2020 / 2021 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.

No	Component	Activities	Challenges	Remedial Action
1	Water Quality	324 water quality samples were taken for bacteriological analysis. 213 adhered to minimum health requirements.	117 did not adhere to minimum health requirements	Reports communicated to IWS and affected community members
2	Health surveillance of premises	1523 Premises were evaluated for safe and habitable conditions. 1286 premises complied with minimum health requirements.	237 premises did not comply with health requirements.	All non-complying premises were issued with non-compliance notices.
3	Surveillance and prevention of contagious diseases	116 Awareness campaigns on prevention of COVID-19 and food safety were conducted.	Lack of community awareness. Improper wearing of face masks (covering only the mouth), hand sanitizers and social distancing not observed in densely populated areas	Continuous health education
4	Communicable diseases outbreak control	1013 reported cases were investigated	Report cases are investigated to determine causes and to identify solutions	Investigation is done to prevent future occurrence of the diseases
5	Vector control	1791 Premises inspected for effective abatement	961 premises lacked vector control	All non-complying premises were issued with

		and 5 control of vectors. 830 complied with minimum health requirements.	programmes.	notices.
6	Environmental pollution prevention	24 Air quality awareness campaigns were held at different industrial facilities to educate them on air quality matters such as dust control. 1 Awareness campaign was done to nursing students to educate them about air quality and its impact on human health.	Lack of information on air quality issues by facilities and community members	Awareness campaign held to educate facilities and communities on air quality issues
		2 x compliance monitoring was conducted at Annesley Andalusite and Tubatse Alloys	Appointments clashing with other activities of the facility thereby resulting in postponement	Ensure compliance with AEL conditions
		5 x Landfill sites were inspected for compliance with permit conditions.	Waste dumping and no water sampling for chemical analysis at Burgersfort entrance and Marble Hall was on fire,	To assist with water sampling for chemical analysis.
		13 sewage purification facilities namely Steelport, Praktiseer, Penge, Moroke, Sekhukhune college, Marble Hall, Elandskraal, Moganyaka, Old Jane Furse	The sewage purification facilities did not comply with health requirement due to poor operation and	A memo was written to IWS to indicate the challenges and recommendations to correct the situation.

		hospital, Jane Furse Plaza, Jane Furse RDP, Dennilton and Matlala hospital were evaluated.	maintenance.	
		8 x schools were monitored for separation of waste and recycling hence 27 drums handed for the purpose.	Shortage of recycling bins	Continue monitoring of schools for compliance
		1630 kg of waste paper has been separated for recycling at SDM Bareki Mall offices.	Lack of enough recycling bins for most facilities	Procure recycling bins and resume waste separation in other offices
		48 x Waste transportation was inspected and issued with a permit.	None	Monitor transportation for compliance
7	Disposal of the dead	107 Facilities of the dead were evaluated.	8 Premises did not meet health requirements	Non-compliant facilities of the dead were issued with notices.
8	Food control	1567 Food premises were inspected. 818 complied with minimum health requirements. 10 kg of unsound foodstuffs confiscated and sagely disposed.	749 did not comply to health requirements	Non-compliant food premise were issued with notices.
		80799.80kg foodstuffs and 205.7 litres of juice were condemned. 304 cosmetics were condemned	The foodstuffs were unfit for human consumption. Cosmetics had banned substances	Unfit foodstuffs are removed from the shelves, condemned and safely disposed-off.
9	Waste	112 Health facilities were	60 did not adhere	Non-compliance

	managemen t	evaluated for proper management of Health Care Risk Waste (HCRW).	to minimum health requirements	notices to correct the situation were issued.
10	Chemical Safety	354 Chemical handling premises were evaluated for proper handling and storage of chemicals.	To prevent the spread of Covid-19.	Continuous decontamination in facilities.

3.5 EMERGENCY MANAGEMENT SERVICES 2020 / 2021 SUMMATIVE STATISTICS

3.5.1. FIRE AND RESCUE OPERATIONS

INCIDENT	NUMBER
Structural Fire	163
Commercial Fire	6
Motor Vehicle Accident	240
Veld Fire	140
Vehicle Fire	42
Special Service	25
Hazmat Response	19
Water Rescue	6

3.5.2. EMERGENCY MANAGEMENT SERVICES TRAINING ACADEMY 2020 / 2021 TRAININGS

- a. During the period under review **First-Aid Level3** training was conducted to twenty public students and internal personnel whose certificate validation had expired. The unit standard 254220: it's a compliance for fire service practitioners to provide primary emergency care / first aid as an advanced first responder.
- b. A Firefighter-1 course registered with Southern African Emergency Services Institution as number: SDM/FF/17/2021 was assessed completed end of April 2021.

- c. A Hazmat Awareness course registered with Southern African Emergency Services Institution as number: SDM/HA/20/2021 was assessed completed end of May 2021.
- d. Continuous professional development courses on the fire service to internal personnel continued to be facilitated on monthly basis. These courses served as refresher courses to fire practitioners in the service.

3.5.3. FIRE SAFETY AND PREVENTION 2020 / 2021 SUMMATIVE STATISTICS

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

SECTION	CATEGORY	
Inspections		
Meetings		75
Reports generated	Yes(1)N/A(0)	71
Number of inspections	Request	92
	Compliant	2
	Routine	31
Type of inspection	F/L	31
	Gas	15
	Building	59
	Transport Dangerous Goods	15
	2nd hand	0
	Fire investigation	6
	F/Works	8
	Warnings	0
	COC	0
Plan review		
Reports	Yes(1)N/A(0)	41
Type of plan	F/L	4
	Gas	3
	Building	49
	F/Works	0
Approved	C(1) NYC (0)	20

3.6 DISASTER MANAGEMENT SERVICES 2020 / 2021 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 **188** Disaster incidents reported which were due to structural fire and storm as per attached list below.

MUNICIPALITY	NO OF DISASTER REPORTED	TYPE OF DISASTER REPORTED	TYPE OF RELIEF PROVIDED
Makhuduthamaga Local Municipality	19	Structural fire and storm	blankets and sponges
Fetakgomo Tubatse Local Municipality	73	Structural fire and storm	blankets and sponges
Elias Motsoaledi Local Municipality	92	Structural fire and storm	blankets and sponges

Ephraim Mogale Local Municipality	04	Structural fire and storm	blankets and sponges
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3.6.1. AWARENESS CAMPAIGNS

Sixty-One (61) awareness campaigns were conducted on disaster mitigation strategies, Crime, road safety, drug and alcohol abuse.

NO	VENUE	MUNICIPALITY	PROGRAMME	DATE
1.	Apel Taxi Rank	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID - 19	04/07/2020
2.	Sekhukhune TVET college	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID - 19	05/07/2020
3.	Mohlaletsi Taxi Rank	Fetakgomo Tubatse L.M	Joint road safety awareness aimed at COVID- 19	05/07/2020
4.	Leporogong Taxi Rank	Fetakgomo Tubatse L.M	Joint road safety awareness aimed at COVID- 19	12/07/2020
5.	Leporogong Taxi rank	Fetakgomo Tubatse L.M	Joint road safety awareness aimed at COVID- 19	19/07/2020
6.	Atok Taxi Rank	Fetakgomo Tubatse L.M	Monitoring and compliance	25/07/2020
7.	Setlaboswane	Makhuduthamaga	Monitoring and compliance	25/07/2020
8.	Bopedi Shopping Complex	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID - 19	01/08/2020
9.	Bopedi Shopping	Fetakgomo Tubatse	Monitoring and compliance aimed at	02/08/2020

	Complex	L.M	COVID - 19	
10.	Mphanama Taxi Rank	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID - 19	08/08/2020
11.	Apel four ways	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID - 19	09/08/2020
12.	Mohlaletsi Ward 03 and 35	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID-19	23/08/2020
13.	Apel Regional Office	Fetakgomo Tubatse L.M	COVID -19 awareness program	26/08/2020
14.	Eskom Park	Elias Motsoaledi	Women`s month operation aimed at COVID-19	03/08/2020
15.	Phasha Skraal	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID – 19 - Joint road safety campaign	05/09/2020
16.	Leporogong Taxi rank	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID – 19 - Road safety campaign	06/09/2020
17.	Apel Cross	Makhuduthamaga	Joint road Safety campaign	11/09/2020
18.	Bopedi Taxi rank	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID – 19 - Pedestrian road safety campaign	20/09/2020
19.	Ga- Nkoana	Fetakgomo Tubatse L.M	Monitoring and compliance of churches	26/09/2020

			aimed at COVID - 19	
20.				
21.	Ward 35 & 39	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID – 19	03/10/2020
22.	Fetakgomo Tubatse Taxi Rank	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID – 19 road safety campaign	11/10/2020
23.	Fetakgomo Municipality Local Command Council Forum	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID – 19 road safety campaign	12/10/2020
24.	Masemola Taxi rank	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID – 19 pedestrian road safety campaign	18/10/2020
25.	Molomo wa Tau Secondary School	Makhuduthamaga	Monitoring and compliance of churches aimed at COVID - 19	21/10/2020
26.	Marble Hall Taxi Rank	Ephraim Mogale Local Municipality	Monitoring and compliance of churches aimed at COVID - 19	24/10/2020
27.	Sekhukhune TVET College	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID – 19 joint road safety campaign	09/11/2020
28.	Apel Taxi rank	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID – 19	10/11/2020

			road safety campaign	
29.	Tshehlwaneng	Makhuduthamaga	Road safety awareness campaign	06/11/2020
30.	Moroke	Fetakgomo Tubatse	Road Safety campaign	13/11/2020
31.	Municipal chamber	Fetakgomo Tubatse	Local command Council	16/11/2020
32.	Schoonhoord Taxi rank	Makhuduthamaga	Joint road Safety campaign	18/11/2020
33.	Mohlarekoma sports ground	Makhuduthamaga	Awareness campaign on disaster relief and response	26/11/2020
34.	Patantshwane	Makhuduthamaga	Awareness campaign on disaster relief and response	30/11/2020
35.	Matlerekeng Pink hall	Ephraim Mogale L.M	Monitoring and compliance aimed at COVID – 19 Disaster awareness campaign on storms and fire prevention	11/11/2020
36.	Marble hall N11	Ephraim Mogale L.M	Joint road safety campaign	12/11/2020
37.	Apel Cross and Bopedi Complex	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID – 19 Joint road safety campaign	18/12/2020
38.	Bothashoek	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID – 19 joint road safety awareness campaign	15/12/2020

39.	Morarela	Ephraim Mogale L.M	Joint road safety awareness campaign	15/12/2020
40.	Janefurse Taxi Rank	Fetakgomo Tubatse L.M	Joint road Safety awareness campaign	14/12/2020
41.	Tshehlwaneng	Makhuduthamaga	Joint Road safety awareness campaign	06/12/2020
42.	Eskom Park	Elias Motsoaledi L.M	Joint road Sfety awareness campaign	16/12/2020

NO	VENUE	MUNICIPALITY	PROGRAMME	DATE
43.	Bothashoek	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID – 19 joint road safety awareness campaign	15/01/2021
44.	Apel Cross and Bopedi Complex	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID – 19 Joint road safety campaign	18/01/2021
45.	Tshehlwaneng	Makhuduthamaga	Road safety awareness campaign	06/01/2021
46.	Mohlaletsi Taxi rank ward 39	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID – 19 joint road safety awareness campaign	07/02/2021
47.	Makhuduthamaga Taxi rank	Makhuduthamaga	Anti- crime okae Molao operation and COVID-19 awareness	14/02/2021
48.	Phuthi Tlou Sec. School	Fetakgomo Tubatse	School re-opening compliance and monitoring aimed at	15/02/2021

			COVID- 19 awareness	
49.	Steelpoort	Fetakgomo Tubatse	COVID -19 awareness program	19/02/2021
50.	Apel Cross	Makhuduthamaga	Road safety education and campaign	06/03/2021
51.	Seroka Primary School	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID – 19 joint road safety cycling awareness campaign	10/03/2021
52.	Sekhukhune TVET college	Fetakgomo Tubatse L.M	Monitoring and compliance aimed at COVID – 19 Disaster awareness and SRC celebration event	27/03/2021

53.	Bothashoek	Fetakgomo Tubatse L.M	joint road safety awareness campaign- Easter operations	02/04/2021
54.	Apel Cross next to Masemola Taxi rank	Makhuduthamaga	joint road safety awareness campaign- Easter operations	03/04/2021
55.	Eskom Park	Elias Motsoaledi L.M	School re-opening compliance and monitoring aimed at COVID- 19 awareness	16/04/2021
56.	Masemola Taxi rank	Makhuduthamaga	joint road safety awareness campaign- Adults pedestrian Safety Education/Road side promotion	09/05/2021
57.	Tlou- Nare Secondary School	Fetakgomo Tubatse	joint road safety awareness campaign- School pedestrian safety	13/05/2021

			education	
58.	Eskom Park	Elias Motsoaledi L.M	Joint road safety Campaign	14/05/2021
59.	Ga- Masemola	Makhuduthamaga	Crime Prevention awareness campaign	02/06/2021
60.	Modiadie Secondary School	Fetakgomo Tubatse	Schools pedestrians Road Safety Education	03/06/2021
61.	Tlou- Nare Secondary School	Fetakgomo Tubatse	District road safety awareness campaign- NDAZI Operation	18/06/2021

COMPONENT B: PLANNING AND 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) provides core components of integrated development plans, which amongst others 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.

3.7.2 STATE OF THE DISTRICT ECONOMY

Sekhukhune District Municipality economic overview and outlook

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 economy in the district are Agriculture, Mining and Community Services. Mining is the biggest contributor in the economy of the district.

3.7.3 Unemployment

UNEMPLOYMENT (OFFICIAL DEFINITION) - SEKHUKHUNE, LIMPOPO AND NATIONAL TOTAL, 2009-2019 [NUMBER PERCENTAGE]

	Sekhukhune	Limpopo	National Total	Sekhukhune as % of province	Sekhukhune as % of national
2009	80,900	346,000	4,440,000	23.4%	1.82%
2010	72,300	302,000	4,490,000	23.9%	1.61%
2011	67,300	274,000	4,590,000	24.5%	1.47%
2012	65,300	263,000	4,710,000	24.8%	1.39%
2013	64,100	255,000	4,870,000	25.1%	1.32%
2014	65,900	259,000	5,070,000	25.4%	1.30%
2015	73,400	286,000	5,320,000	25.7%	1.38%
2016	84,200	323,000	5,700,000	26.1%	1.48%
2017	89,500	342,000	6,020,000	26.2%	1.49%
2018	89,200	341,000	6,130,000	26.2%	1.45%
2019	93,100	360,000	6,440,000	25.9%	1.44%

Average Annual growth

2009-2019	1.42%	0.40%	3.80%
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Source: IHS Markit Regional eXplorer version 2070

In 2019, there were a total number of 93 100 people unemployed in Sekhukhune, which is an increase of 12 300 from 80 900 in 2009. The total number of unemployed people within Sekhukhune constitutes 25.87% of the total number of unemployed people in Limpopo Province. The Sekhukhune District Municipality experienced an average annual increase of 1.42% in the number of unemployed people, which is worse than that of the Limpopo Province which had an average annual increase in unemployment of 0.40%.

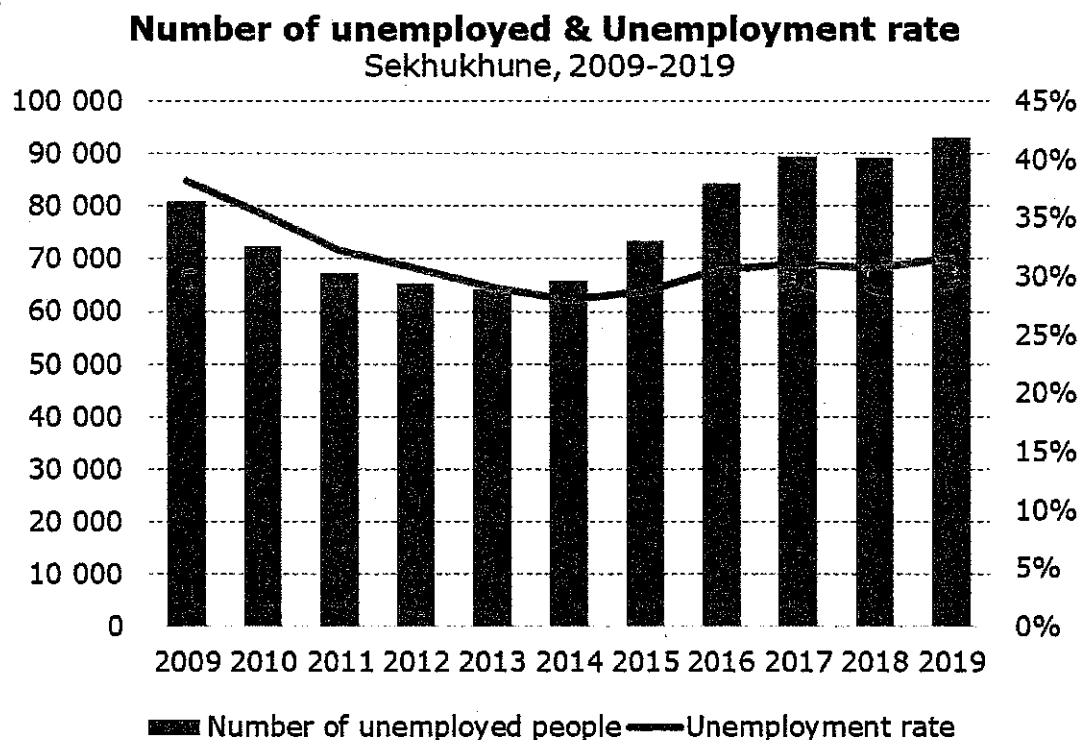
UNEMPLOYMENT RATE (OFFICIAL DEFINITION) - SEKHUKHUNE, LIMPOPO
AND NATIONAL TOTAL, 2009-2019 [PERCENTAGE]

	Sekhukhune	Limpopo	National Total
2009	38.2%	27.0%	24.3%
2010	35.3%	24.6%	24.9%
2011	32.3%	22.3%	25.1%
2012	30.8%	20.8%	25.1%
2013	29.1%	19.3%	25.2%
2014	27.9%	18.2%	25.2%
2015	28.7%	18.6%	25.5%
2016	30.6%	19.7%	26.4%
2017	31.1%	20.0%	27.2%
2018	30.7%	19.7%	27.4%
2019	31.6%	20.6%	28.4%

Source: IHS Markit Regional eXplorer version 2070

In 2019, the unemployment rate in Sekhukhune District Municipality (based on the official definition of unemployment) was 31.62%, which is a decrease of -6.58 percentage points. The unemployment rate in Sekhukhune District Municipality is higher than that of Limpopo. The unemployment rate for South Africa was 28.37% in 2019, which is an increase of -4.06 percentage points from 24.31% in 2009.

UNEMPLOYMENT AND UNEMPLOYMENT RATE (OFFICIAL DEFINITION) -
SEKHUKHUNE DISTRICT MUNICIPALITY, 2009-2019 [NUMBER
PERCENTAGE]



Source: IHS Markit Regional eXplorer version 2070

When comparing unemployment rates among regions within Sekhukhune District Municipality, Makhuduthamaga Local Municipality has indicated the highest unemployment rate of 43.6%, which has decreased from 50.6% in 2009. It can be seen that the Ephraim Mogale Local Municipality had the lowest unemployment rate of 22.7% in 2019, which decreased from 28.6% in 2009.

3.7.4 Gross Domestic Product

GROSS DOMESTIC PRODUCT (GDP) - SEKHUKHUNE, LIMPOPO AND NATIONAL TOTAL, 2009-2019 [R BILLIONS, CURRENT PRICES]

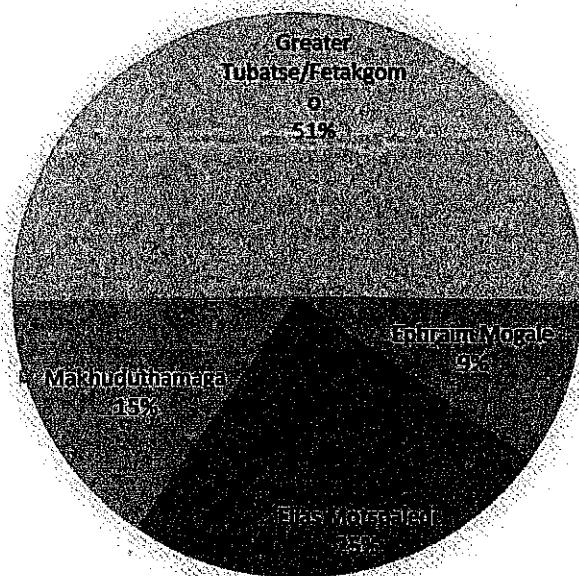
	Sekhukhune	Limpopo	National Total	Sekhukhune as % of province	Sekhukhune as % of national
2009	22.2	181.9	2,507.7	12.2%	0.89%
2010	25.3	202.2	2,748.0	12.5%	0.92%
2011	28.2	222.3	3,023.7	12.7%	0.93%
2012	30.0	238.5	3,253.9	12.6%	0.92%
2013	32.1	258.2	3,540.0	12.4%	0.91%
2014	33.4	273.2	3,805.3	12.2%	0.88%
2015	34.9	289.1	4,049.9	12.1%	0.86%
2016	38.4	315.8	4,359.1	12.2%	0.88%
2017	41.6	340.3	4,653.6	12.2%	0.89%
2018	43.6	359.9	4,873.9	12.1%	0.90%
2019	47.0	380.8	5,077.6	12.3%	0.92%

Source: IHS Markit Regional eXplorer version 2070

With a GDP of R 47 billion in 2019 (up from R 22.2 billion in 2009), the Sekhukhune District Municipality contributed 12.33% to the Limpopo Province GDP of R 381 billion in 2019 increasing in the share of the Limpopo from 12.21% in 2009. The Sekhukhune District Municipality contributes 0.92% to the GDP of South Africa which had a total GDP of R 5.08 trillion in 2019 (as measured in nominal or current prices). It's contribution to the national economy stayed similar in importance from 2009 when it contributed 0.89% to South Africa, but it is lower than the peak of 0.93% in 2011.

GDP CONTRIBUTION - LOCAL MUNICIPALITIES OF SEKHUKHUNE DISTRICT MUNICIPALITY, 2019 [CURRENT PRICES, PERCENTAGE]

**Gross Domestic Product (GDP)
Sekhukhune District Municipality, 2019**



■ Ephraim Mogale ■ Elias Motsoaledi ■ Makhuduthamaga ■ Greater Tubatse/Fetakgomo

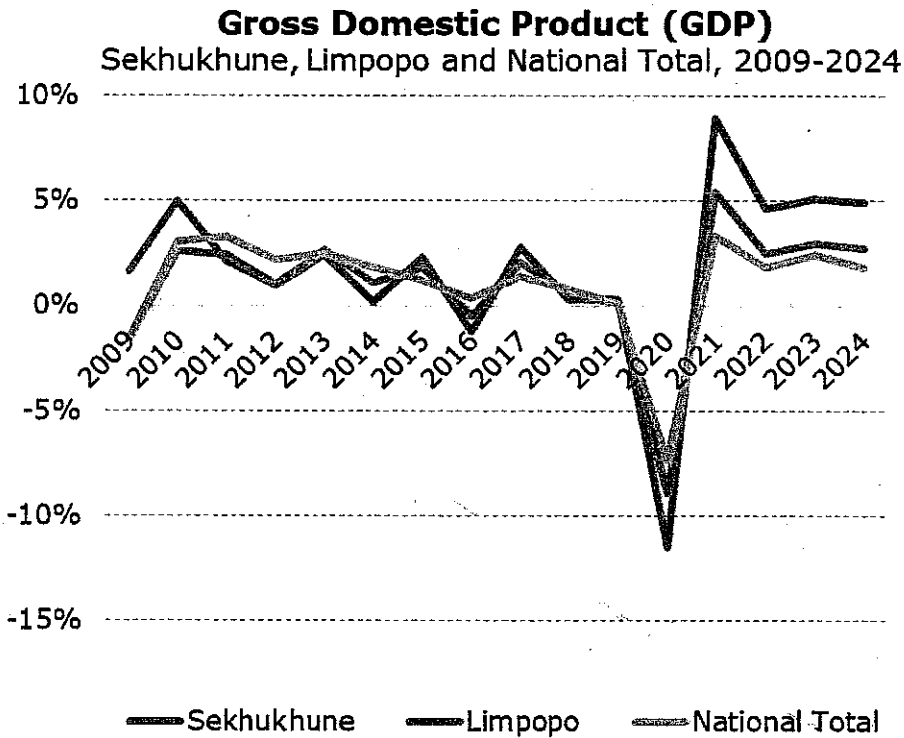
Source: IHS Markit Regional Explorer version 2020

The greatest contributor to the Sekhukhune District Municipality economy is the Greater Tubatse/Fetakgomo Local Municipality with a share of 50.56% or R 23.7 billion, increasing from R 11.1 billion in 2009. The economy with the lowest contribution is the Ephraim Mogale Local Municipality with R 4.47 billion growing from R 2.15 billion in 2009.

3.7.5 Economic Growth Forecast

It is expected that Sekhukhune District Municipality will grow at an average annual rate of 2.16% from 2019 to 2024. The average annual growth rate of Limpopo Province and South Africa is expected to grow at 0.80% and 0.34% respectively.

GROSS DOMESTIC PRODUCT (GDP) - SEKHUKHUNE, LIMPOPO AND NATIONAL TOTAL, 2009-2024 [AVERAGE ANNUAL GROWTH RATE, CONSTANT 2010 PRICES]



Source: IHS Markit Regional eXplorer version 2070

In 2024, Sekhukhune's forecasted GDP will be an estimated R 31.6 billion (constant 2010 prices) or 13.4% of the total GDP of Limpopo Province. The ranking in terms of size of the Sekhukhune District Municipality will remain the same between 2019 and 2024, with a contribution to the Limpopo Province GDP of 13.4% in 2024 compared to the 12.5% in 2019. At a 2.16% average annual GDP growth rate between 2019 and 2024, Sekhukhune ranked the highest compared to the other regional economies.

3.7.6 Gross Value Addition

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

GROSS VALUE ADDED (GVA) BY BROAD ECONOMIC SECTOR -
SEKHUKHUNE DISTRICT MUNICIPALITY, 2019 [R BILLIONS, CURRENT
PRICES]

	Sekhukhune	Limpopo	National Total	Sekhukhune as % of province	Sekhukhune as % of national
Agriculture	0.7	8.0	95.7	8.4%	0.70%
Mining	18.7	97.1	376.4	19.2%	4.96%
Manufacturing	1.0	8.6	598.2	11.9%	0.17%
Electricity	0.7	14.7	173.4	5.1%	0.43%
Construction	0.7	9.8	172.2	7.5%	0.43%
Trade	5.2	51.2	685.3	10.2%	0.76%
Transport	1.4	17.0	442.1	8.5%	0.33%
Finance	5.8	50.8	889.3	11.5%	0.66%
Community services	7.7	80.4	1,091.2	9.5%	0.70%
Total	42.0	337.6	4,523.6	12.4%	0.93%
Industries					

Source: IHS Markit Regional eXplorer version 2070

In 2019, the mining sector is the largest within Sekhukhune District Municipality accounting for R 18.7 billion or 44.5% of the total GVA in the district municipality's economy. The sector that contributes the second most to the GVA of the Sekhukhune District Municipality is the community services sector at 18.2%, followed by the finance sector with 13.9%. The sector that contributes the least to the economy of Sekhukhune District Municipality is the agriculture sector with a contribution of R 673 million or 1.60% of the total GVA.

The community sector, which includes the government services, is generally a large contributor towards GVA in smaller and more rural local municipalities. When looking at the regions within the district municipality, the Elias Motsoaledi Local Municipality made the largest contribution to the community services sector at 33.74% of the district municipality. As a whole, the Elias Motsoaledi Local

Municipality contributed R 10.1 billion or 24.02% to the GVA of the Sekhukhune District Municipality. The region within Sekhukhune District Municipality that contributes the most to the GVA of the district municipality was the Elias Motsoaledi Local Municipality with a total of R 10.1 billion or 24.02%.

3.7.7 Historical Economic Growth

For the period 2019 and 2009, the GVA in the finance sector had the highest average annual growth rate in Sekhukhune at 2.50%. The industry with the second highest average annual growth rate is the agriculture sector averaging at 1.85% per year. The construction sector had an average annual growth rate of 0.98%, while the electricity sector had the lowest average annual growth of -3.45%. Overall a positive growth existed for all the industries in 2019 with an annual growth rate of 0.07% since 2018.

GROSS VALUE ADDED (GVA) BY BROAD ECONOMIC SECTOR -
SEKHUKHUNE DISTRICT MUNICIPALITY, 2009, 2014 AND 2019 [R
BILLIONS, 2010 CONSTANT PRICES]

	2009	2014	2019	Average Annual growth
Agriculture	0.40	0.45	0.48	1.85%
Mining	10.01	11.08	11.49	1.39%
Manufacturing	0.62	0.68	0.68	1.01%
Electricity	0.38	0.35	0.26	-3.45%
Construction	0.51	0.57	0.56	0.98%
Trade	2.77	3.08	3.22	1.52%
Transport	0.69	0.74	0.79	1.31%
Finance	2.93	3.44	3.74	2.50%
Community services	4.04	4.45	4.67	1.46%
Total Industries	22.34	24.84	25.90	1.49%

Source: IHS Markit Regional eXplorer version 2070

The tertiary sector contributes the most to the Gross Value Added within the Sekhukhune District Municipality at 48.0%. This is significant lower than the national economy (68.7%). The primary sector contributed a total of 46.1% (ranking second), while the secondary sector contributed the least at 5.9%.

3.7.8 Sector Growth forecast

GROSS VALUE ADDED (GVA) BY BROAD ECONOMIC SECTOR -
SEKHUKHUNE DISTRICT MUNICIPALITY, 2019-2024 [R BILLIONS,
CONSTANT 2010 PRICES]

	2019	2020	2021	2022	2023	2024	Average Annual growth
Agriculture	0.48	0.56	0.54	0.56	0.57	0.58	4.21%
Mining	11.49	9.54	11.04	11.71	12.38	13.02	2.53%
Manufacturing	0.68	0.62	0.64	0.65	0.67	0.68	-0.12%
Electricity	0.26	0.24	0.24	0.24	0.23	0.23	-3.00%
Construction	0.56	0.50	0.50	0.51	0.52	0.53	-1.22%
Trade	3.22	2.82	2.97	3.03	3.13	3.21	-0.08%
Transport	0.79	0.73	0.76	0.77	0.80	0.82	0.69%
Finance	3.74	3.57	3.75	3.83	3.95	4.05	1.60%
Community services	4.67	4.48	4.50	4.52	4.59	4.65	-0.10%
Total	25.90	23.05	24.93	25.82	26.84	27.77	1.40%
Industries							

Source: IHS Markit Regional eXplorer version 2070

The agriculture sector is expected to grow fastest at an average of 4.21% annually from R 475 million in Sekhukhune District Municipality to R 584 million in 2024. The mining sector is estimated to be the largest sector within the Sekhukhune District Municipality in 2024, with a total share of 46.9% of the total GVA (as measured in current prices), growing at an average annual rate of 2.5%.

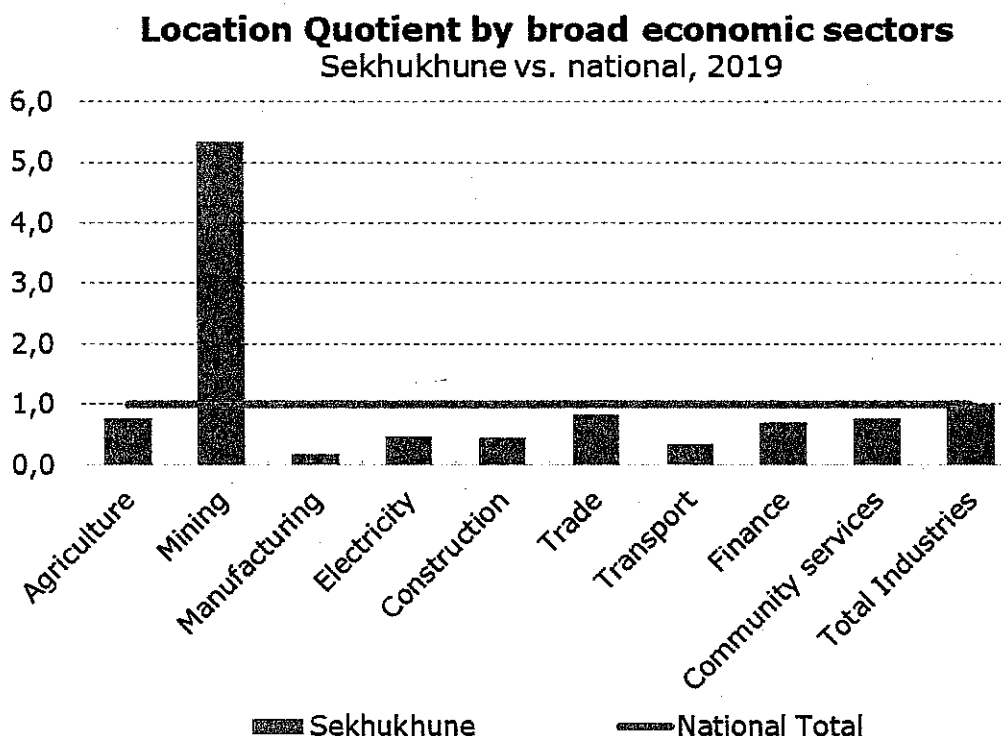
The sector that is estimated to grow the slowest is the electricity sector with an average annual growth rate of -3.00%.

3.7.9 Location Quotient

A specific regional economy has a comparative advantage over other regional economies if it can more efficiently produce the same good. The location quotient is one way of measuring this comparative advantage.

If the location quotient is larger than one for a specified sector within a region, then that region has a comparative advantage in that sector. This is because the share of that sector of the specified regional economy is greater than the same sector in the national economy. The location quotient is usually computed by taking the percentage share of the sector in the regional economy divided by the percentage share of that same sector in the national economy.

LOCATION QUOTIENT BY BROAD ECONOMIC SECTORS - SEKHUKHUNE DISTRICT MUNICIPALITY AND SOUTH AFRICA, 2019 [NUMBER]



Source: IHS Markit Regional eXplorer version 2070

For 2019 Sekhukhune District Municipality has a very large comparative advantage in the mining sector. The Sekhukhune District Municipality has a comparative disadvantage when it comes to the manufacturing and transport sector which has a very large comparative disadvantage. In general mining is a very concentrated economic sector. The entire Sekhukhune District Municipality-economy is centred around the mines in the area, with an LQ of 5.34. There are no other sectors except for the mining sector with a comparative advantage. All other sectors have a disadvantage - with the manufacturing sector reporting the lowest score at 0.183.

3.8 ECONOMIC DEVELOPMENT PILLARS

3.8.1 TOURISM DEVELOPMENT

The National Department of Tourism (NDT) has developed a National Rural Tourism Strategy, in order to ensure a developmental approach to the packaging of rural and urban nodal tourism products and opportunities in South Africa. This approach is also meant to prioritise spatial nodes that have the potential to stimulate growth of the rural tourism industry in South Africa. The department has packaged Tourism Capacity Building Project as one of the initiatives that focuses on building capacity to selected/identified rural nodes. SDM is one of the districts identified. The project is funded by NDT.

In implementing the project, NDT held tourism capacity building workshops for 3 days at Loskop Valley Lodge, Zai Oat Lodge and Mohlaletse Guest House on the 30 November 2020, the 01 December 2020 and 02 December 2020 respectfully. 111 participants attended the workshop comprising of SMME's in majority, officials from national and provincial departments as well as district and local government officials, and other tourism stakeholders. The workshop dealt with the following topics:

- Responsible tourism
- Service excellence
- Leasing of State land
- Services offered by SEDA
- Home stays

- Tour operator and tour packages for Sekhukhune DM
- Business compliance
- Importance of grading establishment
- Introduction of new technology in the tourism industry

3.8.2 AGRICULTURE DEVELOPMENT

AGRI PARK PROGRAMME

The President of the Republic of South Africa announced the establishment of Agri Parks during the 2015 State of the Nation Address. The Agri Parks concept is aimed at improving the productivity and quality of smallholder farmers. The ultimate aim is that the program will serve as a catalyst for further economic development in rural areas through the empowerment of smallholder farmers. 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.

Agri Parks are areas designed for multiple activities that accommodate small farmers, commercial farmers, public area, processing area and natural habitat. They allow small farmers access to local markets, provide fresh food and are an educational, environmental and aesthetic amenity for nearby communities. Agri-Parks are aimed to put into effect the revitalization of agriculture and agro-processing value chain thereby generating growth and creating jobs. The project is funded by The Department of Rural Development and Land Reform (DRDLR)

The Sekhukhune District Agri-Park is planned to be a multi-functional agriculture hub housing the following enterprises as per the business plan;

- Grains Processing Facility, to include Stock Feeds Manufacturing
- Poultry Processing Facility, and to include a Hatchery in the future
- Fruit and Vegetable Pack House and Processing Facility, and
- Agro inputs Supply Centre

DRDLR and LDARD as the funding entities of the Agri Park started with enhancing primary production of the grains to be ready for Grain Processing Facility. In trying to

achieve the objective, DRDLR started with the development of Vleeschboom Farmer Production Support Unit. The unit is aimed at providing support to farmers to enhance their productivity. The other components (Poultry Processing Facility, Fruit and Vegetable Pack House and Processing Facility, and Agro inputs Supply Centre) of the Agri Park will be pursued once the grain component is up and running.

Development and operationalisation of Vleeschboom FPSU

DRDLR started with the construction of FPSU in Vleeschboom in November 2018. To date the FPSU is 98% complete with 2% planned to be completed through variation order in the current financial year including electrification of the facility. Approval for variation order has been granted and the service provider will take site to complete the outstanding construction work and pay Eskom the difference of R38 875.92 based on the new quotation after R190 103.70 paid in December 2019 for Eskom to energize the facility.

Farmers Support through Vleeschboom FPSU

DRDLR and Limpopo Department of Agriculture and Rural Development (LDARD) has planned to operationalize the project in 2020/2021 planting season. The 2 Departments planned to support 827 farmers around the facility with production inputs and mechanisation for 1 hectare each. LDARD managed to support 879 farmers with mechanisation for 1 hectare each and DRDLR supported 399 farmers out of 879 farmers which LDARD supported with fertilizers, seeds, insecticides enough for 1 hectare each between October 2020 and December 2020.

Districtwide Farmers Support

LDARD managed to support 2114 farmers in the district with mechanisation for 1 hectare each through Ilima/Letsema programme and DRDLR is busy with delivery of production inputs at Ga-Malaka, Manotong, Thoto and Tlame, a total of the following:

- 171 x 25kg bags of White Maize seed
- 6540 empty grain bags of 80kg capacity
- 1981 x 50kg bags of LAN

- 427kg of insecticides (Methomex)

The 2114 farmers supported planted maize and at the time the crop was still in the field and to be harvested around June and July 2021. The crop is at most sold to Blinkwater Roller Mills for cash. The other option is storage, where farmers store their grains for maize meal exchange

Development of Groblersdal Agri Hub site

Elias Motsoaledi Local Municipality has allocated 40 hectares for the establishment of Agri Hub site and a council resolution has been issued to that effect. SDM will engage the local municipality and DRDLR to look into the possibilities of the transfer of land to either Sekhukhune District Municipality (SDA).

The following milestones has been made regarding the development of the Agri Hub site. DRDLR has developed Bill of Quantities and Tender Document for 3.5 Kilometers Steel Palisade Fence in November 2020 and is ready for advertisement awaiting budget allocation in the new financial year (2021/2022).

3.8.3 MINING DEVELOPMENT

FETAKGOMO TUBATSE SPECIAL ECONOMIC ZONE (SEZ)

The South African mining industry has seen trying times over the past few years although it continues to be one of the major economic sectors of the Limpopo Province and in particular SDM, with more than 20% contribution to the Provincial Gross Domestic Product (GDP). The Limpopo province contains the largest reserves in the world of unmined platinum group metals and largest chrome resources

On the economic front, Fetakgomo Tubatse Local Municipality (FTLM) is endowed with abundant mineral reserves that have attracted large scale mining giants such as in Anglo Platinum, Clencore, and African Mineral Resources etc. This makes the FTLM's economy and to a large extent that of SDM to mostly be dependent on the mining sector. The Limpopo Department of Economic Development Environment and Tourism (LEDET) is through its entity Limpopo Economic Development Agency (LEDA) facilitating establishment of Fetakgomo Tubatse Special Economic Zone with the support of SDM and FTLM. The project is not designated as SEZ. The following progress has been made during the period under review:

The Department of Trade, Industry and Competition (DTIC) came up with a new approach for designation of SEZs. This was based on the lessons learned from the success determinants observed from operational SEZs which are:

- Clearly defined value proposition
- Effective stakeholder management
- Adequate capacity for SEZ development by the executive management team
- Clearly articulated long term Plans
- Stable and clear governance systems
- Qualified and competent Board member appointments.

The DTIC then came up with the following approach which must be adhered to by prospective SEZs before designation can be considered:

Strong Involvement of National government

- ✓ The involvement of the DTI in planning, developing, and managing the zones
- ✓ The establishment of a dedicated Project Management Unit (PMU) to provide technical support to struggling SEZs

Development of strong investment pipeline prior to designation

- ✓ Strong investment commitment should be established before designation
- ✓ Establish a demand driven as opposed to supply driven SEZs
- ✓ Involvement of the private sector from inception

Collaborative planning and development across and within spheres of government and private sector

- ✓ Signing of Tripartite Agreement by all three spheres of government to fast-track approval processes
- ✓ Funding commitment is derived from all spheres of government

Major milestones achieved during the year:

- An amount of R35 million is allocated for FTSEZ in the current financial year and is appearing in the LEDA Annual Performance Plan. FTSEZ Procurement Plan has been incorporated in the LEDA Procurement Plan.
- SDM has allocated R1 500 000.00 for the development of Regional Industrial Development Master Plan.
- Quadripartite Fetakgomo Tubatse SEZ Agreement between DTIC, LEDA, LEDET, Fetakgomo Tubatse Local Municipality and Sekhukhune District Municipality (SDM) has been finalised and will be signed by the Accounting Officers on a date to be determined by the DTIC.
- The Portfolio Committee for Department of Planning and Economic Development visited Musina Makhato SEZ on the 24th May 2021 on a benchmarking mission to learn from the successes achieved and challenges encountered by Musina Makhato SEZ.
- Support for the conclusion of Environmental Impact Assessment (EIA) and Town Planning processes has been pledged by CoGHSTA and the adverts for public participation are ready to be issued out to help finalise EIA and kickstart the land rezoning process.
- Terms of reference for site clearance, designs for the fence are in place ready for advertisement.
- Notice of a Strategic Environmental Assessment and Environmental Impact Assessment processes for the FTSEZ on the Farm Spitzkop 333KT was advertised in Steelburger/Lydenburg News on the 24th June 2021, placed on the LEDA website on the 17th June 2021 and on SDM website on the 29th June 2021. The deadline for submission of written comments was 16 July 2021. The advert invited Interested and Affected Parties (I&Aps) to a public participation sessions in groups over allocated time slots which were held on the 9th July 2021 at Dithamaga Community Hall next to Steelpoort Town.

MONITORING OF SOCIAL AND LABOUR PLANS

The municipality managed to conduct monitoring of Social and Labour Plans (SLP) for 15 Mining Operations during the financial year.

3.8.4 INFRASTRUCTURE DEVELOPMENT

MALEKANA STEEL BRIDGE REPLACEMENT PROJECT

Department of Mineral Resources and Energy (DMRE) is facilitating 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 will include 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 R 69 600 000.00 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 is obtaining financial assistance from mining companies and the following mining companies have committed towards the Steel Bridge 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

Technical assistance is received from RAL. The agency will serve as the implementing agent of the project starting from design, procurement of service

providers to monitoring and evaluation of the construction process. Procurement processes towards an appointment of a Contractor has begun. The tender for the bridge design was ready by March 2021. The design and construction tender documents will take 6 months and is expected to be completed in September 2021. Construction of the bridge is estimated to be completed in December 2022.

3.9 2020/21 FINANCIAL YEARS JOB CREATION THROUGH EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

As part of implementation of EPWP, National Department of Public Works (NDPW) annually incentivize implementing bodies with EPWP incentive grant allocation. The municipality was allocated a total incentive grant amounting to R6 294 000.00 for 2020/21 financial years respectfully.

The municipality through its various projects and programmes including EPWP incentive grant managed to create 2494 job opportunities in 2020/2021 financial year. Out of the 2494 jobs that were created, 1399 were males and 1095 females. Youth comprised 1339 job opportunities and there were only 11 people living with disabilities.

3.9.1 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 3 Economic Development Forums out of 4 planned.

3.9.2 Development of Economic Recovery Plan

Department of Cooperative Governance (DoCOG) has directed all Metropolitan and District Municipalities to develop localised post COVID-19 Economic Recovery Plans and implement the plans in order to revitalise their local economies. The municipality managed to develop a comprehensive Economic Recovery Plan during the financial year.

REFERENCE:

- 1. IHS Markit Regional eXplorer version 1570*

3.10. SPATIAL RATIONALE

3.10.1 SPATIAL PLANNING AND LAND USE MANAGEMENT ACT (SPLUMA) IMPLIMENTATION

1. JOINT DISTRICT MUNICIPAL PLANNING TRIBUNAL (JDMPT)

Sekhukhune District Municipality has on its Council Resolution number OC 28/07/2017 approved the reestablishment of the JDMPT. All the reestablishment processes for the JDMPT were done 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.

District Municipality approved the signing of new Modalities on the agreement of the establishment of the Joint District Municipal Planning Tribunal by all its four local municipalities and the appointment of Tribunal members by calling for the nominations in terms of SPLUMA sub regulation 6 for a period of three (3) years. Agreement on the Modalities for the establishment of a Joint District Municipal Planning Tribunal and the appointment of the Tribunal members was prepared 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.

The re-established JDMPT lapsed in March 2021 and the process for re-establishment of JDMPT is in progress, where new modalities were signed by all four local municipalities within the district.

The following development applications were administered by the JDMPT during the financial year:

Description of Development Applications	Name of Local Municipality	Approval Status
1. Application for the proposed rezoning of Portion 1 of Erf 1802 Groblersdal Extension 43 in terms of Section 62 of Elias Motsoaledi Spatial Planning and Land Use Management By-Law(2016)	Elias Motsoaledi LM	The JDMPT approved the application subject to conditions.
2. Subdivision on Portion 7 of the farm Steelpoortdrift 365 KT	Fetakgomo Tubatse LM	The JDMPT approved the application subject to conditions.
3. Township Establishment on Portion 07 of the farm Steelpoortdrift 365KT	Fetakgomo Tubatse LM	The JDMPT approved the application subject to conditions.
4. Proposed amendment of the Township phasing Boundaries Portion 6 & 7 of the Farm Spitskop 333KT	Fetakgomo Tubatse LM	The JDMPT approved the application
5. Application in terms of Section 75 (closure of Public Spaces), also in terms of Section 64 (Rezoning of Land), also in terms of Section 73(Consolidation of land Units) and also in terms of section 67 (Subdivision of Land) in terms of Ephraim Mogale Spatial Planning and Land Use Management By-Law (By-law) on Portion 3 of the Farm Elandskraal 644 Registration Division KS.	Ephraim Mogale LM	The JDMPT approved the application subject to conditions.
6. Application in terms of Section 76 of Ephraim Mogale Spatial Planning and Land Use Management By-Law (2017) for written consent on Erf 602, Marblehall Extention 5	Ephraim Mogale LM	The application was referred back due to further information required.
7. Application in terms of section 64, 65 and 73 Ephraim Mogale SPLUM By-Law,2017 for consolidation of the erven (to be known as Erf 2894), The removal of restrictive conditions against both erven and simultaneously, the rezoning of the consolidated erf (to be known as erf 2894)	Ephraim Mogale LM	The application was referred back due to further information required.
8. Application for the Sub-division of 10 (Ten) Hectares from portion 0 of the Farm Vlaklaagte 154-JS in terms of section 65 and simultaneous rezoning of the said portion in terms of section 62 of Elias Motsoaledi Local Municipality Spatial Planning and Land Use Managemnet By-law, 2016, for the purpose of the establishment of a shopping centre, filling station and lodge	Elias Motsoaledi LM	The JDMPT approved the application subject to conditions.

3.10.2 LAND FOR MUNICIPAL OFFICES

- Sekhukhune District Municipality has agreed with Bapedi ba Mamone Traditional Authority for the allocation of land for the construction of District Municipal Offices.
- The District secured two development consent and community resolution from land claimants (Monama CW and Batlokwa Ba Mogodumo).
- The two consents were then sent to the Limpopo office of the Regional Land Claims Commissioner for them to issue a consolidated final development consent before engaging Pedi Mamone Traditional Council on the agreement and their community resolution.
- SDM appointed Service Providers to do the preliminary studies (Geo tech, Flood line & Environment) and studies were submitted to the Municipality. The District Municipality has developed land acquisition Process Plan and task Team for Municipal Offices to serves as a vehicle to fast track the process for developing Sekhukhune District Municipal Offices. The diversity of disciplines (directorates) within the Task Team enables it to take consideration of different aspects that affect this development and ensures integration thereof.
- A combined Action plan for land acquisition process was developed by the Jane Furse IMC technical committee meeting held on the 27 May 2019. Land development progress letter submitted on the 13 June to Public works.

In 2020/2021 financial period, there was a vacuum of non-activities relating to Municipal land due to COVID 19 pandemic. However, towards the end the financial year, the Inter-Ministerial Committee (IMC) managed to hold several virtual meetings where on 26th April 2021, 12 May 2021 and 10 June 2021, the Office of the Premier needed assistance with legal opinion on conditions set by Pedi Mamone regarding the acquisition of land, while Public Works is expected to provide a full handover to Coghsta and other stakeholders on progress that they made unaccompanied by other stakeholders and

On 29 June 2021, the IMC met with Pedi Mamone for Community resolution and agreement, where Pedi Mamone nearly backslided on the donation of land. However, the intervention was sought through Political IMC comprising of three (3) MECs who ensured that relocation process continues.

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.
- SDM has in the 2017/18 financial year reviewed the SDF in terms of Chapter 4, section 12 & 20 of Spatial Planning and Land Use Management Act, 2013 (SPLUMA) (Act No.16 of 2013) stipulating that Municipal Spatial Development Framework must be prepared as part of a Municipality's Integrated Development Plan.
- Sekhukhune District Municipal Council has on resolution OC04/03/19 adopted the municipal Spatial Development Framework and place a notice in the Provincial Gazette.
- The SDF for Sekhukhune was prepared with the alignment of the Limpopo Development Plan (2015-2020) which was built on the Limpopo Provincial Growth and Development Strategy (PGDS) and the Limpopo Economic Growth and Development Plan (2009-2014) which are aligned to the National Development Plan.
- The vision is to fulfil the potential for prosperity of the District in a socially cohesive, sustainable, prosperous and peaceful manner. This was attained by emphasising participatory leadership aimed at promoting excellence and an entrepreneurial spirit, improved service delivery, facilitation of decent job creation and systematic poverty reduction.
- For the Financial year under review, a total of 6 Development Applications were approved in line with the Spatial Development Framework. Due to the consistent covid 19 protocols, the development applications were not submitted in large numbers.
- The District Municipality facilitated the Spatial Development workshop for Traditional Leaders and Councillors during 2017/18 and 2018/19. The Traditional Leaders requested that further workshops be on hold until their

national SPLUMA concerns are addressed by the Minister of Rural Development and Land Reform.

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 Polices by the municipalities.

CHAPTER FOUR: ORGANISATIONAL DEVELOPMENT PERFORMANCE

ORGANISATIONAL DEVELOPMENT PERFORMANCE

Sekhukhune District Municipality through its Performance Management System developed the Service Delivery and Budget Implementation Plan (SDBIP) for 2020/2021 financial year.

The District Municipality had planned to achieve a total of **203** targets for the 2020/2021 financial year. The Municipality managed to achieve **128** of the **203** set targets which is an equivalence of **63%** and **75** set targets were not achieved.

Due to the covid 19 pandemic most of the Departments did not achieve their targets which led to the overall achievement of the Municipality to be at **63%**. The Department of Infrastructure and Water Services as the key Department of the district with **62** targets and only achieved **18** targets at **29%**. 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 1 below is an executive summary of the performance per the Key Performance Areas for the 2020/2021 financial year:

Table 1:

KEY PERFORMANCE AREAS	2019/2020 PERFORMANCE	2020/2021 PERFORMANCE			
	% ACHIEVED	2020/2021 NUMBER OF SET TARGETS	2020/2021 NUMBER OF ACHIEVED TARGETS	2020/2021 NUMBER OF TARGETS NOT ACHIEVED	% ACHIEVED FOR 2019/2020
BASIC SERVICE DELIVERY AND INFRASTRUCTURE					
Community Services	90%	18	18	-	100%
Infrastructure & Water Services	39%	62	18	44	29%
TOTAL	51%	80	36	44	45%
GOOD GOVERNANCE AND PUBLIC PARTICIPATION					

Office of the Speaker	31%	12	10	2	83%
Office of the Executive Mayor	31%	20	15	5	75%
Office of the Municipal Manager	47%	17	12	5	70%
TOTAL	33%	49	37	12	75%
INSTITUTIONAL DEVELOPMENT AND ORGANISATIONAL DEVELOPMENT					
Corporate Services	60%	31	25	6	80%
IDP, PMS & Legal Services	79%	14	13	1	93%
TOTAL	66%	45	38	7	84%
FINANCIAL MANAGEMENT AND VIABILITY					
TOTAL	56%	20	11	9	55%
SPATIAL RATIONALE					
TOTAL	33%	4	3	1	75%
LOCAL ECONOMIC DEVELOPMENT					
TOTAL	80%	5	3	2	60%
TOTAL Performance	51%	203	128	75	63%
SEKHUKHUNE DEVELOPMENT AGENCY	36%	15	8	7	53%

TABLE 2: ANNUAL PERFORMANCE AS PER DEPARTMENTS

Table 2:

DEPARTMENT	NO. OF TARGETS	TARGETS ACHIEVED	TARGETS NOT ACHIEVED	% ACHIEVED
Infrastructure & Water Services	62	18	44	29%
Community Services	18	18	-	100%
Corporate Services	31	25	6	80%
Municipal Manager's Office	28	22	6	78%
Office of the Executive Mayor	20	15	5	75%
Office of the Speaker	12	10	2	83%
Budget & Treasury Office	20	11	9	55%
Planning & Economic Development	12	9	3	75%
Total	203	128	75	63%

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 2020/2021:

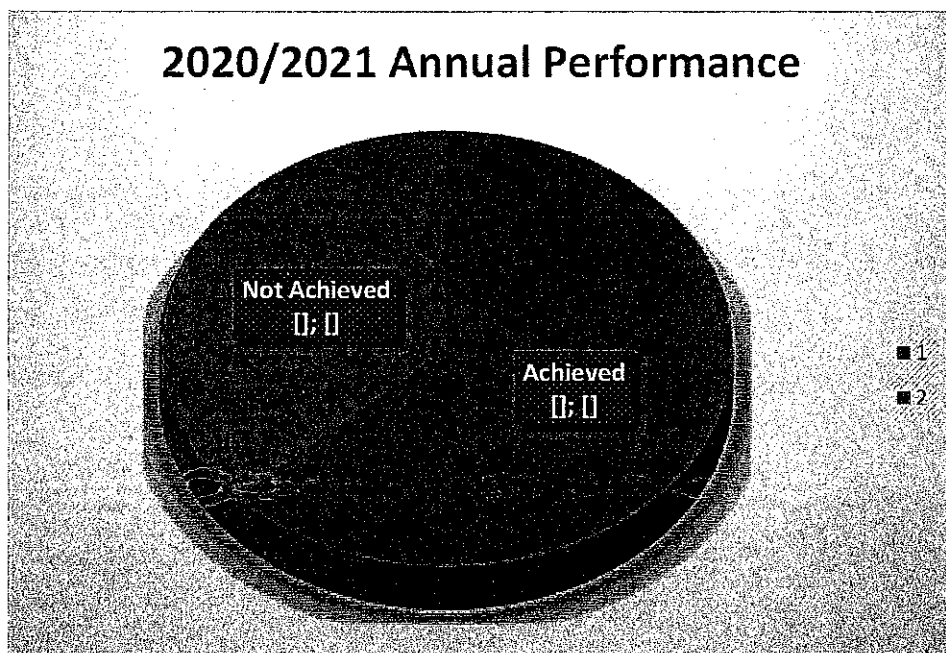


Figure 1

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

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

1.1 HR Vision

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

1.2 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 2020 / 2021, **812** posts were filled. This means that the total number of personnel was **812 at the end of June 2021**. As at the end of **June 2021**, there were 216 Community Volunteers, which does not form part of the 812 number of employees. Both the posts of the Chief Financial Officer and Director: Corporate Services were vacant at the end of June 2021.

A breakdown of the posts in the organization is reflected in the table below:

4.2.2. Total Number of Employees

Name of Department	Number	Males	Females
Executive Mayor's Office	42	23	19
Office of the Speaker	18	10	8
Municipal Manager's Office	15	8	7
Corporate Services	59	26	33
Budget & Treasury	56	21	35
Planning	8	3	5
Community Services	86	52	34
Environmental Health Practitioners	20	6	14
Community Services Volunteers	216	119	97
Infrastructure/Water	41	25	16

Fetakgomo Region	46	28	18
Makhuduthamaga	96	71	25
Elias Motsoaledi	113	66	47
Tubatse	142	103	39
Ephraim Mogale	49	38	11
Workshop	17	14	3
TOTAL	1028	425	603

4.2.3. Senior management posts' vacancy rate in comparison with the SDM local municipalities for 2020-2021

Municipality	Number of posts	Filled	Vacant	Vacancy rate
Fetakgomo Tubatse	09	08	01	11%
Makhuduthamaga	6	6	0	0%
Ephraim Mogale	6	5	01	17%
Elias Motsoaledi	7	6	1	14%
Sekhukhune	7	6	1	14%
Total	35	31	4	11%

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

The following is the Injury on duty report (Occupational Health and Safety - accidents/ incidents) from 1 July 2020 to 30 June 2021. This is done as per Compensation for Occupational Injuries and Diseases Act no 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. Below find the table that illustrate the above mentioned report:

Name of employee	Claim number	ID NUMBER	Date of incident/diagnosis	Progress

Phala MM	11606550	8410210369081	11.05.2021	Awaiting progress/final medical report
Matlalepoo SM	11406540	8411200728088	11.09.2020	Still receiving treatment as an outpatient
Matemane KM	11630247	8309191640080	11.11.2020	Awaiting progress medical report
Koma NP	11486184	7404046343080	16.12.2020	Condition stabilised, awaiting finalization letter.
Maponya MS	11600906	7904195393063	21.07.2021	Still receiving treatment as an outpatient
Dlamini MJ	11630256	8408105367087	17.08.2021	Still receiving treatment as an outpatient
Matlou BR	11602594	7605160789086	18.08.2021	Still receiving treatment as an outpatient.

4.5. LABOUR RELATIONS CASES

In the year under review (2020-2021) the municipality had to contend with the following cases affecting its 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.

Six (05) misconduct cases were facilitated and three (01) finalized.

Warning/s issued

No warning employees issued with a final written warnings Three 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.

Three (03) grievances was 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 2020/2021

PROJECTS	BUDGET ALLOCATED	REVIEWED BUDGET
External bursaries	664396.00	664396.00
Staff bursaries	569482.00	569482.00
WSP Implementation	474569.00	474569.00
Experiential learning	None	None
Internship	124800.00	124800.00

4.8. BURSARIES

In the 2020/21 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 one (31)** students that are currently in the programme through the external bursary scheme that we provide. These students are studying in the various fields such as Engineering, Health Sciences, Accounting and Information Communication Technology.

CHAPTER FIVE: FINANCIAL PERFORMANCE

COMPONENT A

5.1. STATEMENT OF FINANCIAL PERFORMANCE

The total revenue realised by the SDM for the 2020/2021 financial year stood at R1 720 899 127 as compared to R1 430 792 263 for the 2019/2020 financial year.

Revenue from exchange items is summarised as follows:

Service charges which are sale of water and sewer services stood at 85 340 370 as compared to R94 840 932 in the 2019/2020 financial year.

Interest from receivables stood at R12 936 559 as compared to R10 878 102 in the 2019/2020 financial year. Other sources of revenue such as sale of tender documents contributed R81 448 242 as compared to R1 839 088 in the 2019/2020 financial year. The total revenue from exchange items stood at R196 266 480 as compared to R 126 978 493 in the 2019/2020 financial year.

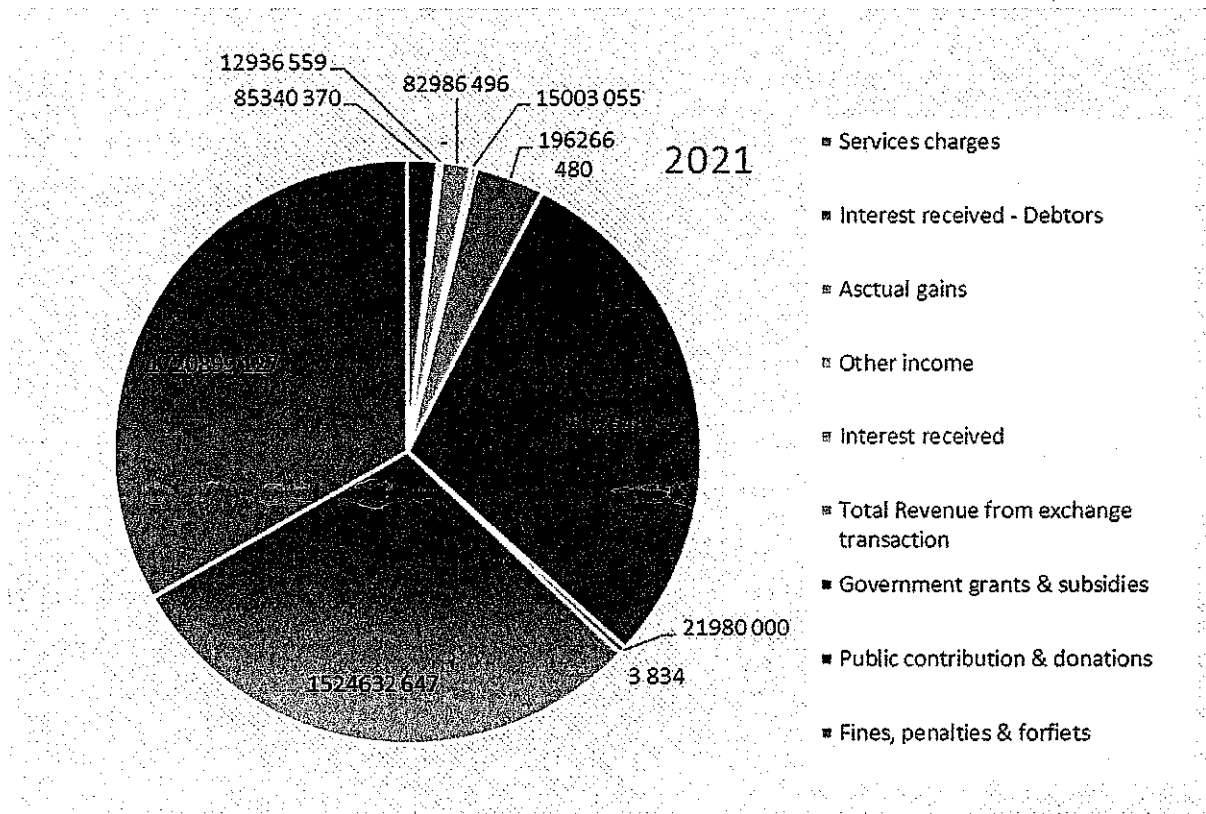
Revenue from non-exchange items stood at R1 524 632 647 as compared to R1 303 813 770 in the 2019/2020 financial year. The bulk of the revenue from non-exchange items is the government subsidies and grants which clearly indicate that we are a grant dependent municipality.

5.2. Revenue sources

The chart below shows the proportions of revenue for 2020/2021 amount to R1 720 899 127. The chart indicates that the municipality is still receiving a large chunk of its revenue from government subsidies and grants at 89% (R1 524 632 647). Service charges had increased by 10%, which represent R85 340 370 compared to the R94 840 932 of the previous financial year and Interest received from debtors which is at 7% amounting to R12 936 559 compared to R10 868 102 of the previous financial year. Furthermore, interest on investment is stated at 8% which represent R15 003 055 as compared to previous year at R16 007 311.

TABLE 1: 2020/2021 REVENUE

Revenue from exchange transaction	2021	Change in %	2020 Restated
Services charges	85 340 370	10%	94 840 932
Interest received - Debtors	12 936 559	-19%	10 878 102
Asctual gains	-	0%	3 213 060
Other income	82 986 496	-4412%	1 839 088
Interest received	15 003 055	6%	16 007 311
Total Revenue from exchange transaction	196 266 480		126 778 493
Government grants & subsidies	1 502 648 813	-15%	1 303 813 770
Public contribution & donations	21 980 000	0%	
Fines, penalties & forfeits	3 834	0%	
Total Revenue from non-exchange transacti	1 524 632 647		1 303 813 770
Total Revenue	1 720 899 127		1 430 592 263



5.3. Expenditure

The total expenditure for the municipality in 2020/2021 was at R1 092 383 760 as compared to R1 068 760 856 in 2019/2020 financial year. The chart below indicates that personnel costs remain the largest item of expenditure in the 2020/2021 financial year at R407 232 659 at 37% as compared to R397 744 024, 2019/2020 financial year. This relates to the payment of salaries and allowances for staff members in the district.

General expenses are the second biggest expenditure item at R196 273 758 at 17% compared to R209 002 053 for the 2019/2020 financial year. The top five general expense items relate to provision of security, lease rental and operating lease, fuel and lubricants, laboratories, and chemicals and well as consulting professional services.

Bulk purchases become the third largest area in the expenditure items at R162 186 318 at 14% compared to R115 165 701 in the 2019/2020 financial year. Bulk

purchases relate to purchase of electricity for water operations as well as purchase of water from various service providers for provision to communities.

Depreciation and amortisation become the fourth largest expenditure at R94 331 387 at 9% as compared to R107 361 215 in the previous financial year.

VIP Sanitation (contracted services) is the fifth largest area of expenditure at R76 969 790 at 7% compared to R58 983 449 in 2019/2020 financial year. The municipality has been constructing VIP Sanitation units in all the four local municipalities as part of dealing with the sanitation backlogs.

Lease rentals on operating lease becomes the sixth largest expenditure at R63 123 781 at 6% as compared to the previous year 2019/2020 at R55 253 928.

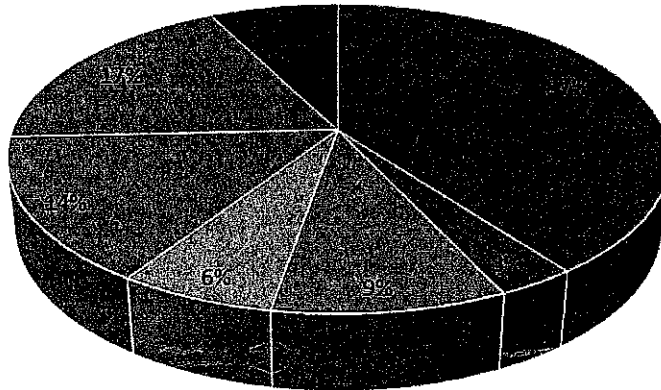
Repairs and maintenance become the seventh largest expenditure at R30 328 288 at 3% as compared to R32 854 123 in the previous financial year. The municipality infrastructure has worn out causing repairs and maintenance budget to increase.

The expenditure situation is displayed on the chart below:

TABLE 2: 2020/2021 EXPENDITURE

	2022/2021	%	2019/2020
Personnel costs	R407 232 659	37%	R397 744 024
Repairs and Maintenance	R30 328 288	3%	R32 854 123
Depreciation and amortisation	R94 331 387	9%	R107 361 215
Lease rentals	R63 123 781	6%	R55 253 928
Bulk purchases	R162 186 318	14%	R115 165 701
General expenses	R196 273 758	17%	R209 002 053
contracted services	R76 969 790	7%	R58 983 449

EXPENDITURE



- Personnel costs
- Repairs and Maintenance
- Depreciation and amortisation
- Lease rentals
- Bulk purchases
- General expenses
- contracted services

Surplus

The surplus as declared in the 2020/2021 financial year was R623 364 331 compared to R362 031 407 in the 2019/2020 financial year.

Sekhukhune Development Agency received R2 556 298 compared to R3 622 319 in 2019/2020 financial year.

5.4. Asset management

The Municipality has during 2020/2021 financial year used the appointed service provider to deal with asset management matters over the 12 months. During 2020/2021 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 2020/2021 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 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 2020/2021 financial year the assets were at R4 000 588 824 as compared to the 2019/2020 financial year at R3 656 339 669. There was overall increase in the SDM assets. The total liabilities for the 2020/2021 financial year were at R590 157 389 compared to 2019/2020 financial year which stood at R616 106 030.

5.5. Net asset position = Assets: Liabilities

The Municipality has during 2020/21 financial year used the appointed service provider to deal with asset management matters on a three (3) years contract. During 2020/21 all the movable assets have been dealt with, 80% of immovable assets were verified and accounted for. The municipality is continuing the process to clean-up immovable assets during 2021/2022 and beyond. 100% review of the 2020/21 Fixed Asset Register has been performed. It must be emphasised that these immovable assets are mainly the water services infrastructure that were adopted from DWA and transferred to the district municipality during the establishment of water services authority and provider functions.

Thus far the 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 2020/21 financial year the assets were at R3 968 294 585 as compared to the 2019/2020 financial year at R3 345 030 259. There was overall increase in the SDM assets. The 2020/21 Fixed Asset Register has been loaded on the Solar System for MSCOA Compliance and Additions for 2021/22 will be updated monthly on the system

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6. Grants received

Sekhukhune District Municipality received an amount of R1 502 648 813 for 2020/2021 financial year as compared to R1 303 813 770 for 2019/2020 financial year. The grants were received as follows:

Municipal Infrastructure grant (MIG) to the tune of R460 140 845 for financial year 2020/2021 as compared to R418 108 386 for 2019/2020 financial year.

Rural Bulk Infrastructure Grant (RBIG) to the tune of R58 643 774 for financial year 2020/2021 as compared to R69 820 470 for 2019/2020 financial year.

Water Services Infrastructure Grant (WSIG) to the tune of R29 027 423 for 2020/2021 financial year as compared to the R38 646 349 received in 2019/20 financial year.

The operating grants received was an amount of R954 830 271 as compared with R777 238 566 for the 2019/2020 financial year. The operating grants were received as follows:

Equitable share received was R942 825 416 for 2020/2021 financial year as compared to R769 247 580 for 2019/2021 financial year.

Rural Roads Assets Management Grant (RRAMS) to the tune of R2 310 000 for financial year /2020/2021 as compared to R2 062 917 for the 2019/2020 financial year.

Expanded Public Works Programme (EPWP) to the tune of R6 294 000 for 2020/2021 financial year as compared to R2 665 000 for the 2019/2020 financial year.

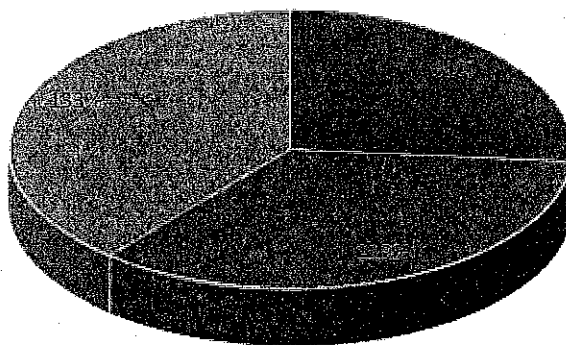
Finance Management Grant (FMG) to the tune of R2 203 040 for the 2020/2021 financial year as compared to R1 788 040 for the 2019/2020 financial year.

Sources of finance for capital funding

TABLE 3

Revenue source	Receipts 2020/2021 in million)	As percentage	Receipts 2019/2020 in million)
Municipal Infrastructure Grant (MIG)	460 140 845	90%	418 108 386
Regional Bulk Infrastructure Grant (RBIG)	58 643 774	119%	69 820 470
Water Services Infrastructure Grant (WSIG)	29 027 423	133%	38 646 349
TOTAL	547 812 042	96%	526 575 214

2020/2021 GRANT RECEIVED



- Municipal Infrastructure Grant (MIG)
- Regional Bulk Infrastructure Grant (RBIG)
- Water Services Infrastructure Grant (WSIG)

Municipal Infrastructure Grant (MIG) is the main source of funding for capital projects at 90% in the 2020/2021 financial year as depicted in the table above. The second highest is Regional Bulk Infrastructure Grant (RBIG) at 119% and Water Services Infrastructure Grant (WSIG) as the third which stood at 133% of the total capital funding in the 2020/2021 financial year.

5.7. Grant spending of projects

GRANT	NUMBER OF PROJECTS IMPLEMENTED	EXPENDITURE AS AT 30 JUNE 2020
MIG	12 projects and 5 VIP sanitation projects	R460 140 845
WSIG	12 intervention projects	R29 027 423
RBIG	08 bulk projects	R58 643 774

5.8. UNSPENT GRANTS FOR 2018/2019

GRANT	AMOUNT NOT SPENT IN 2020/2021	AMOUNT NOT SPENT IN 2019/2020
MIG	R47 086 615	R16 168 633
WSIG	R21 353 651	R44 877 946
EPWP	-	-
RRAMS	- R369 423	-

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT

5.9. Cash equivalents

By the end of the financial year 2020/2021 Sekhukhune District Municipality closed cash and cash equivalents of R237 402 088 as compared to R62 380 477 in 2019/2020 financial year.

Cash flow from investing activities (purchase of plant and equipment) stood at R457 253 342 at the end of the 2020/2021 financial year.

5.10. Investments

By the end of the 2020/2021 financial year the municipality has short term investment of R237 402 088 compared to R62 380 477 in 2019/2020 financial year

COMPONENT D: OTHER FINANCIAL MATTERS

5.11. Supply Chain Management

Procurement of goods and services done during the year were in compliance with 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 fairly 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 looks into the conduct of councillors.
- Municipal Public Account Committee (MPAC) ensures accountability of administration to council and Audit committee which advises 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: 2020/2021 AUDITOR GENERAL OPINION AND FINDINGS

6.1. 2020/2021 financial year Auditor General South Africa (AGSA) Report and findings

During the 2020/2021 financial year the Auditor General of South Africa issued a Qualified Audit opinion 08 matters raised, with 05 matters of emphasis. As the municipality we maintained the previous opinion with increase in matters of emphasis. In terms of the management letter more than 100 issues inclusive of the audit report were raised. The Municipality is in the process of developing action plan to address the issues raised by the Auditor General.

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 and limitation of scope were recorded and led to the municipality to maintain the Qualified Audit Opinion.

COMPONENT B: 2019/2020 AUDITOR GENERAL OPINION

6.2. Auditor General South Africa (AGSA) Report 2019/2020 financial year

During the 2019/2020 financial year the Auditor General of South Africa issued a Qualified Audit opinion 12 matters raised, with 18 matters of emphasis. As the municipality we maintained the previous opinion with increase in matters of emphasis. In terms of the management letter more than 100 issues inclusive of the audit report were raised. The action plan is developed to address the issues raised by the Auditor General.

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 and limitation of scope were recorded and led to the municipality to maintain the Qualified Audit Opinion.

6.3. Auditor General South Africa Report progress on findings for 2019/2020 financial year

The municipality had 105 issues from audit report and management letter inclusive of audit of pre-determined objectives. 85 issues were resolved however Internal Audit confirmed 81% of issues resolved with the outstanding of 20 issues unresolved.

CONCLUSIONS

The annual report for 2020/2021 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 2020/2021

Annexure B: Audit Report SDM & SDA

Annexure C: SDBIP Cumulative Performance Report 2020/2021

: Performance of Service Providers Report 2020/2021

Annexure D: Sekhukhune Development Agency Annual Report 2020/2021

Annexure E: Community consultation Report 2020/2021

Annexure F: Audit Committee Report 2020/2021

Annexure G: Audit Action Plan 2020/2021

Annexure H: Oversight Report 2020/2021

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

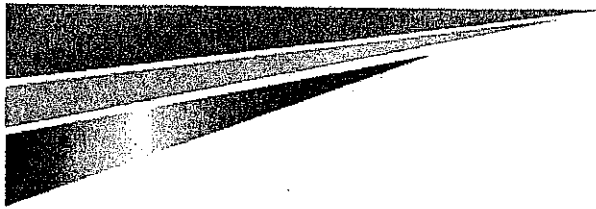
Integrated Development Plan (IDP): A five-year strategic plan undertaken by a municipality outlining the key projects and programmes to be implemented by the Council which is prepared in accordance with the Local Government Municipal Systems Act, 2000 (Act 32 of 2000). The IDP can be reviewed annually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



SEKHUKHUNE
District Municipality

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Groblersdal
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3 West Street
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Tel: (013) 262 7300
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E-Mail: sekinfo@sekhukhune.co.za

CERTIFIED COUNCIL RESOLUTION

The Council at its Special Meeting held on 30th March 2022 under:

SC 02/03/22 ANNUAL REPORT 2020/2021 FINANCIAL YEAR

RESOLVED AS FOLLOWS:

1. Council rescinded the resolution no. OC 10/01/22 on the 2020/2021 Annual report and further noted the 2020/2021 Annual Report with the audited Annual Financial Statement and the Audit Report.



CERTIFIED AS TRUE RESOLUTION
COUNCIL SECRETARY
TSOANE A.

31/03/2022
DATE

ANNEXURES

ANNEXURE A:

2020/2021

**AUDITED ANNUAL
FINANCIAL STATEMENT
SDM AND SDA**



SEKHUKHUNE
District Municipality

Sekhukhune District Municipality
Annual Financial Statements
for the year ended 30 June 2021
Auditor General (SA)
Chartered Accountants (S.A.)
Registered Auditors

Sekhukhune District Municipality

(Registration number DC 47)

Annual Financial Statements for the year ended 30 June 2021

General Information

Legal form of entity

Municipality in terms of section 1 of the Local Government: Municipal Structures Act (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 Ramaila KS
Cllr Manamela MM(Council Speaker)
Cllr Mokganyetji M(Chief Whip)
MMC Manamela M
MMC Mahlangu MF
MMC Nchabeleng TL
MMC Matlala MA
MMC Mogofe M
MMC Mnisi SP
MMC Makola MY
MMC Nkosi SM
MMC Manganeng M

Grading of local authority

Grade 4 Municipality

Chief Finance Officer (CFO)

Mr Nkadimeng HL (Acting)

Accounting Officer

Ms MJ Ntshudisane

Registered office

03 West Street
Groblersdal
0470

Postal address

Private Bag X8611
Groblersdal
0470

Bankers

Standard Bank

Auditors

Auditor General (SA)
Chartered Accountants (S.A.)
Registered Auditors

Sekhukhune District Municipality

(Registration number DC 47)

Annual Financial Statements for the year ended 30 June 2021

Index

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

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Statement of Financial Position	6
Statement of Financial Performance	7
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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MMC	Member of Mayoral Committee
SALGA	South Africa Local Government Association.
RBIG	Regional Bulk Infrastructure Grant.

Sekhukhune District Municipality

(Registration number DC 47)

Annual Financial Statements for the year ended 30 June 2021

Accounting Officer's Responsibilities and Approval

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

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

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The municipalities and municipal entities must submit their Annual Financial Statements on 31 August 2021

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, she 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 systems of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2022 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 external auditors are responsible for independently auditing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 5 to 70, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2021 and were signed on its behalf by:



Accounting Officer
Designation

Sekhukhune District Municipality

(Registration number DC 47)

Annual Financial Statements for the year ended 30 June 2021

Audit Committee Report

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. The committee held 4 ordinary and 3 special audit committee meetings during the 2020/21 financial year.

Audit committee members and attendance

r.	Name of member	Number of meetings attended
	Mr Mokwele M (Chairperson)	6
	Ms Ndlovu M CA (SA)	7
	Ms Mothelesi M	7
	Mr M Mathabathe	7

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 and the Division of Revenue Act.

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 and senior management of the municipality;
- 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 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

Date: _____

Sekhukhune District Municipality

(Registration number DC 47)

Annual Financial Statements for the year ended 30 June 2021

Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2021.

1. Review of activities

Main business and operations

Net surplus of the municipality was R 623 364 331 (2020: surplus R 343 567 284).

2. Going concern

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

The ability of the municipality to continue as a going concern is dependent on continued funding by National Government as per Division Of Revenue Act over the Medium Term Revenue and Expenditure Framework period. There are no reasons to believe that funding may be stopped in the foreseeable future.

3. Subsequent events

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

4. Accounting policies

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

5. Bankers

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

6. Auditors

Auditor General South Africa are the auditors of the municipality's annual financial statements.

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.

Sekhukhune District Municipality

(Registration number DC 47)

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

Figures in Rand

	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Inventories	5	32 325 619	31 439 502
Other financial assets		1 000	1 000
Receivables from non-exchange transactions	6	43 291 823	55 589 365
VAT receivable	7	69 182 671	26 982 889
Prepayments		3 977 058	3 627 328
Receivables from exchange transactions	8	171 682 891	124 776 059
Cash and cash equivalents	9	237 402 088	62 380 477
		557 863 150	304 796 620
Non-Current Assets			
Property, plant and equipment	3	4 000 588 824	3 656 339 669
Total Assets		4 558 451 974	3 961 136 289
Liabilities			
Current Liabilities			
Operating lease liability	4	3 822 340	3 322 477
Payables from exchange transactions	13	500 536 930	497 405 262
Consumer deposits	14	4 624 379	4 371 415
Unspent conditional grants and receipts	11	30 315 359	68 934 376
Provisions	12	24 563 959	21 512 530
		563 862 967	595 546 060
Non-Current Liabilities			
Provisions	12	26 294 422	20 559 970
Total Liabilities		590 157 389	616 106 030
Net Assets		3 968 294 585	3 345 030 259
Reserves			
Revaluation reserve	10	-	100 000
Accumulated surplus		3 968 294 588	3 344 930 259
Total Net Assets		3 968 294 588	3 345 030 259

* See Note 36

Sekhukhune District Municipality

(Registration number DC 47)

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

Figures in Rand

	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	16	85 340 370	94 840 932
Interest received - Debtors		12 936 559	10 878 102
Actuarial gains		-	3 413 060
Other income		82 986 496	1 839 088
Interest received	17	15 003 055	16 007 311
Total revenue from exchange transactions		196 266 480	126 978 493
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	19	1 502 648 813	1 303 813 770
Public contributions and donations		21 980 000	-
Fines, Penalties and Forfeits		3 834	-
Total revenue from non-exchange transactions		1 524 632 647	1 303 813 770
Total revenue	15	1 720 899 127	1 430 792 263
Expenditure			
Employee related costs	20	(407 232 659)	(397 744 024)
Remuneration of councillors	21	(15 042 796)	(15 466 714)
Repairs and maintenance		(30 328 288)	(32 854 123)
Depreciation and amortisation	22	(94 331 387)	(107 361 215)
Impairment loss	23	(39 654 158)	(44 550 684)
Finance costs	24	(3 618 972)	(3 991 882)
Lease rentals on operating lease		(63 123 781)	(55 253 928)
Debt Impairment	25	-	(21 630 741)
Bad debts written off		(66 913)	(2 630 289)
Bulk purchases	26	(162 186 318)	(115 165 701)
Contracted services	27	(76 969 790)	(58 983 449)
Transfers and Subsidies	18	(2 556 298)	(3 622 319)
Loss on disposal of assets and liabilities		(998 642)	(503 734)
General Expenses	28	(196 273 758)	(209 002 053)
Total expenditure		(1 092 383 760)	(1 068 760 856)
Operating surplus		628 515 367	362 031 407
Actuarial gains/losses		(5 151 036)	-
Surplus for the year		623 364 331	362 031 407

* See Note 36

Sekhukhune District Municipality

(Registration number DC 47)

Annual Financial Statements for the year ended 30 June 2021

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	100 000	2 979 880 218	2 979 980 218
Adjustments			
Prior period errors - Note 37	-	3 018 634	3 018 634
Balance at 01 July 2019 as restated*	100 000	2 982 898 852	2 982 998 852
Changes in net assets			
Surplus for the year	-	362 031 407	362 031 407
Total changes	-	362 031 407	362 031 407
Opening balance as previously reported	-	3 363 982 627	3 363 982 627
Adjustments			
Correction of errors	-	(19 052 370)	(19 052 370)
Restated* Balance at 01 July 2020 as restated*	-	3 344 930 257	3 344 930 257
Changes in net assets			
Surplus for the year	-	623 364 331	623 364 331
Total changes	-	623 364 331	623 364 331
Balance at 30 June 2021	-	3 968 294 588	3 968 294 588
Note(s)	10		

* See Note 36

Sekhukhune District Municipality

(Registration number DC 47)

Annual Financial Statements for the year ended 30 June 2021

Cash Flow Statement

Figures in Rand

	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		65 142 814	56 238 322
Grants		1 464 029 796	1 311 695 568
Interest income		15 003 055	16 007 311
Other receipts		-	1 841 166
		<u>1 544 175 665</u>	<u>1 385 782 367</u>
Payments			
Cash paid to suppliers and employees		(911 900 712)	(963 737 541)
Net cash flows from operating activities	31	632 274 953	422 044 826
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(457 253 342)	(418 902 239)
Other cash item		-	(11 954 039)
Net cash flows from investing activities		(457 253 342)	(430 856 278)
Cash flows from financing activities			
Consumer deposits		-	163 843
Net increase/(decrease) in cash and cash equivalents		175 021 611	(8 647 609)
Cash and cash equivalents at the beginning of the year		62 380 477	71 028 086
Cash and cash equivalents at the end of the year	9	237 402 088	62 380 477

* See Note 36

Sekhukhune District Municipality

(Registration number DC 47)

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	100 460 216	(14 879 289)	85 580 927	85 340 370	(240 557)	Note 47 - N1
Interest received (trading)	9 723 988	3 000 000	12 723 988	12 936 559	212 571	Note 47 - N2
Other income	1 996 602	77 395 432	79 392 034	82 986 496	3 594 462	Note 47 - N3
Interest received - investment	13 160 216	1 000 000	14 160 216	15 003 055	842 839	
Gains on disposal of assets	372 313	-	372 313	-	(372 313)	
Total revenue from exchange transactions	125 713 335	66 516 143	192 229 478	196 266 480	4 037 002	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	914 290 000	71 294 304	985 584 304	1 502 648 813	517 064 509	
Public contributions and donations	-	-	-	21 980 000	21 980 000	
Fines, Penalties and Forfeits	52 495	-	52 495	3 834	(48 661)	
Total revenue from non-exchange transactions	914 342 495	71 294 304	985 636 799	1 524 632 647	538 995 848	
Total revenue	1 040 055 830	137 810 447	1 177 866 277	1 720 899 127	543 032 850	
Expenditure						
Personnel	(400 081 073)	(5 236 189)	(405 317 262)	(407 232 659)	(1 915 397)	
Remuneration of councillors	(17 292 883)	2 106 659	(15 186 224)	(15 042 796)	143 428	
Repairs and maintenance	(21 896 721)	(14 817 119)	(36 713 840)	(30 328 288)	6 385 552	
Depreciation and amortisation	(90 340 954)	(25 000 000)	(115 340 954)	(94 331 387)	21 009 567	Note 47 - N5
Impairment loss/ Reversal of impairments	-	-	-	(39 654 158)	(39 654 158)	Note 47 - N6
Finance costs	(470 526)	470 526	-	(3 618 972)	(3 618 972)	Note 47 - N7
Lease rentals on operating lease	(39 942 551)	-	(39 942 551)	(63 123 781)	(23 181 230)	Note 47 - N8
Debt Impairment	(15 000 000)	(66 912)	(15 066 912)	-	15 066 912	Note 47 - N9
Bad debts written off	-	-	-	(66 913)	(66 913)	
Bulk purchases	(130 000 000)	(28 543 389)	(158 543 389)	(162 186 318)	(3 642 929)	Note 47 - N10
Contracted Services	(75 920 363)	(51 534 407)	(127 454 770)	(76 969 790)	50 484 980	Note 47 - N11
Transfers and Subsidies	(4 300 000)	336 379	(3 963 621)	(2 556 298)	1 407 323	
General Expenses	(143 383 726)	(36 742 026)	(180 125 752)	(196 273 758)	(16 148 006)	Note 47 - N12
Loss on disposal of assets	-	-	-	(998 642)	(998 642)	
Total expenditure	(938 628 797)	(159 026 478)	(1 097 655 275)	(1 092 383 760)	5 271 515	
Operating surplus	101 427 033	(21 216 031)	80 211 002	628 515 367	548 304 365	
Gain on disposal of assets and liabilities	459 586 000	1 745 000	461 331 000	-	(461 331 000)	
Loss on disposal of assets and liabilities	-	-	-	(5 151 036)	(5 151 036)	Note 47 - N13
	459 586 000	1 745 000	461 331 000	(5 151 036)	(466 482 036)	
Surplus before taxation	561 013 033	(19 471 031)	541 542 002	623 364 331	81 822 329	

Sekhukhune District Municipality

(Registration number DC 47)

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	561 013 033	(19 471 031)	541 542 002	623 364 331	81 822 329	

Sekhukhune District Municipality

(Registration number DC 47)

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	30 329 366	-	30 329 366	32 325 619	1 996 253	
Other financial assets	1 000	-	1 000	1 000	-	
Receivables from non-exchange transactions	92 578 813	1 000	92 579 813	43 291 823	(49 287 990)	
VAT receivable	-	-	-	69 182 671	69 182 671	
Prepayments	-	-	-	3 977 058	3 977 058	
Consumer debtors	113 863 145	6 695 595	120 558 740	171 682 891	51 124 151	
Cash and cash equivalents	259 289 909	(148 875 414)	110 414 495	237 402 088	126 987 593	
	496 062 233	(142 178 819)	353 883 414	557 863 150	203 979 736	
Non-Current Assets						
Property, plant and equipment	3 919 066 264	(118 488 996)	3 800 577 268	4 000 588 824	200 011 556	
Total Assets	4 415 128 497	(260 667 815)	4 154 460 682	4 558 451 974	403 991 292	
Liabilities						
Current Liabilities						
Operating lease liability	-	-	-	3 822 340	3 822 340	
Payables from exchange transactions	180 000 000	22 373 748	202 373 748	500 536 930	298 163 182	
Consumer deposits	4 314 762	-	4 314 762	4 624 379	309 617	
Unspent conditional grants and receipts	-	-	-	30 315 359	30 315 359	
Provisions	-	-	-	24 563 959	24 563 959	
	184 314 762	22 373 748	206 688 510	563 862 967	357 174 457	
Non-Current Liabilities						
Provisions	51 802 526	-	51 802 526	26 294 422	(25 508 104)	
Total Liabilities	236 117 288	22 373 748	258 491 036	590 157 389	331 666 353	
Net Assets	4 179 011 209	(283 041 563)	3 895 969 646	3 968 294 585	72 324 939	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	4 179 011 209	(283 041 563)	3 895 969 646	3 968 294 585	72 324 939	

Sekhukhune District Municipality

(Registration number DC 47)

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	42 268 437	99 322 054	141 590 491	65 142 814	(76 447 677)	
Grants	1 373 876 000	65 321 185	1 439 197 185	1 464 029 796	24 832 611	
Interest income	13 160 216	1 000 000	14 160 216	15 003 055	842 839	
	1 429 304 653	165 643 239	1 594 947 892	1 544 175 665	(50 772 227)	
Payments						
Employee costs	(828 517 317)	(138 790 782)	(967 308 099)	(911 900 712)	55 407 387	
Finance costs	(470 526)	470 526	-	-	-	
Transfers and subsidies	(4 300 000)	4 300 000	-	-	-	
	(833 287 843)	(134 020 256)	(967 308 099)	(911 900 712)	55 407 387	
Net cash flows from operating activities	596 016 810	31 622 983	627 639 793	632 274 953	4 635 160	
Cash flows from investing activities						
Purchase of property, plant and equipment	(466 886 000)	(44 471 123)	(511 357 123)	(457 253 342)	54 103 781	
Proceeds from sale of property, plant and equipment	-	372 313	372 313	-	(372 313)	
Net cash flows from investing activities	(466 886 000)	(44 098 810)	(510 984 810)	(457 253 342)	53 731 468	
Net increase/(decrease) in cash and cash equivalents	129 130 810	(12 475 827)	116 654 983	175 021 611	58 366 628	
Cash and cash equivalents at the beginning of the year	134 473 861	(72 093 384)	62 380 477	62 380 477	-	
Cash and cash equivalents at the end of the year	263 604 671	(84 569 211)	179 035 460	237 402 088	58 366 628	

Sekhukhune District Municipality

(Registration number DC 47)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Materiality

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

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

1.4 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:

Trade receivables and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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

Allowance for slow moving, damaged and obsolete stock

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

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1.4 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

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

Impairment testing

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

Useful lives of waste and water network and other assets

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

Effective interest rate

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

Allowance for doubtful debts

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

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Accounting Policies

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

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Accounting Policies

1.5 Property, plant and equipment (continued)

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 - 17 years
Leasehold improvements	Straight line	5 to 10 years
Infrastructure - Water, reservoirs and reticulation	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.

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

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 29).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

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Accounting Policies

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.

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.

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).

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

A financial asset is:

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

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

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

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.

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.

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Accounting Policies

1.6 Financial instruments (continued)

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;
- combined instruments that are designated at fair value;
- 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;
 - 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.

Classification

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

Class	Category
Loan1	Financial asset measured at amortised cost
Loan2	Financial asset measured at amortised cost
Loan3	Financial asset measured at amortised cost
Other receivables1	Financial asset measured at amortised cost

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

Class	Category
Loan1	Financial liability measured at amortised cost
Loan2	Financial liability measured at amortised cost
Loan3	Financial liability measured at amortised cost
Other receivables1	Financial liability measured at amortised cost

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Accounting Policies

1.6 Financial instruments (continued)

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.

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.

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Accounting Policies

1.6 Financial instruments (continued)

Reclassification

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

- 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.

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 measured at amortised cost:

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

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

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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Accounting Policies

1.7 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

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Accounting Policies

1.7 Statutory receivables (continued)

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

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

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

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

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Accounting Policies

1.8 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.

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.

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories for consumables is assigned using the first-in, Weighted cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

The cost of inventories for Operations and Maintenance materials not bought through normal stores system are assigned using the Weighted cost formula.

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

1.10 Construction contracts and receivables

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, short-term money market instruments and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are measured at amortised cost.

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Accounting Policies

1.11 Impairment of cash-generating assets

Cash-generating assets are assets managed 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:

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

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.

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1.12 Employee benefits (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 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.

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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 a 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.

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 3434.

1.14 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.15 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.

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Accounting Policies

1.16 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the 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.

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.

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 municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality 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 for 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 restriction 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-imburement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.17 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Accounting by principals and agents

Identification

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

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

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

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Accounting Policies

1.18 Accounting by principals and agents (continued)

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

Recognition

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

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

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

1.19 Comparative figures

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

1.20 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.

1.21 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.

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Accounting Policies

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where 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 or accounting authority 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.

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.

1.23 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.

1.24 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 2019/07/01 to 2020/06/30.

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

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

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Accounting Policies

1.25 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

1.26 Events after reporting date

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

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

The 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.

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2021 or later periods:

Standard/ Interpretation:

**Effective date:
Years beginning on or
after**

Expected impact:

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3. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	14 460 000	-	14 460 000	14 460 000	-	14 460 000
Plant and machinery	9 431 019	(2 947 439)	6 483 580	5 868 273	(1 980 882)	3 887 391
Furniture and office equipment	9 654 037	(6 030 811)	3 623 226	10 084 627	(5 369 921)	4 714 706
Transport assets	38 721 455	(9 337 086)	29 384 369	14 249 293	(4 737 022)	9 512 271
IT equipment	19 236 877	(8 741 814)	10 495 063	14 849 605	(7 129 251)	7 720 354
Leasehold improvements	7 291 241	(152 355)	7 138 886	200 300	(88 269)	112 031
Roads Infrastructure	65 704 027	(40 252 410)	25 451 617	65 704 027	(38 756 032)	26 947 995
Community assets	23 395 665	(19 848 284)	3 547 381	23 395 665	(18 505 095)	4 890 570
Wastewater network	76 190 265	(39 710 908)	36 479 357	72 941 815	(34 868 921)	38 072 894
Water network	2 936 102 715	(811 251 031)	2 124 851 684	2 803 302 411	(700 755 531)	2 102 546 880
Assets under construction (WIP)	1 738 673 661	-	1 738 673 661	1 443 474 577	-	1 443 474 577
Total	4 938 860 962	(938 272 138)	4 000 588 824	4 468 530 593	(812 190 924)	3 656 339 669

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Land	14 460 000	-	-	-	-	-	-	14 460 000
Plant and machinery	3 887 391	3 742 910	(17 429)	-	-	(1 099 729)	(29 563)	6 483 580
Furniture and office equipment	4 714 706	12 427	(16 529)	-	-	(1 084 036)	(3 342)	3 623 226
Transport assets	9 512 271	24 804 715	-	-	-	(4 932 617)	-	29 384 369
IT equipment	7 720 354	5 509 374	(17 277)	-	-	(2 707 062)	(10 326)	10 495 063
Leasehold improvements	112 031	7 140 667	-	-	-	(113 812)	-	7 138 886
Roads Infrastructure	26 947 995	-	-	-	-	(1 493 620)	(2 758)	25 451 617
Community assets	4 890 570	-	-	-	-	(463 936)	(879 253)	3 547 381
Wastewater network	38 072 894	3 248 450	-	-	-	(1 556 615)	(3 285 372)	36 479 357
Water network	2 102 546 880	27 756 191	-	105 044 489	-	(74 127 090)	(36 368 786)	2 124 851 684
Assets under construction (WIP)	1 443 474 577	400 243 572	-	-	(105 044 488)	-	-	1 738 673 661
	3 656 339 669	472 458 306	(51 235)	105 044 489	(105 044 488)	(87 578 517)	(40 579 400)	4 000 588 824

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Transfers received	Transfers	Prior period error cost	Prior period error accumulated dep	Depreciation	Impairment loss	Total
Land	14 460 000	-	-	-	-	-	-	-	-	14 460 000
Plant and machinery	3 685 355	1 026 315	(129 660)	-	-	-	-	(694 619)	-	3 887 391
Furniture and office equipment	4 931 325	892 882	(27 530)	-	-	-	-	(1 081 971)	-	4 714 706
Transport assets	6 422 621	5 265 800	(307 845)	-	-	-	-	(1 868 305)	-	9 512 271
IT equipment	5 526 859	4 041 642	(38 700)	-	-	-	-	(1 809 447)	-	7 720 354
Leasehold improvements	131 040	-	-	-	-	-	-	(19 009)	-	112 031
Roads infrastructure	30 856 445	-	-	-	-	-	-	(3 908 450)	-	26 947 995
Community assets	5 735 511	-	-	-	-	-	-	(844 941)	-	4 890 570
Wastewater network	38 762 485	488 910	-	-	-	1 477 041	122 845	(2 769 949)	(8 438)	38 072 894
Water network	1 752 962 213	20 439 268	-	206 106 628	-	233 995 710	(14,297 567)	(94 365 613)	(2 293 759)	2 102 546 880
Assets under construction (WIP)	1 531 304 855	386 747 422	-	-	(206 106 628)	(226 193 726)	-	-	(42 277 346)	1 443 474 577
	3 394 778 709	418 902 239	(503 735)	206 106 628	(206 106 628)	9 279 025	(14 174 722)	(107 362 304)	(44 579 543)	3 656 339 669

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3. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment

Infrastructure

1 767 933 393 1 669 668 303

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3. Property, plant and equipment (continued)

Flag Boshielo: Letebejane Water Meter Installations R 10 131 349.94

The project was delayed due to the escalation of prices and delayed approval of the variation order.

MIG: Ga-Maphopha Command Reservoir R 45 328 980.71

Project delayed due to stoppages (Community protest) as well as unforeseen additional scope of work that could not be completed on time.

MIG: Ga-Marishane Water Reticulation R 21 980 961.13

The contractor was terminated due to poor performance and the municipality took longer to appoint another contractor to complete the project.

WSIG: Jane Furse RDP Package Plant Phase 2 R 7 257 771.05

The project was delayed due to the additional scope of work (steel tank).

RBIG: Makgeru/Magnetheights to Schoonoord Bulk Water Supply R 46 909 025.54

Delayed procurement of materials as well as community protesting activities by the ordinary community members and local business forums.

RBIG: Malekane/Steelport to Jane Furse pipeline/Nebo Plateu Phase Phase 1A R 148 320 443.18

Project delayed due to the contractual disputes between the municipality and contractor.

MIG: Carbonitites to Zaaiplaas R 28 162 954.10

The contractor was terminated due to poor performance and the municipality took longer to appoint another contractor to complete the project, project costs were also escalated.

MIG: Groblersdal Augmentation Bulk Water Supply R 3 784 885.80

The project is practically completed but not tested or handed over to the municipality.

MIG: Groblersdal to Luukau Bulk Water Supply R 14 600 504.97

Project was practically completed but not handed over due to the unavailability of electricity and the project was subsequently vandalised.

MIG: Jane Furse to Lobethal Bulk Water Supply/De Hoop Augmentation North R 46 528 154.67

The contractor withdrew from the project and there was no sufficient funding for the project.

MIG: Jane Furse 25ML Command Reservoir R 35 828 458.87

The physical construction was completed, however the project could not be tested due to lack of water source.

MIG Lebalelo South Villages Connector Pipes Reticulation Phase 1 R 384 404 872.47

Project delayed due to contractual disputes and interruptions by the sub-contractors.

MIG Lebalelo South Villages Connector Pipes Reticulation Phase 2 R 84 334 201.63

Suspension of construction works due to Covid 19 alert level 5 lockdown as well as interruptions by community members.

MIG: Lebalelo South Bulk Water Reticulation Phase 3 R 104 388 474.15

Suspension of construction works due to Covid 19 alert level 5 lockdown as well as interruptions by community members.

MIG: NKadimeng Regional Bulk Water Supply Scheme Phase 9C1 R 5 796 066.36

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.

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3. Property, plant and equipment (continued)

MIG: NKadimeng Regional Bulk Water Supply Scheme Phase 11A R 43 857 289.60

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.

MIG: NKadimeng Regional Bulk Water Supply Scheme Phase Ext 2 R 27 307 072.48

Professional fees were not apportioned across the completed phase

MIG: Olifantspoort South Regional Water Supply Scheme Professional Fees R 51 916 962.45

Professional fees were not apportioned across the completed phases.

MIG: Olifantspoort South Regional Water Supply Scheme Contract 16 R 8 953 901.59

The scheme encountered financial challenges.

MIG: Olifantspoort South Regional Water Supply Scheme Contract 19 R 2 523 927.32

The scheme encountered financial challenges.

MIG: Olifantspoort South Regional Water Supply Scheme Contract 20 R 14 613 365.65

The scheme encountered financial challenges.

MIG: Olifantspoort South Regional Water Supply Scheme Contract 21 R 14 313 515.79

The scheme encountered financial challenges.

MIG: Roseenekal WWTW Upgrading R 19 382 769.69

Slow progress on the part of the contractor as well as insufficient funding of the project.

RBIG: Mooihoek/Tubatse Bulk Water Supply Phase 4F1 R 31 021 291.33

Project could not be successfully tested due the illegal connections by the members of the community.

RBIG: Mooihoek/Tubatse Bulk Water Supply Phase 4H R 2 429 695.00

Only designs and drawings were completed on the project.

RBIG: Moutse Bulk Water Supply Phases 3, 4 and 5 R 67 109 025.72

Contractor was terminated and the Department of Water and Sanitation took over to complete the project.

RBIG: Moutse Bulk Water Supply Phases 1 and 2 R 30 160 203.61

Project completed but not operational due to incomplete Groblersdal WTW, part of the pipeline system was also vandalized.

Refurbishment of Command Water Supply in Phiring R 2 350 027.13

Project was negatively affected by the lack of funding to complete the construction works.

Refurbishment of Mapodile Sewerage/Oxidation Ponds R 1 078 063.92

Project was negatively affected by the lack of funding to complete the construction works.

Refurbishment of Penge WWTW R 1 271 210.64

Project was negatively affected by the lack of funding to complete the construction works.

WSIG: Rutseng Water Intervention Phase 1 R 2 254 727.79

The community leader in the area denied the contractor access to the water source.

WSIG: Rutseng Water Intervention Phase 2 R 416 031.18

The water source was not sufficient to warrant the equipping of the boreholes.

WSIG: Rutseng Water Bulk Line R 4 297 297.19

The water source was not sufficient to warrant the equipping of the boreholes.

WSIG: Rutseng Water Intervention Phase 3 R 2 371 841.56

No testing was done, the project is dependent on completion of Phase 4 (Rutseng Water Bulkline) for water source.

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3. Property, plant and equipment (continued)

WSIG: Uitspanning Water Source Development Phase 2 R 2 540 235.44

The project was delayed due to protesting activities by members of the community.

WSIG: Uitspanning Water Source Development Phase 4 R 118 350.00

The project was delayed due to protesting activities by members of the community.

WSIG: Rathoke extension of Water Reticulation R 3 265 325.06

The project is physically completed but could not be commissioned due to unavailability of water source.

WSIG: Motetema Sewerage R 2 696 914.00

Completion certificate not issued as the project cannot be tested due to unavailability of electricity.

MIG: Zaaiplaas Connector Pipes R 15 539 406.17

The project is physically completed but could not be commissioned as it is dependent on completion of another project for water source.

MIG: De Hoop/Malekane Regional Water Scheme R 138 561 258.28

Construction works were suspended due to Covid 19 alert level 5 lockdown regulations as well as the protesting activities by members of the community.

MIG: De Hoop/Nebo Plateu/Schoonoord Villages Water Scheme: GA-Mogashoa (Senkgapudi and Manamane) R 120 763 904.65

Construction works were suspended due to Covid 19 alert level 5 lockdown regulations as well as the protesting activities by members of the community.

MIG: De Hoop/Nebo Plateu/Schoonoord Villages Water Scheme: Concrete Reservoir R 81 733 167.15

Construction works were suspended due to Covid 19 alert level 5 lockdown regulations as well as the protesting activities by members of the community.

WSIG: Mogoroane Water Supply R 5 668 674.23

Construction works were suspended due to Covid 19 alert level 5 lockdown regulations as well as the protesting activities by members of the community.

WSIG: Nkosini Water Supply and Package Plant R 500 322.39

Only professional services were completed on the project.

WSIG: Mapodile Water Conservation and Demand Management R 433 318.52

Only professional services were completed on the project.

WSIG: Shakung Water Supply and Package Plant R 180 346.04

Only professional services were completed on the project.

WSIG: Tswaing Village Water Intervention R 1 776 067.80

Only professional services were completed on the project.

MIG: Motlailana/Makgemeng Villages Water Supply R 6 382 648.57

Delay in approval of application for the use of contingencies to construct the steel tank as well as delayed electrification.

WSIG: Maebe Water Supply Intervention Phase 3 R 7 186 703.25

Practically completed but not functional as it is dependednt on completion of Maebe Water Supply Intervention Phase 4

WSIG: Tukakgomo Water Supply Intervention Phase 4 R 2 290 129.22

Only professional services were completed on the project. Delayed appointment of contractors.

MIG: Covid-19 Projects R 2 097 212.68

Deayed appointments of contractors.

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3. Property, plant and equipment (continued)

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

453 209 718 413 234 656

453 209 718 413 234 656

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3. Property, plant and equipment (continued)

ACIP: Flag Boshielo WCDM Water Supply R 3 674 151.00

The project was completed but not handed over, the project was subsequently vandalized.

RBIG: Malekane/Steelpoort to Jane Furse pipeline/Nebo Plateu Phase Phase 1A R 148 320 443.18

Project halted due to the contractual disputes between the municipality and contractor

MIG: Groblersdal Augmentation Bulk Water Supply R 3 784 885.80

The project is practically completed but not tested or handed over to the municipality.

MIG: Groblersdal to Luukau Bulk Water Supply R 14 600 504.97

Project was practically completed but not handed over due to the unavailability of electricity and the project was subsequently vandalised.

MIG: Jane Furse 25ML Command Reservoir R 35 828 458.87

The physical construction were completed, however the project could not be tested due to lack of water source.

MIG: Jane Furse to Lobethal Bulk Water Supply/De Hoop Augmentation North R 46 528 154.67

The contractor withdrew from the project and there was no sufficient funding for the project.

MIG: NKadimeng Regional Bulk Water Supply Scheme Phase Ext 2 R 27 307 072.48

Professional fees were not apportioned across the completed phases.

MIG: Olifantspoort South Regional Water Supply Scheme Professional Fees R 51 916 962.45

Professional fees were not apportioned across the completed phases.

MIG: Olifantspoort South Regional Water Supply Scheme Contract 16 R 8 953 901.59

The scheme encountered financial challenges.

MIG: Olifantspoort South Regional Water Supply Scheme Contract 19 R 2 523 927.32

The scheme encountered financial challenges.

MIG: Olifantspoort South Regional Water Supply Scheme Contract 20 R 14 613 365.65

The scheme encountered financial challenges.

MIG: Olifantspoort South Regional Water Supply Scheme Contract 21 R 14 313 515.79

The scheme encountered financial challenges.

MIG: Roseenekal WWTW Upgrading R 19 382 769.69

Slow progress on the part of the contractor as well as insufficient funding of the project.

RBIG: Mooihoek/Tubatse Bulk Water Supply Phase 4H R 2 429 695.00

Only designs and drawings were completed on the project.

RBIG: Moutse Bulk Water Supply Phases 1 and 2 R 30 160 203.61

Project completed but not operational due to incomplete Groblersdal WTW, part of the pipeline system was also vandalized.

Refurbishment of Command Water Supply in Phiring R 2 350 027.13

Project was negatively affected by the lack of funding to complete the construction works.

Refurbishment of Mapodile Sewerage/Oxidation Ponds R 1 078 063.92

Project was negatively affected by the lack of funding to complete the construction works.

Refurbishment of Penge WWTW R 1 271 210.64

Project was negatively affected by the lack of funding to complete the construction works.

WSIG: Rutseng Water Intervention Phase 1 R 2 254 727.79

The community leader in the area denied the contractor access to the water source.

WSIG: Rutseng Water Intervention Phase 2 R 416 031.18

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3. Property, plant and equipment (continued)

The water source was not sufficient to warrant the equipping of the boreholes.

WSIG: Rathoke extension of Water Reticulation R 3 265 325.06

The project is physically completed but could not be commissioned due to unavailability of water source.

WSIG: Motetema Sewerage R 2 696 914.00

Completion certificate not issued as the project cannot be tested due to unavailability of electricity.

MIG: Zaaiplaas Connector Pipes R 15 539 406.17

The project is physically completed but could not be commissioned as it is dependent on completion of another project for water source.

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	14 723 093	38 753 853
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Pledged as security

No assets are pledged as security.

The Municipality holds fully depreciated assets carried at zero value in the asset register which are still in use.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

4. Operating lease liability

Current liabilities	(3 822 340)	(3 322 477)
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Present value of minimum lease payments due

- within one year	(3 322 477)	(1 227 561)
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The lease liability is due to payments on leases to be made in the future years as a result of straight lining operating leases on office rentals and fleet.

5. Inventories

Water inventory	1 718 620	513 610
Consumable stores	11 117 401	1 490 069
Maintenance materials	19 489 598	29 435 823
	32 325 619	31 439 502

6. Receivables from non-exchange transactions

Government grants - RBIG Funds	30 070 490	40 853 958
Sundry debtors	13 221 333	14 735 407
	43 291 823	55 589 365

7. VAT receivable

VAT	69 182 671	26 982 889
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7. VAT receivable (continued)

Sekhukhune District Municipality is registered as a Category C (monthly) vendor as contemplated in Section 27(3) of the VAT Act Number 89 of 1991, submitting VAT returns on a monthly basis.

The Municipality calculates monthly tax payable in terms of Section 16(3)(b)(i), where the vendor in terms of Section 15 is required to account for tax payable on a payment basis (or cash basis).

The VAT receivable is mainly made up of outstanding refunds at year end, penalties on disallowed VAT that was paid after year end and VAT on debtors and creditors.

8. Receivables from exchange transactions

Gross balances

Water	272 980 368	232 027 870
Waste water	19 811 197	15 395 117
	292 791 565	247 422 987

Less: Allowance for impairment

Water	(113 156 941)	(115 015 609)
Waste water	(7 951 733)	(7 631 319)
	(121 108 674)	(122 646 928)

Net balance

Water	159 823 427	117 012 261
Waste water	11 859 464	7 763 798
	171 682 891	124 776 059

Water

Current (0 -30 days)	6 792 322	9 212 705
31 - 60 days	5 437 651	14 866 640
61 - 90 days	5 201 546	7 952 247
91 - 120 days	4 991 587	5 483 344
121 - 365 days	250 557 262	194 512 934
> 365 days	(113 156 941)	(115 015 609)
	159 823 427	117 012 261

Waste water

Current (0 -30 days)	2 737 945	1 139 129
31 - 60 days	2 011 878	1 486 250
61 - 90 days	2 034 018	506 389
91 - 120 days	1 995 526	442 300
121 - 365 days	11 031 830	11 821 049
> 365 days	(7 951 733)	(7 631 319)
	11 859 464	7 763 798

Reconciliation of allowance for impairment

Balance at beginning of the year	(122 646 928)	(101 016 187)
Contributions to allowance	1 538 254	(21 630 741)
	(121 108 674)	(122 646 928)

9. Cash and cash equivalents

Cash and cash equivalents consist of:

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9. Cash and cash equivalents (continued)

Bank balances	217 027 490	30 694 259
Short-term deposits	20 374 598	31 686 218
	237 402 088	62 380 477

The municipality did invest, on a short-term basis, with four different banks during the course of the 2020/2021 annual financial year. The banks are Standard Bank as the primary banker of the municipality, First National Bank, ABSA and Nedbank SA. The municipality did earn a combined interest on investments of R 12 085 564.04 from all the short-term investments as at the 30th of June 2021.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
Standard Bank - Primary Account: 271149418	218 823 577	30 694 259	10 678 590	217 027 490	30 694 259	12 159 794
FNB -Call Account: 62858613980	20 374 598	-	775 630	20 374 598	-	775 630
Nedbank - Call Account: 7881071850	-	-	16 150 624	-	-	16 150 624
ABSA - Call Account: 9358869478	-	-	41 941 330	-	-	41 942 038
Standard Bank - Call Account: 238890708	-	31 686 218	-	-	31 686 218	-
Total	239 198 175	62 380 477	69 546 174	237 402 088	62 380 477	71 028 086

10. Revaluation reserve

Opening balance	-	100 000
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11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant (MIG)	5 874 155	47 086 615
Water Services Infrastructure Grant (WSIG)	24 444 244	21 353 651
Expanded Public Works Programme (EPWP)	(3 040)	(2 387)
Rural Roads Asset Management System Grant (RRAMS)	-	369 423
Municipal Disaster Management Grant	-	127 074
	30 315 359	68 934 376

The municipality did report, in total, for the 2019/2020 financial year as audited an amount of R 68 934 376 in unspent conditional grants, an application to roll-over the unspent conditional grants into the 2020/21 financial year was subsequently submitted to the National Treasury for consideration and approval.

The application to roll-over the 2019/2020 unspent conditional grants was not approved by the National Treasury and as a result the R 68 934 376 was deducted from the second installment of the 2020/2021 Equitable Share allocation in December 2020.

The municipality did receive, for the 2020/2021 financial year, the following conditional grants to fund programs with special conditions attached to such funding allocations. The grants are the Municipal Infrastructure Grant, Water Services Infrastructure Grant, Expanded Public Works Program, Finance Management Grant and Rural Transport Services Infrastructure Grant. The municipality however did not achieve 100% spending on programs funded by all conditional grant allocations in the current financial year..

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12. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Current service cost	Utilised during the year	Interest cost	Actuarial gain	Total
Unused leave provision	24 385 500	3 223 682	-	2 806 163	2 756 036	30 019 381
Long service award provision	17 687 000	1 579 000	(2 058 000)	1 236 000	(757 000)	20 839 000
	42 072 500	4 802 682	(2 058 000)	4 042 163	1 999 036	50 858 381

Reconciliation of provisions - 2020

	Opening Balance	Current service cost	Utilised during the year	Interest cost	Actuarial gain	Total
Unused leave provision	24 398 343	2 883 750	(2 041 950)	2 137 247	(2 991 890)	24 385 500
Long service award provision	19 486 415	1 658 928	(4 434 275)	1 397 102	(421 170)	17 687 000
	43 884 758	4 542 678	(6 476 225)	3 534 349	(3 413 060)	42 072 500

Non-current liabilities	26 294 422	20 559 970
Current liabilities	24 563 959	21 512 530
	50 858 381	42 072 500

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12. Provisions (continued) Unused Leave Provision

Key assumptions used

A discount rate of 9.72% was applied with a general salary inflation rate (long-term) of 6.05% at a net effect discount rate of 3.46%. The 1st July 2021 salary increase was still under consideration at the time of preparing this report, the municipality has budgeted 6% annual salary increase for the 2021-2022 financial year and the salary cost includes this assumption for the purposes of this calculation.

Key assumptions used

An average retirement age of 62 years was applied with a mortality rate of SA 85-90 (-1), rate of leave accumulation. The average expected remaining working-lifetime of eligible employees is estimated at 13.7 years.

Total expense recognized in the statement of financial performance

Current service cost	1 579 000	2 883 750
Interest cost	1 236 000	2 137 247
Actuarial Loss/(Gain)	2 395 000	(2 991 890)
	5 210 000	2 029 107

Summary of the accrued liabilities and plan assets for the current period and previous years

Accrued Liability	30 June 2017	30 June 2018	30 June 2019	30 June 2021
	13 722 000	15 341 000	19 486 000	20 389 000

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12. Provisions (continued)

Long Service Awards

Key Financial Assumptions

A discount rate of 8.98% was applied with a general inflation rate (long-term) of 5.74% at a net effect discount rate of 3.07%. The 1st July 2021 salary increase was still under consideration at the time of preparing this report, the municipality has budgeted 6% annual salary increase for the 2021-2022 financial year and the salary cost includes this assumption for the purposes of this calculation

Key Demographic Assumptions

An average retirement age of 62 years was applied with a mortality rate of SA 85-90 (-1), rate of leave accumulation. The average expected remaining working-lifetime of eligible employees is estimated at 13.7 years

Total expense recognized in the statement of financial performance

Current service cost	3 223 682	1 658 928
Interest cost	2 317 862	1 397 102
Actuarial Loss/(Gain)	2 756 036	(421 170)
	8 297 580	2 634 860

Future changes in accrued long-term liability

	30 June 2021	30 June 2022	30 June 2023
Opening long term liability	-	24 385 500	30 019 381
Current service cost	-	3 223 682	3 694 867
Interest cost	-	2 317 862	2 749 324
Utilized during the year	-	(2 663 699)	(3 547 688)
Actuarial cost	-	2 756 036	-
	-	30 019 381	32 915 884
			39 061 673

13. Payables from exchange transactions

Trade payables	278 471 537	290 545 085
Other payables	21 838 235	24 144 839
Retention and sessions	184 980 152	169 941 017
Deposits received	7 133 739	4 661 054
Bonus provision	8 113 267	8 113 267
	500 536 930	497 405 262

14. Consumer deposits

Electricity	4 624 379	4 371 415
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15. Revenue

Service charges	85 340 370	94 840 932
Interest received (trading)	12 936 559	10 878 102
Actuarial gains	-	3 413 060
Other income	82 986 496	1 839 088
Interest received - investment	15 003 055	16 007 311
Government grants & subsidies	1 502 648 813	1 303 813 770
Public contributions and donations	21 980 000	-
Fines, Penalties and Forfeits	3 834	-
	1 720 899 127	1 430 792 263

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15. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	85 340 370	94 840 932
Interest received (trading)	12 936 559	10 878 102
Actuarial gains	-	3 413 060
Other income	82 986 496	1 839 088
Interest received - investment	15 003 055	16 007 311
	196 266 480	126 978 493

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

Taxation revenue

Transfer revenue

Government grants & subsidies	1 502 648 813	1 303 813 770
Public contributions and donations	21 980 000	-
Fines, Penalties and Forfeits	3 834	-
	1 524 632 647	1 303 813 770

16. Service charges

Sale of water	72 866 533	81 909 151
Sewerage and sanitation charges	12 473 837	12 931 781
	85 340 370	94 840 932

17. Investment revenue

Interest revenue

Short term investments	13 594 755	14 336 728
Primary bank account	1 408 300	1 670 583
	15 003 055	16 007 311

18. Grants and subsidies paid

Other subsidies

Sekhukhune District Development Agency Grants	2 556 298	3 622 319
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The municipality did receive, for the 2020/2021 financial year, the conditional and unconditional grants to fund programs with special conditions attached to such funding allocations. The grants are the Municipal Infrastructure Grant, Water Services Infrastructure Grant, Expended Public Works Program, Finance Management Grant and Rural Transport Services Infrastructure Grant. The municipality however did not achieve 100% spending on programs funded by all conditional grant allocations in the current financial year. An application to roll-over the 2020/2021 unspent conditional grants was submitted to the National Treasury for consideration and approval.

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19. Government grants and subsidies

Operating grants

Equitable share	942 825 416	769 247 580
Expanded Public Works Programme Grant (EPWP)	6 294 000	2 665 000
Finance Management Grant (FMG)	2 200 000	1 788 045
Rural Roads Assets Management Grant (RRAMS)	2 309 332	2 062 917
Municipal Disaster Grant	-	766 926
National Department of Labour : SETA	1 201 523	708 098
	954 830 271	777 238 566

Capital grants

Municipal Infrastructure Grant (MIG)	460 140 845	418 108 385
Rural Bulk Infrastructure Grant (RBIG)	58 643 774	69 820 470
Water Services Infrastructure Grant (WSIG)	29 027 423	38 646 349
Government grant (capital) 4	6 500	-
	547 818 542	526 575 204
	1 502 648 813	1 303 813 770

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	555 765 717	534 566 190
Unconditional grants received	942 825 416	769 247 580
	1 498 591 133	1 303 813 770

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	47 086 615	16 168 634
Current-year receipts	466 015 000	465 195 000
Conditions met - transferred to revenue	(460 140 845)	(418 108 386)
Unapproved rolled over funds	(47 086 615)	(16 168 633)
	5 874 155	47 086 615

Conditions still to be met - remain liabilities (see note 11).

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.

Expanded Public Works Programme (EPWP)

Current-year receipts	6 294 000	2 665 000
Conditions met - transferred to revenue	(6 294 000)	(2 665 000)
	-	-

Conditions still to be met - remain liabilities (see note 11).

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.

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19. Government grants and subsidies (continued)

Water Services Infrastructure Grant (WSIG)

Balance unspent at beginning of year	21 353 651	44 877 946
Current-year receipts	53 471 000	60 000 000
Conditions met - transferred to revenue	(29 026 756)	(38 646 349)
Unapproved rolled over funds	(21 353 651)	(44 877 946)
	24 444 244	21 353 651

Conditions still to be met - remain liabilities (see note 11).

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.

Finance Management Grant (FMG)

Balance unspent at beginning of year	653	653
Current-year receipts	2 200 000	1 785 000
Conditions met - transferred to revenue	(2 203 040)	(1 788 040)
Unapproved rolled over funds	(653)	-
	-	653

Conditions still to be met - remain liabilities (see note 11).

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.

Rural Roads Assets Management System Grant (RRAMS)

Balance unspent at beginning of year	369 423	5 340
Current-year receipts	2 310 000	2 427 000
Conditions met - transferred to revenue	(2 310 000)	(2 062 917)
Other	(369 423)	-
	-	369 423

Conditions still to be met - remain liabilities (see note 11).

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.

Municipal Disaster Grant

Balance unspent at beginning of year	127 074	-
Current-year receipts	-	894 000
Conditions met - transferred to revenue	-	(766 926)
Unapproved rolled over funds	(127 074)	-
	-	127 074

Conditions still to be met - remain liabilities (see note 11).

The Municipal Disaster Relief Grant seeks to assist the municipality in responding to all the immediate needs and requirements arising in the unfortunate events of disaster as described in terms of the Disaster Management Act 57 of 2002.

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19. Government grants and subsidies (continued)

Regional Bulk Infrastructure Grant (RBIG)

Current-year receipts	50 506 249	69 820 470
Conditions met - transferred to revenue	(50 506 249)	(69 820 470)
	-	-

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 of 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..

National Department of Labour:SETA

Current-year receipts	1 201 523	708 098
Conditions met - transferred to revenue	(1 201 523)	(708 098)
	-	-

Conditions still to be met - remain liabilities (see note 11).

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.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 03 of 2017), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

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20. Employee related costs

Basic	266 601 242	251 891 919
Medical aid - company contributions	14 111 376	10 558 741
UIF	1 478 266	1 494 963
SDL	2 823 363	2 767 765
Bargaining council	102 880	95 744
Leave pay provision charge	3 270 417	5 269 601
Group life	1 316 805	1 129 576
Pension Fund	39 615 200	38 971 309
Travel, motor car, accommodation, subsistence and other allowances	24 009 378	27 746 159
Overtime payments	32 763 849	36 220 474
Long-service awards	2 840 401	4 159 787
Housing benefits and allowances	2 273 271	2 369 844
Cellphone allowance	1 694 243	1 688 462
Shift and standby allowance	14 240 229	13 305 130
Uniform allowance	91 739	74 550
	407 232 659	397 744 024

Remuneration of municipal manager

Annual Remuneration	1 019 446	660 842
Travel Allowance	100 000	-
Cellphone allowance	26 000	-
Contributions to UIF, Medical and Pension Funds	17 153	90 826
Settlement - Lump Sum	-	735 313
Leave payout	-	67 865
Acting allowance	-	28 512
	1 162 599	1 583 358

The municipality did terminate the services of Ms Maseko N.T as the then municipal manager after a settlement agreement was reached between herself and the municipality and a settlement fee of about R 735 313.00 was paid by the municipality. Mr Mpho Mofokeng, as the then chief finance officer was appointed to act as the municipal manager. The services of Mr Mofokeng were subsequently terminated by the municipal council following the allegations of financial misconduct. Ms Molatelo Mabitsela was then appointed as the acting municipal manager from the 1st of August 2020 until the 31st of August 2020 and an acting allowance was paid to for the one month acting duration.

The municipality did, after the implementation of the recruitment policy, appoint Ms Maureen Ntshudisane as the current municipal manager from the 1st of September 2020.

Remuneration of chief finance officer

Annual Remuneration	609 688	221 895
Travel Allowance	56 000	-
Lumpsum payout - settlement fee	554 138	-
Contributions to UIF, Medical and Pension Funds	79 292	29 407
Cellphone allowance	15 992	13 938
Leave payout	76 728	-
Acting allowance	8 523	-
	1 400 361	265 240

The municipality did terminate the services of Mr Mpho Mofokeng as the chief finance officer of the municipality effectively on the 18th of February 2021 following the allegations of financial misconduct. A settlement agreement was then reached between the municipality and Mr Mofokeng at a cost of about R 554 138.00 to the municipality. Mr Mufamadi Colbert was then appointed as the acting chief finance officer and no acting allowance was paid for the duration of the acting period. The municipality has since been without a permanent chief finance officer with different officials occupying the position in an acting capacity.

Director - Community Services

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20. Employee related costs (continued)

Annual Remuneration	282 625	849 209
Travel Allowance	24 000	-
Performance Bonuses	70 656	68 591
Contributions to UIF, Medical and Pension Funds	22 552	74 989
Other	-	47 061
Cellphone allowance	7 996	-
	1 150 832	1 039 850

Director Community Services

Annual Remuneration	-	604 702
Performance Bonuses	-	74 234
Contributions to UIF, Medical and Pension Funds	-	22 225
Other	-	48 410
Other	-	73 541
	823 112	1 478 647

Director Infrastructure and Water Services

Annual Remuneration	698 165	-
Travell Allowance	100 000	-
Contributions to UIF, Medical and Pension Funds	143 029	-
Cellphone allowance	19 990	-
Other	9 927	-
	971 111	-

The current director for the infrastructure and water services department Mr Matji M.P was appointed on the 1st of September 2020 following the resignation of Mr Masha as the then director of the department.

Director Planning and Economic Development

Annual Remuneration	968 990	969 493
Car Allowance	156 000	156 000
Contributions to UIF, Medical and Pension Funds	126 079	118 236
Other allowance	25 843	82 129
Cellphone allowance	23 988	-
	1 300 900	1 325 858

Chief Audit Executive

Annual Remuneration	-	892 078
Car Allowance	-	90 000
Performance Bonuses	-	65 872
Contributions to UIF, Medical and Pension Funds	-	129 501
Other	149	48 138
Leave payout	102 108	-
	-	1 225 589

The municipality has been without a chief audit executive following the resignation of Mr Marobane N on the 21st of March 2020. Ms Makgolane J is currently occupying the position in an acting capacity. The leave payout of the former chief audit executive Ms Marobane N was paid during the current financial year.

Acting Municipal Manager

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20. Employee related costs (continued)

Acting Allowance	18 093	29 112
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Ms Mabitsela M has acted as the municipal manager from the 1st of August 2020 until the 31st of August 2020 and an acting allowance was paid.

Acting Chief Finance Officer

Acting allowance	9 267	-
Cellphone Allowance	3 998	-
Contributions to UIF, Medical and Pension Funds	173	-
	13 438	-

The municipality has been without a permanent chief finance officer from the 1st of August 2020 following the termination of employment of Mr Mofokeng M as the then chief finance officer. Several officials of the budget and treasury office of the municipality has been occupying the position in an acting capacity. The council resolved on the 7th of May 2021 to second the appointment of Mr Nkadimeng H.L, the deputy chief finance officer of the Makhuduthamaga Local Municipality in the district, as the acting chief finance officer of the municipality.

Acting Director Infrastructure and Water Services

Acting Allowance	-	874 290
Car Allowance	-	38 281
Contributions to UIF, Medical and Pension Funds	-	161 087
	-	1 073 658

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20. Employee related costs (continued)

Acting Chief Audit Executive

Acting Allowance	9 474	145 630
Other	-	4 339
Other	-	4 797
	9 474	154 766

Ms Makgolane J is currently the acting chief audit executive of the municipality and an acting allowance is paid.

Acting Director Community Services

Annual Remuneration	-	342 608
Contributions to UIF, Medical and Pension Funds	-	80 981
Other	-	56 608
	-	480 197

The position of the senior manager for the community services is currently filled on a fixed term contract and no acting allowance was incurred by the municipality in the current financial year

Acting Director Corporate Services

Acting Allowance	14 196	-
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Mr Kabini L is currently the acting senior manager for the corporate services department of the municipality at no cost to the municipality

21. Remuneration of councillors

Executive Major	854 680	821 923
Chief Whip	276 591	594 736
Mayoral Committee Members	6 231 767	6 657 134
Speaker	759 478	760 769
Councillors	6 920 280	6 632 152
	15 042 796	15 466 714

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21. Remuneration of councillors (continued)

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

Executive Mayor: Cllr Ramaila KS

Annual Remuneration	694 573	723 835
Cellphone Allowance	44 400	43 800
Contributions to UIF, Medical and Pension Funds	206 233	54 288
	945 206	821 923

Council Speaker: Cllr Manamela MM

Annual Remuneration	645 384	648 255
Cellphone Allowance	44 400	43 800
Contributions to UIF, Medical and Pension Funds	75 217	48 619
Other	-	20 095
	765 001	760 769

Chief Whip: Cllr Lepota TJ

Annual Remuneration	312 393	326 243
Car Allowance	139 484	188 072
Cellphone Allowance	44 400	32 700
Contributions to UIF, Medical and Pension Funds	27 147	22 957
Other	-	24 764
	523 424	594 736

Mayoral Committee Members

Annual Remuneration	3 485 729	3 415 415
Car Allowance	2 124 547	2 436 155
Cellphone allowance	344 000	373 700
Contributions to UIF, Medical and Pension Funds	341 112	257 407
Other	-	174 457
	6 295 388	6 657 134

22. Depreciation and amortisation

Property, plant and equipment	94 331 387	107 361 215
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23. Impairment of assets

Impairments

Property, plant and equipment	39 654 158	44 550 684
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The municipality has assessed the slow moving projects and immovable assets for existence of impairment conditions. The recoverable amount of the asset was based on its fair value less its value in use.

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	2021	2020
24. Finance costs		
Discounting of provisions	3 618 972	3 991 882
25. Debt impairment		
Debt impairment	-	21 630 741
26. Bulk purchases		
Water	162 186 318	115 165 701
27. Contracted services		
VIP Sanitation	76 969 790	58 983 449
28. General expenses		
Advertising	1 038 181	540 579
Auditors remuneration	5 461 473	6 864 299
Bank charges	380 588	297 281
Cleaning	543 840	-
Computer expenses	8 600	163 365
Consulting and professional fees	28 140 811	42 707 318
Audit committee expenses	545 338	522 524
IT support	3 080 995	1 300 043
Entertainment	90 296	35 573
Accommodation	297 376	373 306
Hire charges	64 814	729 082
Insurance	6 168 451	5 760 586
Workman Compensation fund	4 718 041	130 713
Packaging	-	21 200
Fuel and oil	16 973 207	17 291 141
Printing and stationery	1 613 689	1 195 085
Protective clothing	4 362 986	1 559 888
Security (Guarding of municipal property)	41 688 937	43 785 180
Software expenses	4 347 968	4 031 182
Staff welfare	216 737	25 301
Subscriptions and membership fees	3 627 328	79 468
Telephone and fax	3 217 801	3 857 216
Transport and freight	302 148	(412 630)
Training	1 541 850	1 172 800
Travel - local	304 196	650 238
Electricity	53 158 155	43 172 300
Other expenses	9 110 628	2 540 931
Tankering costs	-	15 529 045
Catering services	1 189 904	787 818
Staff recruitment	23 689	186 119
Meter reading	1 892 081	8 815 341
Bursaries	235 083	695 925
Audio-visual services	1 928 567	4 593 836
	196 273 758	209 002 053

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29. Auditors' remuneration

Fees	5 461 473	5 215 784
Consulting	-	1 648 515
	5 461 473	6 864 299

30. Operating lease

The municipality has entered into the following operating lease agreements as at the end of the current financial year, 30th June 2021.

Leasing of Office Space (Bareki Mall in Groblersdal)

The municipality has initially entered into a lease agreement with Bumazi Properties (pty) Ltd for the leasing of office space at Bareki Mall, the initial lease agreement was subsequently extended by 24 months from the 1st of August 2019 to the 31st of July 2021. The municipality has exercised its option to further extend the leasing of the municipal offices by 12 months from the 1st of August 2021 until the 31st of July 2022.

Leasing of Office Space (Galito's Building in Marble Hall)

The municipality has also entered into another lease agreement with Bouble Barell Security Services cc for some office space in Marble Hall, the initial lease agreement was for a duration of 12 months from the 19th of November 2019 until the 31st of October 2020. The municipality has exercised its option to extend the lease agreement by 12 months from the 1st of November 2020 until the 31st of October 2021.

Leasing of Office Space (Ephraim Mogale Local Municipality)

The municipality entered into a lease agreement with the Ephraim Mogale Local Municipality for the leasing of the office space for a period of 60 months starting from the 1st of February 2017.

Leasing of Office Space (Moutse West)

Another lease agreement was entered into between the municipality and Mr Sedaki Frank Ndala for the leasing of office space in 453 De Beersput. The duration of the lease was for a period of 36 months from the 1st of September 2018 until the 31st of August 2021.

Leasing of Office Space (Makhuduthamaga Satellite Fire Station)

A lease agreement was entered into between the municipality and the Trustees of the Diocese of ST Marks The Evangelist for the leasing of the Makhuduthamaga Satellite Fire Station for a period of twelve months starting from the 1st of December 2019 until the 30th of November 2020. The lease term was extended by 11 months from the 1st of December 2020 until the 31st of October 2021.

Leasing of municipal fleet (Emergency Vehicles)

Another lease agreement was entered into by the municipality and Amasondo Fleet Services for the leasing of emergency vehicles for a period of 36 months effectively from the 13th of February 2016. The lease agreement was partly extended to the 25th of October 2021.

Leasing of Photocopier Machine (8 Photocopier Machines & Manitenance)

A lease agreement was entered into with Anaka Group wherein 8 photocopier machines are leased by the municipality for a period of 36 months with effect from the 1st of May 2021.

There were no future minimum sub-lease payments expected to be received by the municipality as at the 30th of June 2021. The municipality also did not received for the current financial year any minimum sublease payments.

Future minimum lease payments

Not later than one year	1 723 031	35 331 693
Later than one year but not later than five years	1 617 634	8 751 556
	3 340 665	44 083 249

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31. Cash generated from operations

Surplus	623 364 331	362 031 407
Adjustments for:		
Depreciation and amortisation	94 331 387	107 361 215
Impairment loss	39 654 158	44 550 684
Debt impairment	-	21 630 741
Movements in operating lease assets and accruals	499 863	2 094 916
Movements in provisions	3 634 845	(1 812 258)
Donations	(21 980 000)	-
Actuarial gains	5 151 036	-
Provision for landfill written back	-	(12 441 973)
Loss on sale of assets and liabilities	998 642	503 734
Settlement discount	(76 595 446)	-
Bad debts written off	66 913	2 630 289
revaluation loss	(100 000)	-
Changes in working capital:		
Inventories	(886 117)	(9 155 493)
Receivables from exchange transactions	(46 973 745)	(42 217 004)
Other receivables from non-exchange transactions	12 297 542	(4 633 419)
Prepayments	(349 730)	(3 627 328)
Payables from exchange transactions	(1 476 208)	(71 720 220)
VAT	39 003 535	18 803 894
Unspent conditional grants and receipts	(38 619 017)	7 881 798
Consumer deposits	252 964	163 843
	632 274 953	422 044 826

32. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

	At amortised cost	Total
Cash and cash equivalents	237 402 088	237 402 088
Receivables from exchange transactions	43 291 823	43 291 823
Receivables from non-exchange transactions	148 346 770	148 346 770
Residual interest in Sekhukhune Development Agency	1 000	1 000
	429 041 681	429 041 681

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	(328 628 171)	(328 628 171)

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32. Financial instruments disclosure (continued)

2020

Financial assets

	At amortised cost	Total
Loans to economic entities	1 000	1 000
Trade and other receivables from exchange transactions	124 776 059	124 776 059
Other receivables from non-exchange transactions	55 589 365	55 589 365
Cash and cash equivalents	62 380 477	62 380 477
	242 746 901	242 746 901

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	(428 931 928)	(428 931 928)

33. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	348 083 252	606 957 466
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Not yet contracted for and authorised by accounting officer

• Property, plant and equipment	-	182 502 923
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Total capital commitments

Already contracted for but not provided for	348 083 252	606 957 466
Not yet contracted for and authorised by accounting officer	-	182 502 923
	348 083 252	789 460 389

Authorised operational expenditure

Already contracted for but not provided for

• Goods and services	3 665 918	5 567 101
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Total operational commitments

Already contracted for but not provided for	3 665 918	-
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Total commitments

Total commitments

Authorised capital expenditure	348 083 252	789 460 389
Authorised operational expenditure	3 665 918	-
	351 749 170	789 460 389

This committed expenditure relates to property, plant and equipment and will be financed by available bank facilities, retained surpluses, and government grants.

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34. Contingencies

Sekhukhune District Municipality vs APS MP (pty) Ltd

The matter between the municipality and APS MP (pty) Ltd was a result of the misinterpretation of the two cession agreements signed in by the two parties on the 31st of January 2013 and 27th February 2013. APS MP (pty) Ltd is claiming from the municipality damages to the value of R 1 905 887.40. The pleadings have been exchanged between the two parties, and the matter currently awaits trial.

Sekhukhune District Municipality vs Concerned Residents of Flag Boshielo

The residents of Flag Boshielo did make an application to the High Court in Pretoria by means of a notice motion of an order directing the municipality to immediately provide a minimum of 25 litres of free basic water per person to all residents of Elandskraal, Morarela, Mbuzini, Dichoeung and Tsantsabela villages. There was a contempt of court that was brought on an urgent application against the municipality on the 14th of September 2017, the application was dismissed on the basis that the minister of water affairs must respond to the court orders granted against the municipality, currently the municipality awaits a ruling based on the monthly affidavits submitted.

Sekhukhune District Municipality vs Hexagon Technologies and Project Enterprises

Hexan Technologies and Project Enterprises claims damages of about R 7 421 365.80 from a breach of contract by the municipality in respect of a project for the construction of the VIP toilets around areas of Makhuduthamaga, Fetakgomo, as per the plaintiff the damages were as a result of the failure by the municipality to make payments in terms of the contract price adjustments, the municipality denies the claims and liabilities from the company with amendments to its pleadings, judgment is currently pending on the matter.

Sekhukhune District Municipality vs Magohlo

The plaintiff claims R 820 000.00 in compensation for injuries sustained due to the municipality's alleged negligence in that there was a hole during the construction of a road in Jane Furse which was unsecured and marked. A notice of intention to defend has been served by the municipality. The plaintiff has requested for the discovery of documents and a discovery affidavit was filed and the matter may be set down for trial at any time.

Sekhukhune District Municipality vs Mophamo Kobuhla JV

The plaintiff claims that the municipality is indebted to it in the sum of R 19 566 832.74 for the Moutse East and West Bulk Water Supply awarded tender. The municipality denies the liability on this claim as it did not enter into any contractual agreement with Mophamo Kobuhla JV on this particular tender. The municipality has filed a notice of intention to defend the matter and delivered request for discovery of documents on which the claim is based by the plaintiff. The municipality is currently awaiting discovery affidavit from the plaintiff after which the matter will be enrolled for trial.

Contingent assets

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 entity.

The municipality is currently engaged in a litigation process to recover a total amount of R 22 210 223.00 from contractors whom the guarantees which were declared invalid or fraudulent by the Standard Bank were received and used by the municipality during the processes of awarding the bids to such contractors.

The result of the litigation process could not be determined with certainty by the 30th of June 2021, however the status of the court proceedings provide evidence of circumstances which might possibly assist the court to rule in favour of the municipality.

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35. Related parties

Relationships

Accounting Officer

Controlled entities

Local government controlling body

Members of the municipal council

Members of key management

Municipal Manager

Sekhukhune Development Agency

South African Local Government Association

Refer to note 22

Refer to note 21

Related party balances

Annual membership fees

South African Local Government Association

3 977 058

3 627 328

Transfers and Subsidies

Sekhukhune Development Agency

5 176 753

4 200 000

Members of key management

Municipal Manager: Ms Ntshudisane M

1 162 599

1 583 358

Chief Financial Officer: Mr Mofokeng M

1 400 361

265 240

Senior Manager Corporate Services: Mr Lekgoro PS

407 829

1 039 850

Senior Manager Infrastructure and Water Services: Mr Matji M

962 112

-

Senior Manager Community Services: Mr Masemola S

1 150 832

823 112

Senior Manager Planning and Economic Development: Ms Mabitsela M

1 318 993

1 325 858

Chief Audit Executive: Mr Marobane N

102 257

1 225 589

Acting Chief Financial Officer: Mr Nkadimeng HL

13 438

-

Acting Senior Manager Corporate Services: Mr Kabini L

14 196

-

Acting Chief Audit Executive: Ms Makgolane R

9 474

-

Remuneration of councillors 2020/2021

	Annual remuneration	Travel allowance	Cellphone allowance	Pension, Medical, UIF, SDL	Sitting allowance	Total
Cllr Ramaila KS (Executive Mayor)	694 573	-	44 400	206 233	-	945 206
Cllr Manamela MM (Council Speaker)	645 383	-	44 400	75 217	-	765 000
Cllr Mokganyetji M (Chief Whip)	312 393	139 484	44 400	27 147	-	523 424
Cllr Mahlangu B	462 817	384 214	44 400	40 220	-	931 651
Cllr Nchabeleng T	242 348	163 424	23 566	29 356	-	458 694
Cllr Matlala M	462 817	195 456	44 400	39 824	-	742 497
Cllr Nkosi S	462 817	364 654	44 400	40 361	-	912 232
Cllr Mmakola M	534 758	107 970	44 400	45 265	-	732 393
Cllr Mafele O	307 533	183 332	44 400	65 282	-	600 547
Cllr Mogofe M	33 085	18 650	7 400	2 954	-	62 089
Cllr Sefela R	422 214	207 733	44 400	72 217	-	746 564
Cllr Manganeng M	259 038	283 523	40 800	22 495	-	605 856
Cllr Mnisi S	259 038	215 591	40 800	22 401	-	537 830
Cllr Maila S	198 511	171 533	44 300	17 513	-	431 857
Cllr Matsetela M	198 511	172 264	44 300	17 557	-	432 632
Cllr Moimana M	198 511	120 047	44 300	17 277	-	380 135
Cllr Mtsweni B	198 511	74 700	44 300	17 254	-	334 765
Cllr Phala M	-	37 027	20 400	334	34 197	91 958
Cllr Motlale M	-	42 353	20 400	341	39 712	102 806
Cllr Mehlope S	-	52 542	20 400	402	41 920	115 264
Cllr Mahlangu J	-	30 093	20 400	297	29 784	80 574
Cllr Makeke G	-	74 190	20 400	358	41 919	136 867
Cllr Mosotho M	-	-	20 400	181	3 310	23 891
Cllr Mathebe C	-	14 826	10 200	98	9 927	35 051
Cllr Mabatane M	13 399	5 093	20 400	282	-	39 174
Cllr Rankoe T	90 587	33 955	20 400	925	-	145 867
Cllr Dolamo M	10 440	59 187	20 400	273	-	90 300

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35. Related parties (continued)

Cllr Thokoane M	10 440	-	20 400	257	-	31 097
Cllr Madutlela K	10 440	47 433	20 400	317	-	78 590
Cllr Diale M	10 440	117 344	20 400	520	-	148 704
Cllr Nkadimeng L	10 440	60 213	20 400	299	-	91 352
Cllr Matlala F	13 399	17 250	20 400	301	-	51 350
Cllr Ranoto P	13 399	10 577	20 400	291	-	44 667
Cllr Sebothoma R	10 440	90 651	20 400	491	-	121 982
Cllr Phaladi R	276 468	147 028	44 320	23 749	-	491 565
Cllr Mabelane M	80 147	122 950	20 400	881	-	224 378
Cllr Mamogale M	-	155 251	20 400	805	56 260	232 716
Cllr Maisela R	13 358	-	20 400	414	24 270	58 442
Cllr Kgapola M	80 147	50 513	20 400	859	-	151 919
Cllr Radigoana M	13 357	98 189	20 400	491	43 023	175 460
Cllr Mokgotho L	-	162 607	20 400	678	62 879	246 564
Cllr Malapane S	-	88 970	20 400	456	31 990	141 816
Cllr Mamokgopa L	-	64 358	20 400	367	25 373	110 498
Cllr Makola J	-	79 762	20 400	644	34 198	135 004
Cllr Makofane I	-	183 196	20 400	1 174	60 673	265 443
Cllr Makua M	-	71 028	20 400	413	56 260	148 101
Cllr Motseni N	10 440	59 199	20 400	329	-	90 368
Cllr Maloka M	10 440	28 961	20 400	260	-	60 061
Cllr Moloko M	198 511	109 390	44 300	17 259	-	369 460
Cllr Mashabela M	-	79 270	20 400	412	47 435	147 517
Cllr Ramautswa K	198 511	69 470	44 400	17 252	-	329 633
Cllr Matsepe C	-	3 778	-	50	9 929	13 757
Cllr Matseke R	82 713	54 107	18 500	7 426	-	162 746
	7 050 374	5 123 336	1 463 086	838 459	653 059	15 128 314

Remuneration of councillors 2019/2020

	Annual remuneration	Travel allowance	Cellphone allowance	Pension, Medical, UIF, SDL	Sitting allowance	Total
Cllr Ramaila K.S (Executive Mayor)	723 835	-	43 800	180 692	-	948 327
Cllr Manamela M.M (Council Speaker)	648 254	-	43 800	75 350	-	767 404
Cllr Lepota T.J (Chief Whip)	326 243	188 072	32 700	52 539	-	599 554
Cllr Mahlangu M	464 466	410 261	43 800	41 581	-	960 108
Cllr Nchabeleng T	445 773	364 738	43 800	60 069	-	914 380
Cllr Matlala M	464 467	275 979	43 800	41 161	-	825 407
Cllr Nkosi S	464 467	357 826	43 800	41 711	-	907 804
Cllr Mmakola M	491 271	161 484	43 800	42 783	-	739 338
Cllr Mafeke O	256 262	157 335	44 380	51 272	-	509 249
Cllr Sefala R	424 604	234 732	43 800	72 656	-	775 792
Cllr Manganeng M	259 957	333 321	40 800	23 374	-	657 452
Cllr Mnisi S	259 958	233 371	40 800	23 073	-	557 202
Cllr Maila S	199 207	172 461	44 280	18 150	-	434 098
Cllr Matsetela M	199 207	166 142	44 280	18 031	-	427 660
Cllr Moimana M	199 207	120 999	44 280	17 861	-	382 347
Cllr Mtshweni B	199 207	75 416	44 280	17 788	-	336 691
Cllr Phala M	-	26 221	20 400	336	22 064	69 021
Cllr Motlale M	-	42 857	20 400	364	31 993	95 614
Cllr Mehlape S	-	40 538	20 400	418	27 580	88 936
Cllr Mahlangu J	-	26 726	20 400	324	22 064	69 514
Cllr Makeke G	-	41 805	20 400	351	26 478	89 034
Cllr Mosotho M	-	34 831	20 400	394	17 652	73 277
Cllr Mathebe C	-	28 651	20 400	357	23 167	72 575
Cllr Mabatane M	13 399	20 922	20 400	364	-	55 085
Cllr Rankoe T	90 587	21 970	20 400	1 117	-	134 074
Cllr Dolamo M	10 440	3 639	20 400	313	-	34 792

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35. Related parties (continued)

Cllr Thokoane M	10 440	-	20 400	309	-	31 149
Cllr Madutlela K	10 440	30 801	20 400	395	-	62 036
Cllr Diale M	10 440	39 547	20 400	422	-	70 809
Cllr Nkadimeng L	10 440	35 431	20 400	371	-	66 642
Cllr Matlala F	13 399	15 079	20 400	367	-	49 245
Cllr Sebothoma R	10 440	66 546	20 400	528	-	97 914
Cllr Phaladi R	251 732	69 067	42 290	21 716	-	384 805
Cllr Mabelane M	67 302	96 016	20 400	1 032	7 426	192 176
Cllr Mamogale M	-	102 810	20 400	728	37 510	161 448
Cllr Maisela R	-	-	20 400	298	18 755	39 453
Cllr Kgapola M	80 147	73 592	20 400	1 086	-	175 225
Cllr Radingwana M	-	42 749	20 400	395	35 303	98 847
Cllr Mokgotho L	-	79 248	20 400	587	33 097	133 332
Cllr Malapane S	-	145 482	20 400	760	29 787	196 429
Cllr Mamokgopa L	-	89 835	20 400	551	19 857	130 643
Cllr Makola J	-	63 155	20 400	486	23 168	107 209
Cllr Makofane I	-	129 298	20 400	1 066	38 613	189 377
Cllr Makua M	-	29 478	20 400	343	26 477	76 698
Cllr Motseni N	10 440	50 212	20 400	419	-	81 471
Cllr Maloka M	10 440	10 583	20 400	321	-	41 744
Cllr Moloko M	182 601	89 253	40 590	16 338	-	328 782
Cllr Mashabela M	-	53 671	17 000	362	25 374	96 407
Cllr Ramautswa K	122 065	40 524	25 900	10 867	-	199 356
Cllr Mokganyetji M	157 631	70 623	33 300	14 062	-	275 616
Cllr Sihlangu T	37 216	23 916	3 400	4 770	-	69 302
Cllr Mamekoa R	20 243	23 706	3 690	4 492	-	52 131
Cllr Mhlanga C	74 662	113 517	17 097	7 222	-	212 498
Cllr Ranoto P	13 399	14 015	20 400	361	-	48 175
	7 234 288	5 138 451	1 481 467	873 083	466 365	15 193 654

Sekhukhune District Municipality

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Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

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36. Prior-year adjustments

The municipality did process the following prior period adjustments in the 2019/2020 financial year:

Expenditure recognized inclusive of VAT

The expenditure on the invoices recognized as accruals by the 30th of June 2020 was erroneously recognized into the general ledger inclusive of VAT to the amount of R 7 682 372.03. The error was corrected retrospectively through a prior period journal in the 2019/2020 financial year. The 2019/2020 expenditure was reduced by this amount, VAT input increased by the same amount, the accumulated surplus was also adjusted accordingly.

Disclosure on Commitments

The amounts disclosed as commitments in the 2019/2020 annual financial statements did differ with the commitment register as provided by management for audit purposes. The total contracted commitments amount of capital projects was erroneously disclosed as R 606 957 466.00 in the 2019/2020 annual financial statements, the error was corrected retrospectively by disclosing a correct amount of R 635 536 376.00 through an adjustment in the disclosure note on commitments for the prior year as audited.

Regional Bulk Infrastructure Grant

The reconciliation of the amounts received and spent for the implementation of the capital infrastructure projects funded through the Regional Bulk Infrastructure Grant was disclosed incorrectly. The reconciliation was corrected with no amounts disclosed as unspent grants as at the 30th of June 2021. The grant is an allocation In-kind to the municipality through the Department of Water and Sanitation as the administrator of the grant.

Reversal of VAT input

An incorrect journal entry was passed into the VAT input general ledger in the 2019/2020 financial year to the amount of R 1 927 283.05. The error was corrected retrospectively through a reversal of the incorrect journal initially processed.

Misclassification - General Expenses

The expenditure on the acquisition of computer equipment to the amount of R 151 627.06 was erroneously recognised as general expenses in the 2019/2020 financial year. The effect of the error was an overstatement of the total operational expenditure and understatement of the property, plant and equipment as disclosed in the annual financial statements. The error was corrected retrospectively by reducing the general expenses and recognising the two computer items as property, plant and equipment in the 2019/2020 financial year.

Misclassification - Repairs and Maintenance

The expenditure incurred on the acquisition of items of property, plant and equipment to the amount of R 2 308 313.79 was incorrectly recorded and disclosed as repairs and maintenance expenditure in the 2019/2020 annual financial statements. The effect of the error was an overstatement of the total operational expenditure and understatement of the property, plant and equipment as disclosed in the annual financial statements. The error was corrected retrospectively by reducing the repairs and maintenance expenditure and recognizing the items of property, plant and equipment in the 2019/2020 financial year.

Misclassification - Bulk Water Purchases

The expenditure incurred on the acquisition of items of property, plant and equipment to the amount of R 4 380 237.99 was incorrectly recorded and disclosed as bulk water purchases in the 2019/2020 financial year. The effect of the error was an overstatement of the total operational expenditure and understatement of the property, plant and equipment as disclosed in the annual financial statements. The error was corrected retrospectively by reducing the bulk water expenditure and recognizing the items of property, plant and equipment in the 2019/2020 financial year.

Disposal of Assets

The municipality did disclose, for the 2019/2020 financial year the property, plant and equipment note inclusive of a server that was in a poor condition and should have been derecognized. The effect of the error was an overstatement of the property, plant and equipment and understatement of the total operational expenditure in the 2019/2020 financial year. The error was corrected retrospectively by derecognizing the server and reporting a loss on disposal in the 2019/2020 financial year.

VAT Receivables

The VAT input on three capital payments was different to the VAT amounts as per the invoices. The effect of the error was an overstatement of the VAT receivables amount and accumulated surplus by an amount of R 5 804 666.62 combined. The error was corrected retrospectively by reducing the VAT input in the 2019/2020 financial year.

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36. Prior-year adjustments (continued)

Accruals

The accrual listing for the 2019/2020 financial year was understated by the omission of the two outstanding invoices to the value of R 1 976 229.40 as at the 30th of June 2020. The effect of the error was an understatement of the payables from exchange transactions and the understatement of the total operational expenditure and property, plant and equipment in the 2019/2020 financial year. The error was corrected retrospectively by increasing the trade payables from exchange transactions and increasing the total operational expenditure, the acquired pump was also recognized as an asset in the prior year.

Inventory

The municipality did incorrectly disclose some of the inventory items as expenditure in the statement of financial performance for the 2019/2020 financial year. The inventory module currently recognizes the transfer of inventory items from the main store to the sub-stores as expenditure in a form of inventory issues, some of these items were not issued or consumed at the sub-stores but correctly accounted and reported as inventory as at the 20th of June 2020. There were no year end journals processed to reverse the expenditure on such issues as at the end of the 2019/2020 financial year, as a result the expenditure was overstated and inventory understated by the value of such inventory items.

Water Inventory Losses

The calculation for the water inventory losses as disclosed in the 2019/2020 annual financial statements was incorrectly overstated by R 1 902 276.00. The error was corrected retrospectively through a prior period journal.

Misclassification - Repairs and Maintenance

The repairs and maintenance expenditure for the 2019/2020 financial year incorrectly included an amount of R 9 279 026.97 for the acquisition of items of property, plant and equipment. The repairs and maintenance expenditure was overstated and the carrying value of the property, plant and equipment was understated.

Mistatement - Depreciation

The total amount of the expenditure on depreciation for the 2019/2020 financial year was understated by R 6 763 168.27 being the depreciation on the items of property, plant and equipment which were incorrectly recorded and disclosed as work in progress, repairs and maintenance. The error was corrected retrospectively.

Mistatement - Accumulated Depreciation

The total amount of the expenditure on accumulated depreciation for the 2019/20 opening balance was understated by R 14 174 722.94 being the depreciation for the capital projects which were completed in the prior but not yet transferred out of the WIP.

Mistatement - Cost

Some projects were erroneously recorded and disclosed as WIP in the 2019/2020 financial year at an amount of R 3 524 244.49. It was discovered through the physical verification processes that these were not capital projects and instead they should have been expensed. The error was corrected retrospectively.

Completed projects were disclosed as Work In Progress instead of being capitalized

Projects were erroneously recorded and disclosed as WIP in the 2019/2020 financial year at an amount of R 226 193 726.45. It was discovered through the physical verification processes that these projects were completed and were not capitalized in their respective years.

Workman Compensation fund

In the prior year trade payables were understated due to mistatement on the Workman Compensation fund. Correction the error resulted in increase in payables by R 19 233 038, Increase in general expenses by R 3 174 011.

Related Party Transactions

In the prior year the related party transactions were mistated by the omission of the remuneration of councillors, SALGA annual membership fee and the employee related cost of the section 57 employees to a total of R 29 283 193.00. The error was corrected through an adjustment to the related party note in the prior year.

Bulk Water Supply

Settlement of the bulk water supply discount as per the memorandum of understanding between the municipality and the Lepelle Northern Water signed for implementation in the 2019/20 financial year to the amount of R 29 273 225.18 was

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36. Prior-year adjustments (continued)

incorrectly recorded and reported in the 2020/21 financial year. The error was corrected through a journal in the prior year.

37. 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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

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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37. 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.

38. Going concern

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

The ability of the municipality to continue as a going concern is dependent on continued funding by National Treasury as per the DORA over MTREF period. Therefore, there are no reasons to believe that funding may be stopped in the foreseeable future.

39. 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. 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 those that are indicative of conditions that arose after the reporting date as the non-adjusting events after the reporting date.

No events were reported between the reporting date and the date the annual financial statements were authorized for issue.

40. Unauthorised expenditure

Opening balance as previously reported	398 303 183	248 904 203
Opening balance: Restated	398 303 183	248 904 203
Add: Unauthorized expenditure - current year	11 782 032	149 398 980
Closing balance	410 085 215	398 303 183

The municipality did incur in total, for the 2020/2021 financial year, an amount of R 11 782 032 in unauthorized expenditure as at the end of the financial year. R 3 486 061.65 of the total expenditure is an overspending on the municipality's legal fees in a form of the court summons which were not budgeted for in the financial year. R 8 295 970.32 was also the overspending on fuel consumption for the municipal fleet.

41. Fruitless and wasteful expenditure

Opening balance as previously reported	46 222 760	28 089 166
Opening balance: Restated	46 222 760	28 089 166
Add: Fruitless and wasteful expenditure - current year	344 154	18 591 126
Closing balance	46 425 661	46 222 760

The municipality did incur, for the 2020/2021 financial year, an amount of R 344 154.00 in fruitless and wasteful expenditure. The reported expenditure amount comprises of the fraudulent payments which were discovered and reported during the financial year. Investigations are currently being conducted by the financial misconduct board of the municipality. The cases were also reported to the South African Police Services for investigation and full recovery of the monies involved.

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42. Irregular expenditure

Opening balance	987 512 656	819 876 397
Add: Irregular Expenditure - current year	-	167 636 259
Opening balance: Restated	987 512 656	987 512 656
Less: Amounts recoverable (not condoned)	214 237 255	167 636 259
Closing balance	1 201 749 911	987 512 656

Details of irregular expenditure – current year

43. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	3 977 058	3 627 328
Amount paid - current year	(3 977 058)	(3 627 328)
	-	-

Material losses (Water distribution)

Current year water loss in kilolitres	12 224 655	10 547 557
Amount paid - current year	90 751 416	51 623 011

Audit fees

Current year fees	5 228 629	6 077 278
Amount paid - current year	(5 228 629)	(6 077 278)
	-	-

PAYE and UIF

Current year subscription / fee	79 574 576	68 975 502
Amount paid - current year	(79 649 216)	(68 975 502)
	(74 640)	-

Pension and Medical Aid Deductions

Current year subscription / fee	83 930 675	80 679 826
Amount paid - current year	(83 874 453)	(80 675 178)
	56 222	4 648

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43. 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 2021:

30 June 2021	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr Matsetela ML	3 391	1 618	5 009
Cllr Matseke RT	646	11 723	12 369
	4 037	13 341	17 378

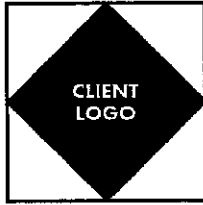
30 June 2020	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr Nchabeleng TL	155	52	207
Cllr Matsetela ML	2 312	703	3 015
	2 467	755	3 222

44. Deviation from supply chain management regulations

Section 36 of the Municipal Supply Chain 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 in (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 compile, (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.

The municipality did incur the following expenditures in line with section 36 of the Municipal Supply Chain Regulations during the 2020/2021 financial year.

Description		
Deviation as per section 36(1)(i) of the SCM regulations	1 799 750	884 150
Deviation as per section 36(1)(ii) of the SCM regulations	55 520	47 914
Deviation as per section 36(1)(v) of the SCM regulations	4 317 235	1 750
	6 172 505	933 814



Sekhukhune Development Agency
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Auditor General South Africa
Registered Auditors

Sekhukhune Development Agency

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General Information

Legal form of entity	State Owned Company-Municipal Entity 2011/002272/30
Nature of business and principal activities	Municipal entity to implement high impact economic projects Mr Kgopelo Phasha
Board Chairperson	Mr Landiwe Mahlangu
Other Board Members	Mr Victor Madulo Mampuru Mr Kwanele Mahlangu Ms Marcia Blake Mr Steven Masemola Ms Mantwa Makanyane Ms Maureen Ntshudisane (Resigned)
Registered office	Bareki Mall Groblersdal 0470
Controlling entity	Sekhukhune District Municipality
Bankers	ABSA
Auditors	Auditor General South Africa Registered Auditors
Rounding	All figures are rounded off to R1

Sekhukhune Development Agency

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Annual Financial Statements for the year ended 30 June 2021

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

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of Southern Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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Annual Financial Statements for the year ended 30 June 2021

's Responsibilities and Approval

The accounting officer are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements 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 acknowledge that they are ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 5 to 28, which have been prepared on the going concern basis, were approved on 31 August 2021 by:

Accounting Officer
Kgopela Phasha

Sekhukhune Development Agency

(Registration number 2011/002272/30)

Annual Financial Statements for the year ended 30 June 2021

Audit Committee Report

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

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. The committee held 4 ordinary and 3 special audit committee meetings during the 2020/21 financial year.

Name of member	Number of meetings attended
Mr M Mokwele (Chairperson from 01/04/2020)	6
Ms M Ndlovu CA (SA)	7
Ms M Mothelesi (From 01/04/2020)	7
Mr M Mathabathe	7

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 and the Division of Revenue Act.

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 ;
- 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 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.

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

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Annual Financial Statements for the year ended 30 June 2021

's Report

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

1. Review of activities

Main business and operations

Net surplus of the municipality was R 2 639 (2020: surplus R 251 052).

The entity is engaged in implementing high impact economic projects and operates principally in South Africa (Limpopo province) Sekhukhune District.

2. Going concern

We draw attention to the fact that at 30 June 2021, the municipality had accumulated deficits of R 1 607 599 and that the municipality's total liabilities exceed its assets by R 1 608 599.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality and that the subordination agreement referred to in note 21 of these annual financial statements will remain in force for so long as it takes to restore the solvency of the municipality.

3. Subsequent events

The Municipal Public Accounts Committee (MPAC) resolved after year end that an amount of R95 146 irregular expenditure be paid back to the municipality.

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

4. Share capital / contributed capital

There were no changes in the authorised or issued share capital of the municipality during the year under review.

Sekhukhune Development Agency

(Registration number 2011/002272/30)

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

Figures in Rand

	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Receivables from non-exchange transactions	5	-	12 946
Cash and cash equivalents	6	1 467 490	1 586 830
		1 467 490	1 599 776
Non-Current Assets			
Property, plant and equipment	3	1 120 507	1 309 295
Intangible assets	4	-	7
		1 120 507	1 309 302
Total Assets		2 587 997	2 909 078
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	237 485	441 865
Unspent conditional grants and receipts	8	741 913	861 253
		979 398	1 303 118
Total Liabilities		979 398	1 303 118
Net Assets		1 608 599	1 605 960
Share capital / contributed capital	7	1 000	1 000
Accumulated surplus		1 607 599	1 604 960
Total Net Assets		1 608 599	1 605 960

* See Note 24

Sekhukhune Development Agency

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Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

Figures in Rand

	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Other income 1		-	258 195
Revenue from non-exchange transactions			
Taxation revenue			
Other taxation revenue 2		60 804	20 930
Transfer revenue			
Government grants & subsidies	13	2 711 921	4 213 740
Total revenue from non-exchange transactions		2 772 725	4 234 670
Total revenue	10	2 772 725	4 492 865
Expenditure			
Employee related costs	14	(1 445 295)	(2 465 043)
Administration	15	(122 966)	(439 545)
Depreciation and amortisation	16	(32 954)	(44 817)
Bad debts written off		(12 946)	-
General Expenses	18	(1 000 084)	(1 276 235)
Total expenditure		(2 614 245)	(4 225 640)
Loss on disposal of assets and liabilities		(7)	(16 173)
Impairment loss		(155 834)	-
		(155 841)	(16 173)
Surplus for the year		2 639	251 052

* See Note 24

Sekhukhune Development Agency

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Annual Financial Statements for the year ended 30 June 2021

Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Accumulated surplus	Total net assets
Balance at 01 July 2019	1 000	1 353 908	1 354 908
Changes in net assets			
Surplus for the year	-	251 052	251 052
Total changes	-	251 052	251 052
Restated* Balance at 01 July 2020	1 000	1 604 960	1 605 960
Changes in net assets			
Surplus for the year	-	2 639	2 639
Total changes	-	2 639	2 639
Balance at 30 June 2021	1 000	1 607 599	1 608 599
Note(s)	7		

* See Note 24

Sekhukhune Development Agency

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Annual Financial Statements for the year ended 30 June 2021

Cash Flow Statement

Figures in Rand

	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Grants		2 592 581	3 531 494
Other receipts		-	1 950 655
		2 592 581	5 482 149
Payments			
Cash paid to suppliers and employees		(2 711 921)	(4 096 520)
Net cash flows from operating activities	19	(119 340)	1 385 629
Cash flows from investing activities			
Purchase of property, plant and equipment	3	-	(100 549)
Net increase/(decrease) in cash and cash equivalents		(119 340)	1 285 080
Cash and cash equivalents at the beginning of the year		1 586 830	301 750
Cash and cash equivalents at the end of the year	6	1 467 490	1 586 830

* See Note 24

Sekhukhune Development Agency

(Registration number 2011/002272/30)

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from non-exchange transactions						
Taxation revenue						
Other income	-	-	-	60 804	60 804	
Transfer revenue						
Government grants & subsidies	4 524 645	-	4 524 645	2 711 921	(1 812 724)	Note 30.1
Total revenue from non-exchange transactions	4 524 645	-	4 524 645	2 772 725	(1 751 920)	
Expenditure						
Employee related costs	(3 141 945)	-	(3 141 945)	(1 445 295)	1 696 650	Note 30.2
Board Fees	(816 000)	-	(816 000)	(122 966)	693 034	Note 30.3
Depreciation and amortisation	-	-	-	(32 954)	(32 954)	
Impairment loss/ Reversal of impairments	-	-	-	(155 834)	(155 834)	
Bad debts written off	-	-	-	(12 946)	(12 946)	
General Expenses	(997 059)	-	(997 059)	(1 000 084)	(3 025)	Note 30.4
Total expenditure	(4 955 004)	-	(4 955 004)	(2 770 079)	2 184 925	
Operating surplus	(430 359)	-	(430 359)	2 646	433 005	
Loss on disposal of assets and liabilities	-	-	-	(7)	(7)	
Surplus before taxation	(430 359)	-	(430 359)	2 639	432 998	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(430 359)	-	(430 359)	2 639	432 998	

Reconciliation

Sekhukhune Development Agency

(Registration number 2011/002272/30)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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.

1.1 Presentation currency

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

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for the foreseeable future.

1.3 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:

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note - Provisions.

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.

Sekhukhune Development Agency

(Registration number 2011/002272/30)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.4 Property, plant and equipment (continued)

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	10 years
Office equipment	Straight line	5 years
IT equipment	Straight line	5 years
Communication equipment	Straight line	15 years

The residual value, the useful life and depreciation methods of each asset are reviewed at the end of each reporting date. If expectations differ from previous estimates the change is accounted for as a change in the accounting estimates.

1.5 Intangible assets

An intangible asset is recognised when:

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

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

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

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

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

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

Intangible assets are derecognised:

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

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.

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.

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.

Sekhukhune Development Agency

(Registration number 2011/002272/30)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.6 Financial instruments (continued)

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 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.

1.7 Receivables from exchange transactions

Receivables from exchange transactions are stated at the nominal value as reduced by appropriate allowances for 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 Payables from exchange transactions

Payables from exchange transactions are stated at their nominal value. The carrying amount of these payables approximates fair value due to the short period to maturity of these instruments.

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call accounts with banks and short-term money market instruments. Cash and cash equivalents are measured at amortised cost.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above net of outstanding bank overdrafts.

1.10 Share capital / contributed capital

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

Sekhukhune Development Agency

(Registration number 2011/002272/30)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.11 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.

1.12 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

1.13 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.

Rendering of services

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

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

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

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

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

Sekhukhune Development Agency

(Registration number 2011/002272/30)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.14 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the 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 is measured at the 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 municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality 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 for 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 restriction 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-imburement 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 municipality;
- the amount of the revenue 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.

1.15 Comparative figures

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

1.16 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.

Sekhukhune Development Agency

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Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.17 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.

1.18 Irregular expenditure

Where 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 or accounting authority 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.

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.

1.19 Budget information

The 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.

General purpose financial reporting by municipality 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.

1.20 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

1.21 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).

Sekhukhune Development Agency

(Registration number 2011/002272/30)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.21 Events after reporting date (continued)

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 Development Agency

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Annual Financial Statements for the year ended 30 June 2021

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2020

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
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2.2 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
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2.3 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
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Sekhukhune Development Agency

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Annual Financial Statements for the year ended 30 June 2021

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3. Property, plant and equipment

	2021		2020	
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Cost/ Valuation	Accumulated depreciation and accumulated impairment
Land	900 000	-	900 000	-
Buildings	300 000	(227 004)	72 996	(63 279)
Furniture and fixtures	78 270	(70 749)	7 521	(69 913)
Office equipment	45 304	(45 297)	7	(45 295)
IT equipment	200 472	(120 802)	79 670	(100 885)
Communication equipment	161 404	(101 091)	60 313	(96 783)
Total	1 685 450	(564 943)	1 120 507	(376 155)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Depreciation	Impairment loss	Total
Land	900 000	-	-	900 000
Buildings	236 721	(7 891)	(155 834)	72 996
Furniture and fixtures	8 357	(836)	-	7 521
Office equipment	9	(2)	-	7
IT equipment	99 587	(19 917)	-	79 670
Communication equipment	64 621	(4 308)	-	60 313
	1 309 295	(32 954)	(155 834)	1 120 507

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Land	900 000	-	-	-	900 000
Buildings	246 721	-	-	(10 000)	236 721
Furniture and fixtures	15 747	-	-	(7 390)	8 357
Office equipment	33	-	-	(24)	9
IT equipment	31 811	100 549	(16 130)	(16 643)	99 587
Communication equipment	75 381	-	-	(10 760)	64 621
	1 269 693	100 549	(16 130)	(44 817)	1 309 295

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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.

4. Intangible assets

	2021		2020	
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Cost / Valuation	Accumulated amortisation and accumulated impairment
Computer software, other	-	-	7	-

Sekhukhune Development Agency

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4. Intangible assets (continued)

Reconciliation of intangible assets - 2021

	Opening balance	Disposals	Total
Computer software, other	7	(7)	-

Reconciliation of intangible assets - 2020

	Opening balance	Total
Computer software, other	7	7

5. Receivables from non-exchange transactions

Employee receivables	-	12 946
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6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	1 467 490	1 586 830
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7. Share capital / contributed capital

Authorised

Ordinary shares	1 000	1 000
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Issued

Ordinary	1 000	1 000
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8. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Industrial Development Corporation (IDC)	741 913	861 253
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IDC

Balance at the beginning of the year	861 253	1 526 829
Income recognition during the year	(119 340)	(665 576)
	741 913	861 253

9. Payables from exchange transactions

Trade payables	13 499	13 499
Leave accrual	148 209	220 999
Other accrued expenses	-	46 508
Other payables	24 114	116 521
Bonus provision	51 663	44 338
	237 485	441 865

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Annual Financial Statements for the year ended 30 June 2021

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10. Revenue

Sundry income	-	258 195
Other income	60 804	20 930
Government grants & subsidies	2 711 921	4 213 740
	2 772 725	4 492 865

The amount included in revenue arising from exchanges of goods or services are as follows:

Sundry income	-	258 195
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The amount included in revenue arising from non-exchange transactions is as follows:

Other income	60 804	20 930
Transfer revenue		
Government grants & subsidies	2 711 921	4 213 740
	2 772 725	4 234 670

11. Other revenue

Sundry income	-	258 195
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12. Other income

Other income was derived from a write-off of payables that did not represent an amount owing to any third party, the board resolved to write-off the amount after consideration of possible claims from the creditors.

13. Government grants and subsidies

Operating grants

SDM Grant	2 592 581	3 548 164
IDC Grant	119 340	665 576
	2 711 921	4 213 740

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:

Industrial Development Corporation

Balance unspent at beginning of year	861 253	1 526 829
Conditions met - transferred to revenue	(119 340)	(665 576)
	741 913	861 253

Conditions still to be met - remain liabilities (see note 8).

Sekhukhune Development Agency

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14. Employee related costs

Basic	940 878	2 461 842
Bonus	54 778	3 201
Medical aid - company contributions	81 518	-
UIF	4 072	-
SDL	10 079	-
Travel, motor car, accommodation, subsistence and other allowances	58 583	-
SALGBC levy	270	-
Pension fund	195 184	-
Leave accrual	132 687	-
	1 478 049	2 465 043

Chief executive officer

Annual Remuneration	1 477 040	1 503 365
Paid out	(1 477 040)	(1 503 365)
	-	-

The CEO is seconded to SDA by a related party (SDM) resulting in a donation in kind.

15. Board Fees

Board Members	122 966	439 545
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16. Depreciation and amortisation

Property, plant and equipment	32 954	44 817
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17. Bad debts

Management resolved to write off an employee receivable as the prospects of recovery are deemed to be 0%.

18. General expenses

Accommodation	28 453	-
Advertising	20 200	-
Auditors remuneration	206 948	417 884
Bank charges	1 340	2 766
Catering	4 323	-
Consulting and professional fees	383 000	-
Electricity	-	557
Other expenses	285 816	96 963
Printing and design	70 004	-
Project expenses	-	455 529
Travel - local	-	302 536
	1 000 084	1 276 235

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2020

19. Cash (used in) generated from operations

Surplus	2 639	251 052
Adjustments for:		
Depreciation and amortisation	32 954	44 817
Loss on disposal of assets	7	16 173
Impairment deficit	155 834	-
Bad debts written off	12 946	-
Other income (Payables written off)	(60 804)	-
Changes in working capital:		
Receivables from exchange transactions	-	1 820 262
Payables from exchange transactions	(143 576)	(81 099)
Unspent conditional grants and receipts	(119 340)	(665 576)
	(119 340)	1 385 629

20. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Intangible assets	-	118 000
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Total capital commitments

Already contracted for but not provided for	-	118 000
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Total commitments

Total commitments

Authorised capital expenditure	-	118 000
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This committed expenditure relates to Agriseta accreditation project and will not be financed as the contract was terminated during the year 2019.

21. Contingencies

Contingent assets

Civil proceedings have commenced against the entity previous employees concerned to recover an amount of R 341 981 - as a result of material losses incurred in the previous year. According to Entity's legal advisors, it is probable that the proceedings will result in the recovery of the full amount but this recovery is virtually certain.

Sekhukhune Development Agency

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22. Related parties

Relationships
Controlling entity
Members of Board

Sekhukhune District Municipality
Mr Landiwe Mahlangu
Mr Victor Madulo Mampuru
Mr Kwanele Mahlangu
Ms Marcia Blake
Mr Steven Masemola
Ms Mantwa Makanyane
Ms Maureen Ntshudisane (Resigned)
Mr Kgopelo Phasha (CEO)

Members of key management

Related party balances

Grants received from related parties
Sekhukhune District Municipality

2 432 879 3 531 494

Amounts included in Trade receivable (Trade Payable) regarding related parties
Sekhukhune District Municipality

12 946

Remuneration of management

Members of Board

2021

Name	Sitting fees	Allowances	Total
Mr Victor Madulo Mampuru	56 355	1 410	57 765
Ms Marcia Blake	20 247	-	20 247
Mr Steven Masemola	37 914	-	37 914
Ms Maureen Ntshudisane	7 566	-	7 566
	122 082	1 410	123 492

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22. Related parties (continued)

The CEO is seconded to SDA by a related party (SDM) resulting in a donation in kind.

23. Change in estimate

Property, plant and equipment

During the review of property, plant and equipment, the remaining useful lives were reassessed. The effect of this change in accounting estimate in the current and future periods on depreciation is as follows:

	As previously reported	Correction of error	Change in accounting estimate	Impact on future periods
Buildings	10 000	7 891	2 109	2 109
Furniture and fixtures	7 390	836	6 554	6 554
Office equipment	24	2	22	22
IT equipment	16 643	19 917	(3 274)	(3 274)
Communication equipment	10 760	4 308	6 452	6 452
	44 817	32 954	11 863	11 863

Sekhukhune Development Agency

(Registration number 2011/002272/30)

Annual Financial Statements for the year ended 30 June 2021

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2020

24. 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

2020

	As previously reported	Correction of error	Restated
Payables from exchange transactions - Other payables	(269 209)	152 688	(116 521)

Statement of financial performance

2020

	As previously reported	Correction of error	Restated
Employee related costs	2 489 929	(24 886)	2 465 043
Other expenses	208 095	(111 132)	96 963
Government grants & subsidies	4 197 070	16 670	4 213 740
Surplus for the year	6 895 094	(119 348)	6 775 746

Errors

The following prior period errors adjustments occurred:

- 1) An accrual of R95 145,6 was incorrectly raised and as a result could not be supported however a correct amount of R70 259,85 accrued to an employee and was subsequently paid in the current year.
- 2) An accrual of R127 802.26 was incorrectly raised as it did not represent an expense nor a payable to any creditor, subsequently no invoice was received to support the accrual nor was any claim for the amount and payment.
- 3) The other expenses recorded in the previous year were auditors ,the auditors fee however the auditors fee had already been recorded in the previous leading to overstatement of the other expenses.
- 4) The VAT for the auditors remuneration in the previous year was not accounted for as Grants as a result we corrected the Grant by increasing the Grant with the VAT.

25. 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.

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.

Sekhukhune Development Agency

(Registration number 2011/002272/30)

Annual Financial Statements for the year ended 30 June 2021

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2021

2020

26. Going concern

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officers continue to procure funding for the ongoing operations for the municipality and that the subordination agreement referred to in note 21 of these annual financial statements will remain in force for so long as it takes to restore the solvency of the municipality.

27. Events after the reporting date

The Municipal Public Accounts Committee (MPAC) resolved after year end that an amount of R95 146 irregular expenditure be paid back to the municipality.

28. Irregular expenditure

Opening balance as previously reported	95 146	-
Opening balance as restated	95 146	-
Add: Irregular Expenditure - current year	465 664	95 146
Closing balance	560 810	95 146

29. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Amount paid - current year	206 948	290 082
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Pension and Medical Aid Deductions

Amount paid - current year	276 702	345 738
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30. Segment reporting

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.

31. Budget differences

Material differences between budget and actual amounts

30.1 The entity did not have a board for 5 months and also employees did not travel as planned and one employee resigned and was not replaced).

30.2 The entity employees reduced from 3 to 2 and the position was not filled in the current year.

30.3 SDA did not have a board in 5 months of the year from February to year end.

30.4 Management did not travel as planned.

ANNEXURE B:

**AUDIT REPORT
SDM AND SDA**



AUDITOR-GENERAL
SOUTH AFRICA

Sekhukhune District Municipality
Private Bag X8611
Groblersdal
Limpopo
0470

Date: 25 February 2022

Reference: 60061REG20/21

Dear Madam

Report of the Auditor-General on the financial statements, annual performance report, compliance with legislation and other legal and regulatory requirements of Sekhukhune District Municipality for the year ended 30 June 2021

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

- The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.
5. Please notify the undersigned Business Executive / Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
 6. The confidentiality of information obtained in an engagement must be observed at all times. In terms of section 50 of the PAA and the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (*including International Independence Standards*), the AGSA, or an audit firm appointed in terms of section 25 of the PAA, may not disclose or make available any information obtained during an audit, other than the final auditor's report, to any third party unless this is to a legislature or internal committee of a legislature or a court in a criminal matter and the disclosure has been approved by the auditee and the Auditor-General.
 7. Until the steps described in paragraphs 2 and 4 of this document are completed and the annual report is tabled as required by section 127(2) of the MFMA, the audit report is not a final and public document and you are therefore requested to treat it as confidential.
 8. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Signed

MD Tjale

.....
Daniel Tjale
Senior Manager: Limpopo

Enquiries: Mokgadi Leputu
Telephone: ((015) 283 9323
Fax: (015) 283 9401
Email: mokgadil@agsa.co.za

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

Report on the audit of the separate financial statements

Qualified opinion

1. I have audited the separate financial statements of the Sekhukhune District Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, and cash flow statements and statement of comparison of budget information 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 possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the separate financial statements present fairly, in all material respects, the financial position of the Sekhukhune District Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), and the Division of Revenue Act, 2020 (Act No. 4 of 2020) (DoRA).

Basis for qualified opinion

Property, plant and equipment

3. During 2019, the municipality did not accurately disclose assets under construction at the reporting period in accordance with GRAP 17, *Property, plant and equipment*. The work in progress recognised at year end was not adequately supported by source documents. The effect on the financial statements was that property, plant and equipment as disclosed in note 3 to the financial statements was misstated by R45 814 924. My audit opinion on the financial statements for the period ended 30 June 2019 was modified accordingly. My opinion on the current year financial statements was also modified because of the effect of this matter on the opening balance of work in progress for the current period.
4. The municipality did not accurately disclose assets under construction at the reporting period in accordance with GRAP 17, *Property, plant and equipment*. The work in progress recognised in the opening balance was not all accounted for. The effect on the financial statements was that property, plant and equipment as disclosed in note 3 to the financial statements was understated by R54 126 947 (2020: R298 216 707).
5. Work-in-progress amounting to R75 723 195 included in note 3 to the financial statements was incorrectly classified as work in progress, while it was available for use in terms of GRAP 17, *Property, plant and equipment*. This resulted in the overstatement of work in progress and

understatement of completed assets by R75 723 195. Additionally, there was a resultant impact on surplus for the year and accumulated surplus.

6. During 2020, the municipality did not accurately disclose impairment loss for assets under construction, as differences were noted between the amount disclosed and the accounting records. This resulted in understatement of work in progress by R20 671 993. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the impairment loss.
7. I was unable to obtain sufficient appropriate audit evidence that impairment loss was properly accounted for, due to incomplete supporting documentation for the amount disclosed. I was unable to confirm the impairment of assets by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to impairment loss stated at R39 654 158 in the financial statements.
8. 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 on the net carrying amount of assets as it was impracticable to do so.
9. During 2019, the municipality did not capitalise costs which are directly related to bringing assets to the location and in such a condition for it to be capable of operating in the manner intended by management in accordance with GRAP 17, *Property, plant and equipment*. The municipality expensed the costs of assets constructed during the year which were supposed to be capitalised. Consequently, repairs and maintenance was overstated and property, plant and equipment was understated by R43 030 269. As a result, surplus for the year was understated by the same amount. My audit opinion on the financial statements for the period ended 30 June 2019 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the accumulated surplus for the current period.

Prior year adjustments

10. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figures for the current and previous year. As described in note 36 (2020: note 37) to the financial statements, the restatements were made to rectify previous year misstatements, but the restatements could not be substantiated by supporting audit evidence. I was unable to confirm the restatements by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the corresponding figures stated in the financial statements

Bulk purchases

11. Included in bulk purchases of R199 192 933 (2020: R115 165 701) is an unquantifiable amount relating to the cost of inventory on hand at sub-stores. Adequate internal controls were not in place to account for inventory issued to sub-stores. I was unable to confirm the overstatement of bulk purchases by alternative means. Consequently, I was unable to determine whether any adjustments to bulk purchases stated at R199 192 933 (2020: R115 165 701) were necessary.

Employee related costs

12. During 2020, an amount of R23 917 368 for allowances was included in employee related cost. The municipality did not have adequate internal controls to maintain records of employee related cost for allowances. I was unable to obtain sufficient appropriate audit evidence to substantiate the allowances in note 21 to the financial statements. Consequently, I was unable to determine whether any adjustments to employee related cost stated at R397 644 268 were necessary. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the employee related costs.

Net cash flows from operating activities

13. The municipality did not correctly prepare and disclose the net cash flows from operating activities as required by Standards of GRAP 2, *Cash flow statements*. I identified a difference of R71 403 420 between the net cash flows from operating activities and cash paid to suppliers and employees. Consequently, net cash flows from operating activities as stated at R632 274 958 in the financial statements, is misstated.

Inventory

14. I was unable to obtain sufficient appropriate audit evidence that inventory was properly accounted for, as the municipality did not maintain an adequate system of internal controls over record keeping of inventory on hand at sub-stores. I was unable to confirm the inventory by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to inventory stated at R30 849 411 in the financial statements.

Revenue from non-exchange transactions

15. I identified differences amounting to R21 269 604 between the underlying records and financial statements for government grants and subsidies. Consequently, I was unable to determine whether any adjustments to government grants and subsidies stated at R1 502 648 813 were necessary. Additionally, there was a resultant impact on surplus for the year and accumulated surplus.

Commitments

16. The municipality did not account for contractual commitments on certain work-in-progress projects as commitments in the annual financial statements, in accordance with GRAP 17, *Property, plant and equipment*. I was unable to confirm the commitments by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to commitments stated at R348 083 252 in the financial statements.

Context for the opinion

17. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
18. 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.

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

Emphasis of matters

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

Contingent liabilities

21. With reference to note 34 to the financial statements, the municipality is a defendant in various legal claims involving individuals and companies. The municipality is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

Material losses (water distribution)

22. As disclosed in note 43 to the annual financial statements, material water losses to the amount of R88 838 572 (2019-20: R62 170 568) was incurred.

Unauthorised expenditure

23. As disclosed in note 40 of the annual financial statements, unauthorised expenditure amounting to R11 782 032 was incurred, as the municipality overspent on the budget

Fruitless and wasteful expenditure

24. As disclosed in note 41 of the annual financial statements, fruitless and wasteful expenditure amounting to R279 044 was incurred as a result of two fraudulent payments.

Irregular expenditure

25. As disclosed in note 42 of the annual financial statements, irregular expenditure to the amount of R214 237 255 was incurred as a result of non-compliance with procurement processes.

Other matters

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

Unaudited supplementary schedules

27. The supplementary information set out on pages XX to XX 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's for the financial statements

28. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Generally Recognised Accounting Practice and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.
29. In preparing the separate financial statements, the accounting officer is responsible for assessing Sekhukhune District Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

30. 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.
31. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

32. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
33. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

34. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the municipality's annual performance report for the year ended 30 June 2021:

Development priorities	Pages in the annual performance report
Development priority 1 – Basic Service Delivery	x – x

35. I performed procedures to determine whether the reported performance information [was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

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

Development Priority 1 – Basic service delivery

Reported achievements were not consistent with the planned and reported indicator and target

Various indicators

37. The reported achievements differed from the planned indicators and target

Planned indicators per annual planning document	Reported indicators per APR	Planned targets per annual planning document	Planned targets per APR	Reported actual achievement per APR	Sub-programme
Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages installed.	Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages installed.	1 borehole drilled, tested and equipped, 1 200 km of water pipeline constructed and 2 storages installed.	1 borehole drilled, tested and equipped, 1 200 km of water pipeline constructed and 2 storages installed.	Contractor appointed	Equitable share

Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages installed.	Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages installed.	1 borehole drilled, tested and equipped, 1 200 km of water pipeline constructed and 2 storages installed.	1 borehole drilled, tested and equipped, 1 200 km of water pipeline constructed and 2 storages installed.	Contractor appointed	Equitable share
Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages installed	Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages installed	1 borehole drilled, tested and equipped, 800km of water pipeline constructed.	1 borehole drilled, tested and equipped, 800km of water pipeline constructed.	Contractor appointed	Equitable share
Number of boreholes drilled, tested equipped and km of water pipeline constructed and number of storages installed	Number of boreholes drilled, tested equipped and km of water pipeline constructed and number of storages installed	1 borehole drilled, tested equipped and 800km of water pipeline constructed and 2 installed	1 borehole drilled, tested equipped and 800km of water pipeline constructed and 2 installed	Contractor appointed	Equitable share
Number of boreholes drilled, tested equipped and connected to existing concrete reservoir.	Number of boreholes drilled, tested equipped and connected to existing concrete reservoir.	3 boreholes drilled, tested equipped and connected to existing concrete reservoir.	3 boreholes drilled, tested equipped and connected to existing concrete reservoir.	Contractor appointed	Equitable share
Km of rising main pipeline constructed	Km of rising main pipeline constructed.	4km of rising main pipeline constructed.	4km of rising main pipeline constructed.	Contractor appointed	Equitable share

Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages installed.	Number of boreholes drilled, Tested and equipped, km of water pipeline constructed and number of storages installed.	2 boreholes drilled, tested and equipped, 4km of water pipeline constructed and 3 storages installed.	2 boreholes drilled, tested and equipped, 4km of water pipeline constructed and 3 storages installed.	Contractor appointed	Equitable share
Number of existing boreholes tested, equipped and connected existing concrete reservoirs	Number of existing boreholes tested, equipped and connected existing concrete reservoirs	2 existing boreholes tested, equipped and connected existing concrete reservoirs	2 existing boreholes tested, equipped and connected existing concrete reservoirs	Contractor appointed	Equitable share
Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages installed.	Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages installed.	2 boreholes drilled, tested and equipped, 4 km of water pipeline constructed and 3 storages installed.	2 boreholes drilled, tested and equipped, 4 km of water pipeline constructed and 3 storages installed.	Contractor appointed	Equitable share
Number of boreholes drilled, tested equipped and connected to existing concrete reservoir.	Number of boreholes drilled, tested equipped and connected to existing concrete reservoir.	3 boreholes drilled, tested equipped and connected to existing concrete reservoir.	3 boreholes drilled, tested equipped and connected to existing concrete reservoir.	Contractor appointed	Equitable share
Number of boreholes drilled, tested equipped and connected to existing concrete reservoir.	Number of boreholes drilled, tested equipped and connected to existing concrete reservoir.	3 boreholes drilled, tested equipped and connected to existing concrete reservoir.	3 boreholes drilled, tested equipped and connected to existing concrete reservoir.	Contractor appointed	Equitable share

Number of boreholes to be equipped and pipeline installation	Number of boreholes to be equipped and pipeline installation	3 boreholes equipped 2,5km pipeline installation	3 boreholes equipped and 2,5km pipeline Installation	Contractor appointed	MIG
Number of boreholes to be equipped and pipeline installation	Number of boreholes to be equipped and pipeline installation	1 borehole installed, 4,1 km pipeline installed	1 boreholes equipped and 4,1 km pipeline installed	Contractor appointed	MIG
Number of boreholes to be equipped and pipeline installation	Number of boreholes to be equipped and pipeline installation	1 borehole installed and 2,5km pipeline installed	2 boreholes installed and 2,5km pipeline installed	Contractor appointed	MIG
Number of boreholes to be equipped and pipeline installation	Number of boreholes to be equipped and pipeline installation	1 borehole installed, 4km pipeline installed	1 borehole installed and 4km pipeline installed	Contractor appointed	MIG
Number of boreholes to be equipped and pipeline installation	Number of boreholes to be equipped and pipeline installation	one borehole installed , 1,3km pipeline installed	one borehole installed and 1,3km pipeline installed	Contractor appointed	MIG
Number of boreholes to be equipped and pipeline installation	Number of boreholes to be equipped and pipeline installation	one borehole installed, 290m pipeline installed	one borehole installed and 290m pipeline installed	Contractor appointed	MIG
Number of boreholes to be equipped and pipeline installation	Number of boreholes to be equipped and pipeline installation	1 borehole installed, 600m pipeline installed	1 borehole installed and 600m pipeline installed	Contractor appointed	MIG

Number of boreholes to be equipped and pipeline installation	Number of boreholes to be equipped and pipeline installation	1 borehole installed and 350m pipeline installed	1 borehole installed and 350m pipeline installed	Contractor appointed	MIG
Kilometres of bulk water supply pipeline commissioned and pump station installed	Km of bulk pipeline constructed and number of reverse osmosis water treatment package plant and storage tank installed.	2 Kilometres of Zaaipiaas bulk water supply pipeline commissioned and 1 pump station installed	2 Kilometres of Zaaipiaas bulk water supply pipeline commissioned and 1 pump station installed	0 km	MIG
Km of bulk pipeline constructed and number of reverse osmosis water treatment package plant and storage tank installed.	Km of bulk pipeline constructed and number of reverse osmosis water treatment package plant and storage tank installed.	1,6 kilometers of bulk pipeline constructed and 1 reverse osmosis water treatment package plant and 1 storage tank installed	1,6 kilometers of bulk pipeline constructed and 1 reverse osmosis water treatment package plant and 1 storage tank installed	0 RO Package plant completed	WSIG
Number of km of water pipeline constructed and number of elevated tank installed	Number of km of water pipeline constructed and number of elevated tank installed	7 km of water pipeline constructed and 1 elevated tank installed	7 km of water pipeline constructed and 1 elevated tank installed	6,6 km of water pipeline completed, 12 communal stand pipes and 0 elevated tank installed but material delivered on site	WSIG

Number of kilometres of bulk water supply pipeline testing	Number of kilometres of bulk water supply pipeline testing	20 kilometres of bulk water supply pipeline testing	20 kilometres of bulk water supply pipeline testing	No progress as project was stopped by affected stakeholder's interference (business forum). Stakeholder meeting are held bi weekly to resolve the impasses	RBIG
Number of kilometres of bulk water supply pipeline assessed and refurbished	Number of kilometres of bulk water supply pipeline assessed and refurbished	14 kilometres of bulk water supply pipeline assessed and refurbished	14 kilometres of bulk water supply pipeline assessed and refurbished	No progress as project was stopped by affected stakeholder's interference (business forum). Stakeholder meeting are held bi weekly to resolve the impasses	RBIG
Number of kilometres of bulk water supply pipeline tested and commissioned	Number of kilometres of bulk water supply pipeline tested and commissioned	9km bulk water supply pipeline tested and commissioned	9km bulk water supply pipeline tested and commissioned		RBIG

Number of Mechanical and Electrical (M&E) components installed for the extensions to the Groblersdal water treatment works and pump station	Number of Mechanical and Electrical (M&E) components installed for the extensions to the Groblersdal water treatment works and pump station	2 Mechanical and Electrical (M&E) components installed for the extensions to the Groblersdal water treatment works and pump station	2 Mechanical and Electrical (M&E) components installed for the extensions to the Groblersdal water treatment works and pump station	No progress as project was stopped by affected stakeholder's interference business forum). Stakeholder meeting are held bi weekly to resolve the impasses	RBIG
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Reported indicators and/or targets were not consistent or complete when compared with planned indicators and/or targets

38. The reported target of 1 Package Plant installed VO installation of 156KL storage steel tank did not agree with the planned target of 1 Package plant installed as per the approved in the service delivery budget implementation plan.

Performance indicators were not verifiable

Various indicators

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

Indicator	Target
Number of procurement material and number of site establishment (RBIG)	1 procurement material and 1 site establishment
Kilometers Zaaipiaas pipeline commissioned and pump station installed (MIG)	2 Kilometers Zaaipiaas pipeline commissioned and pump station installed
Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages (Equitable)	1 boreholes drilled, tested and equipped, 1200 km of water pipeline constructed and 2 storages installed.
Number of boreholes drilled, tested and equipped and connected to existing concrete reservoir (Equitable)	1 boreholes drilled, tested and equipped, 1200 km of water pipeline constructed and 2 storages installed.

Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages installed. (Equitable)	1 boreholes drilled, tested and equipped, 800 km of water pipeline constructed
Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages installed. (Equitable)	1 boreholes drilled, tested and equipped, 1200 km of water pipeline constructed and two (2) installed.
Number of boreholes drilled, tested and equipped and connected to existing concrete reservoir (Equitable)	3 boreholes drilled, tested and equipped and connected to existing concrete reservoir
Km of rising main pipeline constructed. (Equitable)	4 Km of rising main pipeline constructed
Number of boreholes drilled, Tested and equipped, km of water pipeline constructed and number of storages installed. (Equitable)	2 boreholes drilled, tested and equipped, 4 km of water pipeline constructed and 3 storages installed.
Number of existing boreholes tested, equipped and connected existing concrete reservoirs	Two (2) existing boreholes tested, equipped and connected existing concrete reservoirs
Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages installed	2 boreholes drilled, tested and equipped, 4 km of water pipeline constructed and 3 storages installed.
Number of boreholes drilled, tested equipped and connected to existing concrete reservoir.	3 boreholes drilled, tested equipped and connected to existing concrete reservoir.
Number of boreholes drilled, tested equipped and connected to existing concrete reservoir.	3 boreholes drilled, tested equipped and connected to existing concrete reservoir.
Number of kilometers of bulk pipeline constructed, testing and commissioning (RBIG)	1 kilometers of bulk water pipeline constructed, 4 testing and commissioning
Number of procurement material and number of site establishment (RBIG)	1 procurement material and 1 site establishment
Number of kilometers bulk water supply pipeline and number of concrete reservoir constructed (RBIG)	4 kilometers bulk water supply pipeline and 1 concrete reservoir constructed
Kilometers of water pipeline constructed, number of reservoir completed, number of WTW completed (MIG)	0,4 Km of bulk water pipeline constructed, 1 reservoir completed, 1 WTW completed

Reported achievement did not agree with the evidence provided, i.e. not accurate

Various indicators

40. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below:

Indicator	Target	Achievement as per APR	Audited	Difference
Kilometres of water reticulation pipeline completed	8 Km of water pipeline completed	6 Km of water pipeline completed	2,8 Km pipeline was completed	3.2 Km pipeline constructed
Kilometres of water pipeline constructed and number of reservoirs completed	10 Km of water pipeline and 4 reservoirs completed	12 Km of water pipeline and 0 reservoirs completed	7 Km water pipeline and 0 reservoirs completed	5 Km water pipeline
Kilometres of water pipeline and number of reservoirs completed	36 Km of bulk and water reticulation pipeline and 5 out of 8 reservoirs completed, 1 package plant completed	26 Km of bulk and water reticulation pipeline and 0 out of 8 reservoirs completed, 1 package plant completed	0 of bulk and water reticulation pipeline and 0 reservoirs completed, 0 package plant completed	26 Km of bulk and water reticulation pipeline and 1 package plant completed
Number of VIP sanitation units completed	915 VIP sanitation units completed	915 VIP sanitation units completed	700 VIP sanitation units completed	215 VIP sanitation units completed
Number of water quality reports generated	12 water quality reports generated	8 water quality reports generated	5 water quality reports generated	3 water quality reports generated
Kilolitres (KL) of water supplied through water carts trucks	12 780 Kl of water supplied through water carts trucks	12 780 Kl of water supplied through water carts trucks	9 730 Kl of water supplied through water carts trucks	3 052 Kl of water supplied through water carts trucks
Number of registered sanitation incidents resolved within 14 days	700 registered sanitation incidents resolved within 14 days	81	69	(12)

Number registered water incidents resolved within 14 days	5000 registered water incidents resolved within 14 days	416	367	(49)
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Reported achievement did not agree with the evidence provided, i.e. not valid

Various indicators

41. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below:

Indicator	Target	Achievement as per APR	Audited	Difference
Kilometres of water reticulation pipeline completed	8 Km of water pipeline completed	6 Km of water pipeline completed	2,8 Km pipeline was completed	3.2 km pipeline constructed
kilometres of water pipeline constructed and number of reservoirs completed	10 Km of water pipeline and 4 reservoirs completed	12 Km of water pipeline and 0 reservoirs completed	7 Km water pipeline and 0 reservoirs completed	5 Km water pipeline
Kilometres of water pipeline and number of reservoirs completed	36 Km of bulk and water reticulation pipeline and 5 out of 8 reservoirs completed, 1 package plant completed	26 Km of bulk and water reticulation pipeline and 0 out of 8 reservoirs completed, 1 package plant completed	0 of bulk and water reticulation pipeline and 0 reservoirs completed, 0 package plant completed	26 Km of bulk and water reticulation pipeline and 1 package plant completed
Number of water quality reports generated	12 water quality reports generated	8 water quality reports generated	5 water quality reports generated	3 water quality reports generated
Number of VIP sanitation units completed	915 VIP sanitation units completed	915 VIP sanitation units completed	700 VIP sanitation units completed	215 VIP sanitation units completed

Indicator	Target	Achievement as per APR	Audited	Details as per water tankering report	Difference
Kilolitres (KL) of water supplied through water carts trucks	12 780 Kl of water supplied through water carts trucks	12 780 Kl of water supplied through water carts trucks	266 KL of water supplied through water carts trucks	308 KL of water supplied through water carts trucks	-42KL of water supplied through water carts trucks

Reported achievement did not agree with the evidence provided, i.e. not complete

Various indicators

42. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below:

Indicator	Target	Achievement as per APR	Audited	Difference
Number of water quality reports generated	12 water quality reports generated	8 water quality reports generated	11 water quality reports generated	3 water quality reports generated
Number of plants participating in blue certification programme	15 WTW participating in blue drop certification programme	7 WTW participating in blue drop certification programme	18 WTW participating in blue drop certification programme	11 WTW participating in blue drop certification programme

Indicator	Target	Achievement as per APR	Audited	Details as per water tankering report	Difference
Kilolitres (KL) of water supplied through water carts trucks	12 780 Kl of water supplied through water carts trucks	12 780 Kl of water supplied through water carts trucks	406 KL of water supplied through water carts trucks	280 KL of water supplied through water carts trucks	126 KL of water supplied through water carts trucks

Indicator	Target	Months where Activity report was not submitted
Number of registered sanitation incidents resolved within 14 days	700 registered sanitation incidents resolved within 14 days	September 2020, November 2020, January 2021 and March 2021
Number registered water incidents resolved within 14 days	5000 registered water incidents resolved within 14 days	September 2020, November 2020, January 2021 and March 2021

Other matter

43. I draw attention to the matter below.

Achievement of planned targets

44. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs [x to x] of this report.

Report on the audit of compliance with legislation

Introduction and scope

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

Financial statements, performance reports and annual report

47. 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

48. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R279 044 as disclosed in note 41 to the annual financial statements, in contravention of

section 62(1)(d) of the MFMA. The disclosed fruitless and wasteful expenditure was caused by two fraudulent payments.

49. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R11 782 032, as disclosed in note 40 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.
50. Reasonable steps were not taken to prevent irregular expenditure amounting to R214 237 255 as disclosed in note 44 to the annual financial statements, as required by section 62(1)(d) of the MFMA.

Consequence management

51. 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.
52. 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 .
53. Fruitless and wasteful expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA

Strategic planning and performance management

54. A performance management system was not adopted, as required by municipal planning and performance management regulation 8.

Procurement and contract management

55. Sufficient appropriate audit evidence could not be obtained that written quotations were accepted from prospective providers who were on the list of accredited providers and met the listing requirements as prescribed by the supply chain management (SCM) policy, in contravention of SCM regulations 16(b) and 17(1)(b).
56. 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. Similar non-compliance was also reported in the prior year.
57. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.
58. Some of the contracts were awarded through a competitive bidding processes that were not adjudicated by the bid adjudication committee as required by SCM regulation 29(1)(a) and (b).
59. The preference point system was not applied some of the procurement of goods and services above R30 000 as required by section 2(1)(a) of the Preferential Procurement Policy

Framework Act, 2000 (Act No 5 of 2000) (PPPFA). Similar non-compliance was also reported in the prior year.

60. Sufficient appropriate audit evidence could not be obtained that quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of section 2(1)(a) Preferential Procurement Policy Framework Act and its regulations. Similar non-compliance was also reported in the prior year.
61. Sufficient appropriate audit evidence could not be obtained that quotations were awarded to bidders that scored the highest points in the evaluation process as required by section 2(1)(f) of the Preferential Procurement Policy Framework Act and 2017 preferential procurement regulations 11. Similar non-compliance was also reported in the prior year.
62. Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2).
63. Sufficient appropriate audit evidence could not be obtained that some of the commodities designated for local content and production, were procured from suppliers who submitted a declaration on local production and content as required by the 2017 preferential procurement regulation 8(5).
64. Sufficient appropriate audit evidence could not be obtained that commodities designated for local content and production, were procured from suppliers who met the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(5).
65. Awards were made to providers who were in the service of other state institutions or whose directors/ principal shareholders were in the service of other state institutions, in contravention with section 112(1)(j) of the MFMA and SCM regulation 44.

Other information

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

Internal control deficiencies

69. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
70. Although the leadership reviewed the annual financial statements and the annual performance report prior to their submission for audit, the internal control environment is not operating effectively as a number of misstatements were still identified
71. There was no adequate review and monitoring of compliance with applicable laws and regulations
72. There was no adequate review and monitoring of compliance with applicable laws and regulations
73. The leadership did not have an adequate record keeping system to enable reliable reporting on performance achievement and retrieving of supporting information used to prepare the annual financial statements

Other reports

74. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
75. Attorneys were appointed to assist with the recovery of an amount of R22 210 223 previously paid to service providers for services not yet rendered (VIP sanitation projects), relating to the 2013-14 reporting period. The money paid to the service providers was still under investigation at the date of this audit report.
76. The municipality erroneously paid an amount of R5 452 014 into incorrect bank accounts during July 2018. As a result, investigations are being conducted by management to determine the liable parties.

77. The municipality paid an amount of R12 084 011 into an incorrect bank account during the 2018-19 financial year. As a result, investigations are being conducted by management to determine the liable parties.
78. Attorneys were appointed to assist with the investigations of R26 000 000 relating to the irregular appointment of eight service providers relating to covid-19 expenditure.

Auditor-General

Polokwane

25 February 2022



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

81. 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.
82. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and



AUDITOR - GENERAL
SOUTH AFRICA

Sekhukhune Development Agency
Private Bag X8611
Groblersdal
Limpopo
0470

Date: 25 February 2022

Reference: 61205REG20/21

Dear Madam

Report of the Auditor-General on the financial statements, annual performance report, compliance with legislation and other legal and regulatory requirements of Sekhukhune Development Agency for the year ended 30 June 2021

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

Auditing to build public confidence

Auditor-General of South Africa
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- The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.
5. Please notify the undersigned Business Executive / Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
 6. The confidentiality of information obtained in an engagement must be observed at all times. In terms of section 50 of the PAA and the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (*including International Independence Standards*), the AGSA, or an audit firm appointed in terms of section 25 of the PAA, may not disclose or make available any information obtained during an audit, other than the final auditor's report, to any third party unless this is to a legislature or internal committee of a legislature or a court in a criminal matter and the disclosure has been approved by the auditee and the Auditor-General.
 7. Until the steps described in paragraphs 2 and 4 of this document are completed and the annual report is tabled as required by section 127(2) of the MFMA, the audit report is not a final and public document and you are therefore requested to treat it as confidential.
 8. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Signed

MD Tjale

.....
Daniel Tjale
Senior Manager: Limpopo

Enquiries: Mokgadi Leputu
Telephone: ((015) 283 9323
Fax: (015) 283 9401
Email: mokgadil@agsa.co.za

Independent auditor's report to Limpopo Provincial Legislature and Council on Sekhukhune Development Agency

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Sekhukhune Development Agency set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2021, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amount for the year then ended for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Sekhukhune Development Agency as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), and the Division of Revenue Act, 2020 (Act No. 4 of 2020) (DoRA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the Sekhukhune Development Agency 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Restatement of corresponding figures

6. As disclosed in note 24 the annual financial statements, the corresponding figures for the financial year ended 30 June 2021 have been restated as a result of errors in the financial statements of the municipal entity for the year ended 30 June 2020 discovered in the current year.

Irregular expenditure

7. As disclosed in note 28 of the annual financial statements, irregular expenditure to the amount of R465 000 was incurred as a result of non-compliance with procurement processes and non-compliance with recruitment processes.

Other matter

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

Unaudited supplementary schedules

9. The supplementary information set out on pages XX to XX 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

10. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standard GRAP and the requirements of the MFMA and DoRA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting authority is responsible for assessing the 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 entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Report on the audit of the annual performance report

Introduction and scope

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

Objectives	Pages in the annual performance report
Strategic objective 2 - To secure a stable and sustainable financial base for the future of the agency & support business plan funding by June 2023	x - x

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

Strategic objective 2 - To secure a stable and sustainable financial base for the future of the agency & support business plan funding by June 2023

Various indicators

19. Reported achievements are inconsistent with planned and reported targets.

Planned indicators per annual planning document	Reported indicators per APR	Planned targets per annual planning document	Planned targets per APR	Reported actual achievement per APR
Number of VIP sanitation structure supplied	Number of VIP sanitation structure supplied	600 VIP sanitation Top structure supplied to emerging contractors.	600 VIP sanitation Top structure supplied to emerging contractors.	Letter sent to parent municipality.
Number of SMME's and Cooperation's supported financially	Number of SMME's and Cooperation's supported financially	4 SMME's/Cooperatives financially supported.	4 SMME's/Cooperatives financially supported.	Call for proposals issued in April 2021.
Number of funding proposals facilitated	Number of funding proposals developed	4 funding proposals facilitated.	4 funding proposals facilitated.	Funding application submitted to AgriSETA and NSF.
Number of electrical vehicle manufacturing facilitated.	Number of engagements held with RAL and other partners	1 electrical vehicle manufacturing factory facilitated.	1 electrical vehicle manufacturing factory facilitated.	Facilitation session held with private Eisowave towards establishment of the factory.

Number of SMME's and Cooperation's supported financially

20. During the audit of the annual performance report (APR), we noted differences on the reported achievements as follows:

Planned indicators per annual planning document	Planned targets per annual planning document	Reported achievement per the APR	Audited
Number of SMME's and Cooperation's supported financially	4 SMME's and Cooperation's supported financially	Call for proposals issued in April 2021	8 SMMEs **

** 8 SMMEs and cooperation's were audited per the POEs submitted for audit purposes. The number of audited POE's exceeds the planned target per the annual planning document.

Other matter

21. I draw attention to the matters below.

Achievement of planned targets

22. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year [and management's explanations provided for the under/ over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs x to x of this report.

Report on the audit of compliance with legislation

Introduction and scope

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipal entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

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

Annual Financial Statements

25. 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, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulted in the financial statements receiving an unqualified audit opinion

Consequence Management

26. Irregular expenditure incurred by the municipal entity were not investigated to determine if any person is liable for the expenditure, as required by municipal budget and reporting regulations 75(1).

Expenditure Management

27. Reasonable steps were not taken to prevent irregular expenditure amounting to R465 000 as disclosed in note 28 to the annual financial statements, as required by section 95(d) of the MFMA.

Procurement and Contract Management

28. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c).
29. 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.

Other information

30. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the director's report, the audit committee's report and the company secretary's certificate as required by the Companies Act 71 of 2008. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in the auditor's report.
31. Our opinion on the financial statements and my findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.
32. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with financial statements and the selected objectives presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Internal control deficiencies

33. I considered internal control relevant to our audit of the financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
34. The municipal entity did not have sufficient monitoring controls to ensure the proper implementation of the overall process of reporting
35. The municipal entity did not prepare regular, accurate and complete performance reports that are supported and evidenced by reliable information.

36. The accounting officer did no review and monitor compliance with applicable laws and regulations

Auditor - General

Polokwane

25 February 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements, and the procedures performed on the reported performance information for selected objectives and on the municipal entity’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to our responsibility for the audit of the financial statements as described in this auditor’s report, we 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 our 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 entity’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
 - conclude on the appropriateness of the accounting authority use of the going concern basis of accounting in the preparation of the financial statements. We 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 Sekhukhune Development Agency to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us 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

Communication with those charged with governance

3. We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
4. We also provide the accounting authority with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

ANNEXURE C:

2020/2021

SDBIP CUMULATIVE PERFORMANCE REPORT & PERFORMANCE OF SERVICE PROVIDERS

SEKHUKHUNE DISTRICT MUNICIPALITY

2020/2021

Annual Performance Report



CONTENTS:

1. Legislative mandate
2. Summary of Municipal Performance financial year 2020/2021 per KPA
3. Municipal Annual Performance report for 2019/2020 Financial Year
4. Detailed challenges and remedial actions of non-performance targets 2020/2021
5. Service Delivery and Budget Implementation Plan 2021/2022
6. Performance of service providers 2020/2021 Financial Year
7. Measures to improve performance
8. Conclusion
9. Appendix A: Performance Rating for Service Providers
10. Annexure APR1: Excel detailed annual performance report

1. Legislative mandate

Annual Performance Report preparation

The Annual Performance Report (APR) for Sekhukhune District Municipality for the financial year 2020/2021 has been prepared in compliance with the provisions of the Local Government Municipal Finance Management Act 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*

In preparing the APR for 2020/2021, 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 during January 2021. The APR will form part of bundle of documents that will be submitted together with the Annual Financial Statements of the SDM for 2020/2021 financial year.

2. Summary of Municipal Performance for 2020/2021 as per KPA

The District Municipality had planned to achieve a total of 203 targets for the 2020/2021 financial year. The Municipality managed to achieve 128 of the 203 set targets which is an equivalence of 63% and 75 set targets were not achieved.

Due to the covid 19 pandemic most of the Departments did not achieve their targets which led to the overall achievement of the Municipality to be at 63%. However, the

municipality has shown an improvement of 12% from the previous financial year. The Department of Infrastructure and Water Services as the key Department of the district with 62 targets and only achieved 18 targets at 29%. 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.

The following table outline the performance as per key performance area for the 2020/2021 financial year.

TABLE 1:

KEY PERFORMANCE AREAS	2019/2020 PERFORMANCE	2020/2021 PERFORMANCE			
	% ACHIEVED	NUMBER OF SET TARGETS	NUMBER OF ACHIEVED TARGETS	NUMBER OF TARGETS NOT ACHIEVED	% ACHIEVED
BASIC SERVICE DELIVERY AND INFRASTRUCTURE					
Infrastructure & Water Services	39%	62	18	44	29%
Community Services	90%	18	18	-	100%
TOTAL	51%	80	36	44	45%
GOOD GOVERNANCE AND PUBLIC PARTICIPATION					
Office of the Speaker	31%	12	10	2	83%
Office of the Executive Mayor	31%	20	15	5	75%
Office of the Municipal Manager	47%	17	12	5	70%
TOTAL	33%	49	37	12	75%
INSTITUTIONAL DEVELOPMENT AND ORGANISATIONAL DEVELOPMENT					
Corporate Services	60%	31	25	6	80%
IDP, PMS & Legal Services	79%	14	13	1	93%
TOTAL	66%	45	38	7	84%

FINANCIAL MANAGEMENT AND VIABILITY					
TOTAL	56%	20	11	9	55%
SPATIAL RATIONALE					
TOTAL	33%	4	3	1	75%
LOCAL ECONOMIC DEVELOPMENT					
TOTAL	80%	5	3	2	60%
TOTAL Performance	51%	203	128	75	63%

SEKHUKHUNE DEVELOPMENT AGENCY	36%	15	8	7	53%
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TABLE 2: 2020/2021 ANNUAL PERFORMANCE AS PER DEPARTMENTS

DEPARTMENT	NO. OF TARGETS	TARGETS ACHIEVED	TARGETS NOT ACHIEVED	% ACHIEVED
Infrastructure & Water Services	62	18	44	29%
Community Services	18	18	-	100%
Corporate Services	31	25	6	80%
Municipal Manager's Office	28	22	6	78%
Office of the Executive Mayor	20	15	5	75%
Office of the Speaker	12	10	2	83%
Budget & Treasury Office	20	11	9	55%
Planning & Economic Development	12	9	3	75%
Total	203	128	75	63%

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 2020/2021

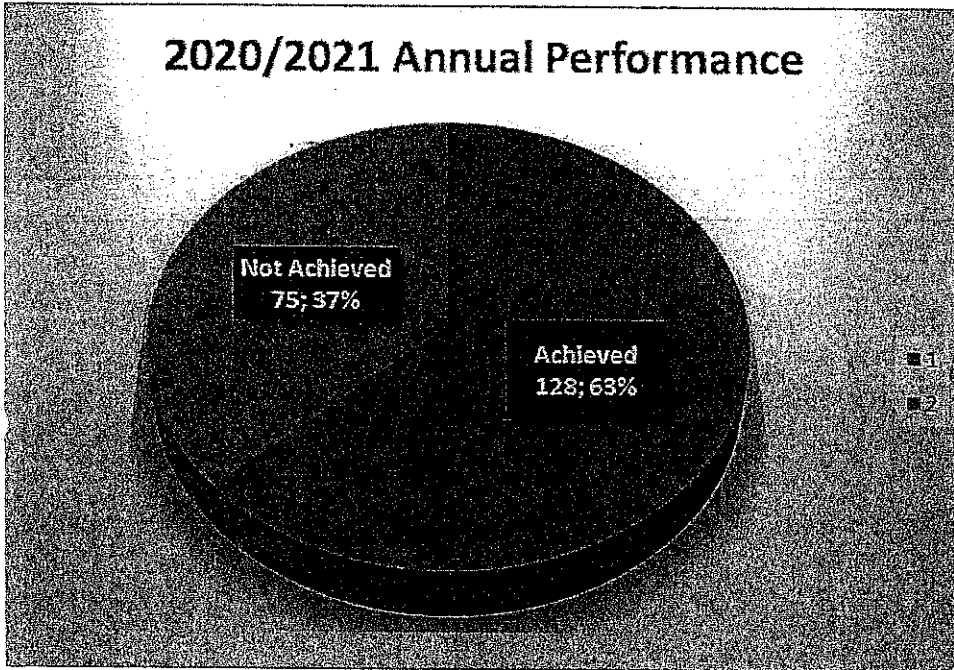


Figure1

3. Municipal Annual Performance Report for 2019/2020 financial year

The District Municipality had planned to achieve a total of 204 targets for the 2019/2020 financial year. The Municipality managed to achieve 103 of the 204 set targets which is an equivalence of 51% and 101 set targets were not achieved.

Due to the covid 19 pandemic most of the Departments did not achieve their targets which led to the overall achievement of the Municipality to be at 51%. The Department of Infrastructure and Water Services as the key Department of the district with 71 targets and only achieved 28 targets at 39%. 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 2019/2020 financial year:

TABLE 3:

KEY PERFORMANCE AREAS	2018/2019 PERFORMANCE	2019/2020 PERFORMANCE			
		2019/2020 NUMBER OF SET TARGETS	2019/2020 NUMBER OF ACHIEVED TARGETS	2019/2020 NUMBER OF TARGETS NOT ACHIEVED	% ACHIEVED FOR 2019/2020
BASIC SERVICE DELIVERY AND INFRASTRUCTURE					
Community Services	100%	21	19	2	90%
Infrastructure & Water Services	51%	71	28	43	39%
TOTAL	62%	92	47	45	51%
GOOD GOVERNANCE AND PUBLIC PARTICIPATION					
Office of the Speaker	80%	13	4	9	31%
Office of the Executive Mayor	80%	19	4	15	21%
Office of the Municipal Manager	85%	17	8	9	47%
TOTAL	81%	49	16	33	31%
INSTITUTIONAL DEVELOPMENT AND ORGANISATIONAL DEVELOPMENT					
Corporate Services	83%	25	15	10	60%
IDP, PMS & Legal Services	100%	14	11	3	79%
TOTAL	88%	39	26	13	66%
FINANCIAL MANAGEMENT AND VIABILITY					
TOTAL	45%	16	9	7	56%
SPATIAL RATIONALE					
TOTAL	100%	3	1	2	33%
LOCAL ECONOMIC DEVELOPMENT					
TOTAL	100%	5	4	1	80%
TOTAL Performance	74%	204	103	101	51%
SEKHUKHUNE DEVELOPMENT AGENCY	65%	22	8	14	36%

TABLE 4: 2019/2020 ANNUAL PERFORMANCE AS PER DEPARTMENTS

Table 4:

DEPARTMENT	NO. OF TARGETS	TARGETS ACHIEVED	TARGETS NOT ACHIEVED	% ACHIEVED
Infrastructure & Water Services	71	28	43	39%
Community Services	21	19	2	90%
Corporate Services	25	15	10	60%
Municipal Manager's Office	28	16	12	57%
Office of the Executive Mayor	19	4	15	21%
Office of the Speaker	13	4	9	31%
Budget & Treasury Office	16	9	7	56%
Planning & Economic Development	11	8	3	72%
Total	204	103	101	51%

Below is a graphical depiction of the overall performance of the Municipality in the financial year 2019/2020:

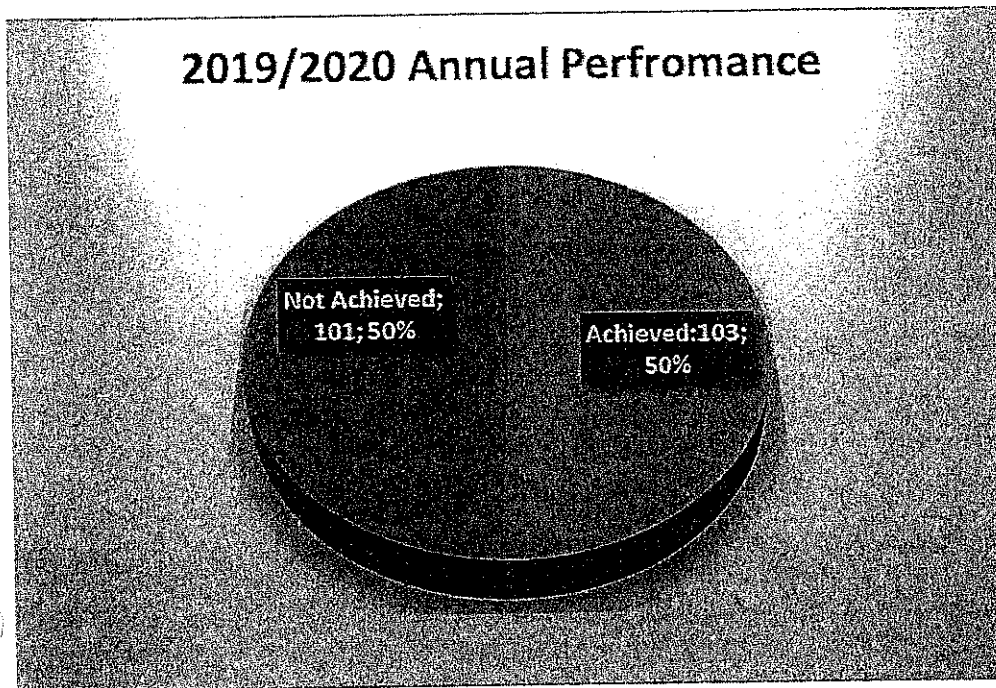


Figure 2

4. Detailed challenges and remedial actions of non-performance for the financial year 2020/2021

BASIC SERVICE DELIVERY AND INFRASTRUCTURE

On the above mentioned KPA, the municipality had planned 80 targets. Only 36 targets were achieved and 44 not achieved. The main contributing non-performance factors with remedial actions are discussed below in Table 5:

Table 5

PROJECT	TARGET	CHALLENGE	REMEDIAL ACTION
Mooihoek bulk water supply phase 4F1	1 Kilometers of bulk water pipeline constructed, 4 Testing and commissioning	Pressure testing still on-going due to shortage of water and illegal connections on the pumping main to the reservoir.	Consultant engaging LNW to release water for testing when possible.
Mooihoek bulk water supply phase 4F1	1 Kilometers of bulk water pipeline constructed, 4 Testing and commissioning	Pressure testing still on-going due to shortage of water and illegal connections on the pumping main to the reservoir.	Consultant engaging LNW to release water for testing when possible.
Construction of Mooihoek bulk water supply phase G1.1	1 procurement of material & 1 site establishment	Contractor having cashflow challenges and asked for assistance so that he can procure the material	Consultant engaging the contractor to see how best they can remedy the situation through the BOQ
Nebo BWS Commission Jane Furse Pipeline	9km bulk water supply pipeline tested and commissioned	The contract of both Engineer & Contractor has lapsed	Appointment of a service provider to test & commission the line in 21/22

Nebo BWS Makgeru to Schoonoord BWS	1,5 Kilometers of bulk water supply pipeline constructed	Additional funding is required due to the fact that both contractor & engineer exceeded variations of 20%	Secure Funding and execute
Moutse BWS Project 13 & 14	2 mechanical and Electrical (M & E) components installed for the extensions to the Groblersdal Water Treatment Works and pump station	Project stopped by affected stakeholder's interference (business forum) Stakeholders demand that remedial work be performed under turnkey contract	Address demands of the stakeholders
Moutse BWS Construction bulk water Pipeline Project 2 – 4	14 Kilometers of bulk water supply pipeline assessed and refurbished	Project stopped by affected stakeholder's interference (business forum) Stakeholders demand that remedial work be performed under turnkey contract	Address demands of the stakeholders
Tukagomo water intervention and meter	3.75 Km of water distribution network constructed and 1 raw water abstraction point	Late appointment of the contractor.	Expedite the works on site.

installations.	upgraded.			
Uitspanning Water Supply Intervention	1.6 kilometers of bulk pipeline constructed, 1 Reverse Osmosis Water Treatment Package Plant and 1 Storage tank installed.	Late appointment of the contractor.	Expedite the works on site.	
Maebe drilling and equipping of borehole	1 Pump station constructed, and 1 Reverse Osmosis Water Treatment Package Plant and 1 storage tank installed.	Late appointment of the contractor. The contractor has sent a letter of termination of his appointment to the client.	Expedite the works on site. A meeting was held with the contractor, engineer, PM and director regarding his termination of appointment on the 28 June 2021 and he had agreed to withdraw his termination letter within 14 days.	
Mogoroane Water Supply	7 km of water pipeline constructed, and 1 elevated tank installed.	The contractor is having challenges in getting 35 ton crane for assembling of the steel tank	The has promised to secure 35-ton crane by the 8th of July 2021.	
Rutseng Water Intervention	3.8 Km for bulk water constructed and 1 concrete reservoir sealed.	Late appointment of the contractor.	Expedite the works on site.	

Flag Boshielo WC & WDM (Letebejane Water Meters Installation)	450 household meters Installed, and 300 metres refurbished	Contractor has revised the rates on the water meters and submitted it to the Engineer for evaluation.	Engineer to evaluate the revised rates on the meters the 7th of July.
Phiring Water Supply Intervention	0.7 Kilometer of water reticulation constructed, 1 storage tanks constructed and 1 borehole refurbished.	Slow progress by the contractor on site.	To fast track activities on site.
Generation of Water Quality Reports	12 Water Quality Reports generated	System not updated due lack resources	Resources will be provided in July 2021
Blue Drop Participation	15 Water Treatment Works (WTW) participated in Blue Drop Certification programme	System not updated due lack resources	Resources will be provided in July 2021
NSD07 Regional Water	12 Kilometres of bulk water pipeline	Delay in the construction of bulk pipeline	Contractors were currently focusing on reservoir construction before they

Scheme Construction of Concrete Reservoirs	constructed and 1 out of 4 reservoirs completed	can proceed with pipeline construction. Pipeline targeted to be completed in the 2021/22 FY
De Hoop/Nebo Plateau/Schoonoord Water Scheme Villages: Makgeru, Ga Ratau & Matekane	8 Kilometres of water pipeline completed	The project was stopped by Department of labour for not acquiring the work permit
		Construction work permit received on June 18, the project resumed on 01 July 2021
Zaaiplaas Village Reticulation Phase 2 (Vlakfontein, Slovo and remaining village) - CO	2 Kilometres of Zaaiplaas bulk water supply pipeline commissioned and 1 pump station installed	No activities on site Contractors were terminated
Motlailana, Makgemeng Water Supply	Motlailana, Makgemeng Water Supply	Approval of proposal to complete the project and implementation of the recommended option.
		Matter resolved and contractor is in the process of procuring a steel tank.

Malekana Regional Water Scheme	10 kilometres of water pipeline and 4 reservoirs completed	Behind program schedule due to delays caused by social unrests in the project area	Revise program and look into accelerating works.
Lebalelo South connector pipes & reticulation network	100km of connector and reticulation pipelines constructed and 3 reservoirs completed	Continuous stoppage by the subcontractors due to non payment	Cessions signed between main contractors and sub contractors for the municipality to pay directly.
Lebalelo South Phase 3 (Ga Maroga & Motlolo) Bulk & reticulation infrastructure	36 kilometres of bulk and water reticulation pipeline, 5 out of 8 reservoirs completed, 1 package plant completed	1.The Community forum has stopped the project since March due to non-payment of laborer's, subcontractor and other service providers appointed by the contractor.(No Progress)	1. The Detailed report with Recommendation for Termination has been sent to the Director of Infrastructure to take decision on this matter.
Ga-Maphopha Command Reservoir	1 Reservoir completed	1.Payment disputes for the subcontractor who constructed the concrete reservoir, 2.Lack of cooperation from the main contractor, 3. funds to complete the	1. Payment Claim submitted to finance 2. Recommendation for termination of the contractor submitted to consultants, proposal to recommend turn-key contract 3. Utilise the retention to complete

			project	the project
Roosenekal WWTW	Test and Commission the WWTW	The clarifier failed to function because the motor was dead	A new motor was ordered and replaced.	A new motor was ordered and replaced.
De Hoop/Nebo plateau/Schoonoord water scheme villages Makgeru. Ga-Ratau & Matekane	One design report and two bid documents completed	Prioritisation of the project to be finalised in consultation with management	Bid document to be finalised in the fourth quarter	A new motor was ordered and replaced. fourth quarter
Tshikanoshi Water Supply	3 boreholes equipped 2,5km pipeline installation	Current allocation not spent	Extend contract duration to overlap into July 2021	Extend contract duration to overlap into July 2021
Sephaku Water Supply	One borehole installed, 4,1km pipeline installed	Current allocation not spent	Extend contract duration to overlap into July 2021	Extend contract duration to overlap into July 2021
Legolaneng Water Supply	two boreholes installed, 2,5km	Current allocation not spent	Extend contract duration to overlap into July 2021	Extend contract duration to overlap into July 2021

	pipeline installed		
Eenzaam water supply	One borehole installed, 4km pipeline installed	Current allocation not spent	Extend contract duration to overlap into July 2021
Brooklyn water supply	One borehole installed, 1.3km pipeline installed	Current allocation not spent	Extend contract duration to overlap into July 2021
Polaseng Water Intervention	One borehole installed, 290m pipeline installed	Current allocation not spent	Extend contract duration to overlap into July 2021
Mahlokwena (Malaeneng) Water Supply	One borehole installed, 600m pipeline installed	Current allocation not spent	Extend contract duration to overlap into July 2021
Kgotlopong Water Supply	One borehole installed, 350m pipeline installed	Current allocation not spent	Extend contract duration to overlap into July 2021
Mogodi Covid-19 water intervention project.	1 boreholes drilled, tested and equipped, 1200 km of water pipeline constructed and 2	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.

	storages installed.		
Moomane Covid-19 water intervention project.	1 boreholes drilled, tested and equipped, 1200 km of water pipeline constructed and 2 storages installed.	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.
Stoffberg/ Laersdrift Covid-19 water intervention project.	1 boreholes drilled, tested and equipped, 800 km of water pipeline constructed.	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.
Buffelshoek Covid-19 water intervention project.	1 boreholes drilled, tested and equipped, 800 km of water pipeline constructed and two (2) installed.	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.
Glen Cowie Cluster and St Ritas Hospital Covid-19 water intervention project.	3 boreholes drilled, tested equipped and connected to existing concrete reservoir.	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.

Kgapamadi Covid-19 water intervention project.	4 Km of rising main pipeline constructed.	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.
Ngwaritsi Covid-19 water intervention project.	2 boreholes drilled, tested and equipped, 4 km of water pipeline constructed and 3 storages installed.	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.
Phahlamanoge / Masehleng	Two (2) existing boreholes tested, equipped and connected existing concrete reservoirs	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.
Mpita village Covid-19 water intervention project.	2 boreholes drilled, tested and equipped, 4 km of water pipeline constructed and 3 storages installed.	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.
Jane Furse Hospital Covid-19 water intervention	3 boreholes drilled, tested equipped and connected to	Only two bidders responded off which they were not appointable	Recommended for readvert

project.	existing concrete reservoir.		
Leeuwfontein Covid-19 water intervention project.	3 boreholes drilled, tested equipped and connected to existing concrete reservoir.	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.

- **GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

The KPA has planned 45 targets. Only 38 targets were achieved and 7 not achieved with the following challenges and remedial actions for the non-achieved targets.

PROJECT	TARGET	CHALLENGE	REMEDIAL ACTION
Conduct Regularity audits	22 Regularity Audit conducted	Late appointment of the audit panel. Performed more SCM due diligence to fastrack the appointment of the contractor	Fastrack the performance of the regularity audits. Roll over other audit projects.
Conduct ICT Audits	4 ICT Audit conducted	Lack of ICT skills internally.Late appointment of the audit panel	Fastrack the performance of the ICT audits.Roll over other audits projects
Coordination of Audit Committee and	4 meetings of audit and performance	Backlog of 2019-2020 financial year meetings	Fourth Quarter Audit Committee

Performance Audit Committee	committees coordinated		meeting to be held in August 2021
Facilitate Management Committee (RMC) meetings	4 x Risk Management Committee(RMC) meetings facilitated	An advertisement for the vacant position of the Chairperson has been issued and responses received.	Risk Management Committee (RMC) not functional due to the non-existence of a chairperson
Newsletter & Publications produced	12 newsletters produced.	Inadequate capacity to complete all the newsletters	Training of staff on short courses will be prioritised.
Special Mayoral strategic Events	7 Strategic Events facilitated	COVID-19 Regulations	Events to be held once covid 19 regulations are relaxed
Moral Regeneration Movement Committee	2 Moral Regeneration Movement Committee facilitated	COVID-19 Regulations	Events to be held once covid 19 regulations are relaxed
Call Centre Revamping & Maintenance	1 call centre revamped	Inadequate budget	To be done once budgeted
Children's Care	2 children's campaigns facilitated	COVID-19 Regulations	Events to be held once covid 19 regulations are relaxed

2 Mayoral Sport activities facilitated	2 Mayoral Sport activities facilitated	COVID-19 Regulations	Events to be held once covid 19 regulations are relaxed
Public participation sessions.	15 public consultation meetings facilitated	Due to Covid-19 restrictions	District ward committee conference will be facilitated once the Covid-19 restrictions are reviewed
Review of public participation policy.	1 public participation policy reviewed	Draft review policy not submitted to Council for approval	HR department did not process the submission of the draft policy

- **INSTITUTIONAL DEVELOPMENT AND ORGANISATIONAL DEVELOPMENT**

The KPA has planned 49 targets. Only 37 targets were achieved with the following challenges and remedial actions for the non-achieved targets.

PROJECT	TARGET	CHALLENGE	REMEDIAL ACTION
Change management	2 change management awareness campaigns conducted	Unavailability of budget to facilitate sessions for identified areas of change	Budget availability

Software License renewal	12 license renewal	Service provider delayed to generate an order	Expedite the renewal of licence
Local Labour Forum (LLF) meetings	12 LLF meetings facilitated	Management representatives were not yet confirmed and failure to meet quorum.	Adherence to annual scheduled meetings.
Records management	1 file plans facilitated, and 1 policy reviewed	Project delayed due constant consultations	To be completed in August. 2021/2022
Contract Management	6 borrowed facilities' SLA concluded	Fetakgomo-Tubatse unable to sign the agreement	Escalate the matter.
Individual Performance assessment for senior managers	2 performance assessment (2020/2021 Annual & 2019/20 Mid-term) for senior managers conducted	Delay in finalisation of audit by AGSA	To be held in the first quarter of 2021/2022

- **FINANCIAL MANAGEMENT AND VIABILITY**

The KPA has planned 20 targets. Only 11 targets were achieved and 9 not achieved with the following challenges and remedial actions for the non-achieved targets.

PROJECT	TARGET	CHALLENGES	REMEDIAL ACTION
Liquidity and cash balances.	1,5:1 Liquidity ratio	The poor cash flow planning in terms of creditors payments. Which leads to early withdrawal of the investment which leads to penalties by financial institutions.	There must be weekly cashflow projections for all creditors.
Efficiency and functionality of supply chain management	100% implementation of Procurement plan (MIG, RBIB, WSIG and all other tenders)	70% projects were awarded	Committees sittings is a challenge
Identification of potential areas to be billed	Collection of data and billing of 5 areas with revenue potential	3 of the 5 Areas have been captured but not billed	The capturing was delayed by Covid 19 challenges
Meter reading	80% of customer's meters valitated and read	75,19% of meters were read	Some areas refused meter reading access
Improve collection rate	75% of revenue collected against the billing	Lack of internal capacity to effect disconnection	Extend scope of Meter reader to do disconnection
Improve collection	2% reduction of debt	Lack of internal capacity	Extend scope of Meter reader to do

rate	book	to effect disconnection	disconnection
Payment of debts by Government Dept.	50% Collection of Government debt	Lack of internal capacity to effect disconnection	Letters to government institutions and Coghsta

- **SEKHUKHUNE DEVELOPMENT AGENCY**

The agency has planned 15 targets. Out of 15 targets only 8 were achieved with the following challenges and remedial actions outlined

PROJECT	TARGET	CHALLENGES	REMEDIAL ACTION
Mining Beneficiation study	1 Mining Beneficiation Study Facilitated	MINTEK has not yet responded to SDA's request for intervention	N/A
Establishment of electrical vehicle manufacturing factory	1 electrical vehicle manufacturing factory facilitated	Delays by the investor to built factory	eisowave to finalise funding with the banks and agreement with GLENCOR
Supply of VIP toilets materials to emerging contractors	600 VIP sanitation Top structure supplied to emerging contractors	pending legal matter between private party and parent municipality	facilitate council resolution to rescind previous council resolution to facilitate appointment of new partner
Mining Beneficiation	1 business plan	Lockdown due to Covid 19	Business plan to be developed

	developed	pandemic	after lock down
Cotton Industry Revitalisation Program	x1 Partnership established by MOU	Lockdown due to Covid 19 pandemic	To be Signed after lockdown
ERF 488 Development	1 feasibility study conducted	Delays in adverts due to specification gaps	Advertise in the 1st Q of 2021/2022
Stakeholder management	1 AGM and stakeholder engagement	Due to re-constitution of the new board and need to engage in strategic review	Strategic review and AGM, postpone to 1st Q of 2021/2022 due to Covid19

5. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN 2020/2021

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 2020/2021 financial year.

The preparation of the 2021/2022 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 2019/2020 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 approved the SDBIP for the six key performance areas (KPA's) as per the Local Government priorities with its entity with 207 targets: The table below outlines the target as per key performance area and the entity:

KEY PERFORMANCE AREA	NUMBER OF TARGETS
BASIC SERVICE DELIVERY AND INFRASTRUCTURE	
Infrastructure & Water Services	38
Community Services	18
TOTAL	56
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	
Office of the Speaker	14
Office of the Executive Mayor	22
Office of the Municipal Manager	20
TOTAL	56

INSTITUTIONAL DEVELOPMENT AND ORGANISATIONAL DEVELOPMENT	
Corporate Services	27
IDP, PMS & Legal Services	4+8+5=17
TOTAL	44
FINANCIAL VIABILITY	
TOTAL	21
SPATIAL RATIONALE	
TOTAL	05
LOCAL ECONOMIC DEVELOPMENT	
TOTAL	09
TOTAL FOR THE SIX KEY PERFORMANCE AREAS	
TOTAL	191

Sekhukhune Development Agency	14
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GDBIP TARGETS AS PER DEPARTMENTS

INSTITUTIONAL DEVELOPMENT AND ORGANISATIONAL DEVELOPMENT	
Corporate Services	27
IDP, PMS & Legal Services	4+8+5=17
TOTAL	44
FINANCIAL VIABILITY	
TOTAL	21
SPATIAL RATIONALE	

TOTAL	05
LOCAL ECONOMIC DEVELOPMENT	
TOTAL	09
TOTAL FOR THE SIX KEY PERFORMANCE AREAS	
TOTAL	191

Sekhukhune Development Agency	16
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The operational budget for the 2021/2022 financial year is R1 103 532 298 and capital budget R415 901 000. In total budget for the 2021/2022 financial year is R1 519 433 298

6. PERFORMANCE OF SERVICE PROVIDERS FOR 2020/2021 FINANCIAL YEAR PER KPA

• BASIC SERVICE DELIVERY AND INFRASTRUCTURE

NAME OF SERVICE PROVIDER	SERVICE RENDERED	LEVEL OF PERFORMANCE	REMARKS
Aphane Consulting Engineers (Pty) Ltd.	Consultant	4	<ul style="list-style-type: none"> • Good supervision • Prompt responses • Timeously responses
DWS Construction West	Contractor	4	<ul style="list-style-type: none"> • Good workmanship on site
Ntshiana & Maunyafiala JV	Contractor	4	<ul style="list-style-type: none"> • Good workmanship on site • Good progress on site
Babina Tlou Trading & Projects	Contractor	3	<ul style="list-style-type: none"> • Average performance
Ba-Phalaborwa 72 Construction	Contractor	4	<ul style="list-style-type: none"> • Good workmanship on site • Good progress on site
Masututsa Consulting Engineers	Consultant	2	<ul style="list-style-type: none"> • Poor communication • Lack of experience
Pula Consulting Engineers	Consultant	3	<ul style="list-style-type: none"> • Average performance • Lack in supervision

Mont Consulting	Consultant	4	<ul style="list-style-type: none"> Reactive not pro proactive Good supervision. Prompts responses. Timely responses
Nape Multi Professionals	Consultant	4	<ul style="list-style-type: none"> Good supervision. Prompt responses. Timely responses
HWA Consultants	Consultant	4	<ul style="list-style-type: none"> Good performance Improved communication and submissions
H&E	Construction	2	Poor communication Lack of experience
Readira (Nkadimeng 11A)	Construction	2	<ul style="list-style-type: none"> Poor performance
Eternity Star	Construction	3	<ul style="list-style-type: none"> Average performance
Irhalane construction	Construction	3	<ul style="list-style-type: none"> Good performance
Castro Steyn	Consultant	4	<ul style="list-style-type: none"> Good performance
MTK3 Trading	Contractor	5	<ul style="list-style-type: none"> Excellent project management and supervision. Projects completed on time and timely reporting
Mulalo Business Enterprise	Contractor	3	<ul style="list-style-type: none"> Average performance
Shwings Construction &	Construction	3	<ul style="list-style-type: none"> Average performance

projects				
Bathopele Service Providers	Construction	2		<ul style="list-style-type: none"> • Project on hold due to lack of funds
Soma Construction	Construction	2		<ul style="list-style-type: none"> • Poor performance
Toba 11 Trading (VIP Ephraim Mogale)	Consultants	4		<ul style="list-style-type: none"> • Good performance
Zebacraft JV Lance Management	Contractor	3		<ul style="list-style-type: none"> • Average performance
Nape Multi Professionals	Contractor	3		<ul style="list-style-type: none"> • Average performance
HLTC Construction	Contractor	3		<ul style="list-style-type: none"> • Average Performance
Hlayeleni Consultants (VIP Makhuduthamaga)	Consultant	4		<ul style="list-style-type: none"> • Average performance
Masekwameng Traders	Contractor	3		<ul style="list-style-type: none"> • Average performance
Infra projects Africa (VIP Fetakgomo Tubatse)	Consultant	2		<ul style="list-style-type: none"> • Lack of supervision on site
Maunyatlala Shakwana	Contractor	3		<ul style="list-style-type: none"> • Average performance
Civstruct Consulting Engineers (VIP)	Consultant	4		<ul style="list-style-type: none"> • Good performance

Fetakgomo Tubatse)				
Katlego ya Sentsho	Contractor	3		• Average performance
Makplan Construction and Project	Contractor	3		• Average performance
Tango"s consultant	Consultant	4		• Good performance
7 World Group	Contractor	1		• Very poor performance(Terminated)
MGM Bluhray Engineers	Consultant	4		• Good performance
Lebaka Construction	Contractor	3		• Average performance
Eternity Star and Zacks Business Enterprise	Contractor	2		• Poor performance
Zacks Business Enterprise	Contractor	4		• Good performance
Mulalo Business Enterprise	Contractor	3		• Average performance
20 Elevation Construction and Landscaping	Contractor	3		• Average performance
Sabs	Annual Subscription Renewal of SANS codes ultranet tool kit	3		• Good
Inteltronics	Calibration of	3		• Good

	meteorological data measuring equipment			
Skills training distributor	Procurement of Training Academy Instructional Material	3		• Good
Bamphile Bohale	Supply and delivery of disaster relief material	3		• Good
NASWE MATJEDI PTY LTD	Supply and Delivery of tool box for Air Quality Station Monitoring	3		• Good
OPEN KINGDOM TECHNOLOGY CONSULTING	3x Tablets for fire safety Division	3		• Good
HAMILTON HYDRAULICS	Supply and delivery of 5x Hydraulic rescue tools Set	3		• Good
MASH CONSTRUCTION & PROJECTS	Supply and delivery of Blow torches & cartridge for MHS	3		• Good
BOPHELONG OCCUPATIONAL HEALTH CARE INC	Supply and Delivery of Sanitizers and Spray bottles	3		• Good
LEO POINT INVESTMENTS	Supply and delivery of Rolling tapes, and Infrared tape measures	3		• Good
SMDJ INFO TECH	Supply and delivery of Covid-19 PPE	3		• Good
GILMARK TRADING	Supply and delivery of Hand Pump Spray and	3		• Good

	electronic decontamination equipment		
FITO AND SONS CONSTRUCTION	Supply and delivery of MHS uniform for Executive Mayor and MMC	3	• Good
SESHOGO SA BAKONE	Supply and delivery of Alcohol meter	3	• Good
MADIJO TRADNG ENTERPRISE	Supply and delivery of Municipal Health Services personnel uniform	3	• Good

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• GOOD GOVERNANCE AND PUBLIC PARTICIPATION

NAME OF PROVIDER	SERVICE	SERVICE RENDERED	LEVEL OF PERFORMANCE	REMARKS
Tladi and Associates		Review of control accounts	5	• Very Good
KT Mogano		Review of AFS	4	• Good
Reliable Accountants TM Consortium JV		Forensic Investigation-	3	• Performs as expected
Loskop alarms		Armed response	4	• Exceed expectations
Tubatse security services		Physical security	3	• Performed as expected
Sesane security services		Physical security	2	• Requires improvement

Mogola security services	Physical security	2	<ul style="list-style-type: none"> • Requires improvement • Performed as expected
Guardrisk insurance	Assets insurance	3	

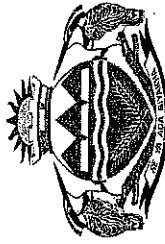
• INSTITUTIONAL DEVELOPMENT AND ORGANISATIONAL DEVELOPMENT

NAME OF SERVICE PROVIDER	SERVICE RENDERED	LEVEL OF PERFORMANCE	REMARKS
ML Mateme Attorneys	Professional legal services	5	• Highly competent
Ratale Mashifane Attorneys	Professional legal services	3	• Average performance
Ramontja Attorneys	Professional legal services	3	• Average performance
Dikgati Mphahlele	Professional legal services	5	• Highly competent
Verveen Attorneys	Professional legal services	5	• Highly competent
Mphoke PK Magane Attorneys	Professional legal services	4	• Competent
Machaba Attorneys	Professional legal services	3	• Average performance
Dimension Data	Disaster Recovery Plan	3	• None
Mashcorp	Wireless upgrade and Internet Service Provider	3	• None
FHIMA Consultancy and Projects	CCVTV and Biometrics	3	• None
Telkom	Telephones and Internet	3	• None
New Deal Engineering	Audio and Recording Devices	3	• None
BCX	Financial System	3	• None
Sage VIP	Payroll System	3	• None
Amasondo Fleet Management	Fleet Management	3	• None
	EMS Fleet	3	• None

Fleet Africa	Fleet Management IWS Fleet	3	• None
Ephraim Mogale Local Municipality	Office Rental Fire station	3	• None
Bumazi Properties	Office Rental District offices	3	• None
Jane Furse Memorial	Office Rental IWS and EMS offices	3	• None
SF Ndala	Office Rental IWS Maklereng offices	3	• None
Madijo Business Enterprise	Provision of PPE	3	• None
SIWAVILLE Trading and Projects	Training of 39 Employees on Water and Wastewater Reticulation NQF Level 3	3	• Excellent performance

• FINANCIAL MANAGEMENT AND VIABILITY

NAME OF SERVICE PROVIDER	SERVICE RENDERED	LEVEL OF PERFORMANCE	REMARKS
MaxProf	VAT Recovery	4	• Excellent Performance
Ntiyiso	Meter reading	3	• Good
Morar	Assets management support	4	• Excellent Performance
Inquest	Debt Collection	3	• Good
Revcon	Debt Collection	3	• Good
Tsogo Tech	3rd party payment	2	• Poor Performance



SEKHUKHUNE
District Municipality

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2020/2021 ANNUAL PERFORMANCE REPORT (EXCEL REPORTS)

BASIC SERVICE DELIVERY

BASIC SERVICE DELIVERY										
2020/2021 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN										
MEASURABLE OBJECTIVES	PROJECT NAME	BASELINE 2019/2020	INDICATORS DESCRIPTION	ANNUAL TARGET 2020/2021	PROGRESS (Achieved/Not achieved)	ACTUAL PROGRESS	CHALLENGES	REMEDIAL ACTIONS	PORTFOLIO OF EVIDENCE	BUDGET 2020-2021
To construct pipeline from Burgersfort to Dresden pump station by June 2021	Construction of Moolhoek bulk water supply phase 4E	5,4 Kilometers of bulk pipeline constructed, 1 booster pump station constructed, 1 concrete reservoir constructed	Number of Kilometers of bulk pipeline constructed, testing & commissioning	1,5 Kilometers of bulk pipeline constructed, testing and commissioning	Achieved	1,5 Kilometers of bulk pipeline constructed, testing and commissioning	None	None	practical completion certificate	R80 000 000,00
To construct bulk pipeline from Praktiseer to Motodi by June 2021	Moolhoek bulk water supply phase 4F.1	5,08 Kilometers of bulk water pipeline constructed, 1 concrete reservoir constructed	Number of Kilometers of bulk pipeline constructed, testing & commissioning	1 Kilometers of bulk water pipeline constructed, 4 Testing and commissioning	Not achieved	1 Kilometers of bulk water pipeline constructed Testing and commissioning ongoing	Pressure testing still on-going due to shortage of water and illegal connections on the pumping main to the reservoir.	Consultant engaging LNW to release water for testing when possible.	Progress Report & practical completion certificate	
To construct bulk pipeline from Praktiseer to Alverton by June 2021	Construction of Moolhoek bulk water supply phase G1.1	1 X 5 Ml concrete reservoir completed Phase 4A	Number of procurement of material & number of site establishment	1 procurement of material & 1 site establishment	Not achieved	Contractor appointed. Done with contractual obligations and site establishments. 0% physical progress.	Contractor having cashflow challenges and asked for assistance so that he can procure the material	Consultant engaging the contractor to see how best they can remedy the situation through the BOQ	Progress Report	
To construct bulk pipeline from Praktiseer to Alverton by June 2021	Construction of Moolhoek bulk water supply phase G1.2	1 X 5 Ml concrete reservoir completed Phase 4A	Number of procurement of material & number of site establishment	1 procurement of material & 1 site establishment	Achieved	1 procurement of material & 1 site establishment	None	None		
To construct bulk pipeline from Praktiseer to Alverton by June 2021	Construction of Moolhoek bulk water supply phase G2	13km of bulk water supply pipeline phase 2 in Moolhoek completed	Number of Kilometers of bulk water supply pipeline & number of concrete reservoir constructed.	4 Kilometers bulk water supply pipeline & 1 concrete reservoir constructed.	Achieved	4 Kilometers bulk water supply pipeline & 1 concrete reservoir constructed.	None	None	Progress Report	
To test & commission the bulk water supply by June 2021.	Nebo BWS Commission Jane Furse Pipeline	Nebo Phase 1A completed and not commissioned	Number of Kilometers of bulk water supply pipeline tested and commissioned	9km bulk water supply pipeline tested and commissioned	Not achieved	Project has been stalled, due to business rescue	The contract of both Engineer & Contractor has lapsed	Appointment of a service provider to test & commission the line in 21/22	Project close-out report or completion certificate.	R24 292 000,00

To construct bulk water pipeline from T-off of Makgeru to the new 10ML reservoir at Schoonoord by June 2021	Nebo BWS Makgeru to Schoonoord BWS	18,2 Km of Schoonoord bulk water supply pipeline in Makgeru. 10ML Command concrete reservoir in Schoonoord	Number of Km for bulk water constructed	1,5 Kilometers of bulk water supply pipeline constructed	Not achieved	0 Kilometers of bulk water supply pipeline constructed	Additional funding is required due to the fact that both contractor & engineer exceeded variations of 20%	Secure Funding and execute	Progress Report	R31 364 000,00
To construct Bulk water Pipeline and test main pump stations by June 2021	Moutse 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	2 mechanical and Electrical (M & E) components installed for the extensions to the Groblersdal Water Treatment Works and pump station	Not achieved	No progress as project was stopped by affected stakeholder's interference (business forum). Stakeholders meeting are held bi weekly to resolve the impasse.	Project stopped by affected stakeholder's interference (business forum). Stakeholders demand that remedial work be performed under turnkey contract	Address demands of the stakeholders	Progress Report	
To construct Bulk water Pipeline and test main pump stations by June 2021	Moutse BWS Project (7 to 12)	30 Kilometre of bulk water supply pipeline constructed	Number of Kilometers of bulk water supply pipeline testing	20 Kilometre of bulk water supply pipeline testing	Not achieved	No progress as project was stopped by affected stakeholder's interference (business forum). Stakeholders meeting are held bi weekly to resolve the impasse.	Project stopped by affected stakeholder's interference (business forum). Stakeholders demand that remedial work be performed under turnkey contract	Address demands of the stakeholders	Progress Report	
To construct Bulk water Pipeline and test main pump stations by June 2021	Moutse BWS Construction bulk water Pipeline Project 2 - 4	19 Kilometres of bulk water supply pipeline and constructed	Number of km of bulk water supply pipeline assessed and refurbished	14 Kilometers of bulk water supply pipeline assessed and refurbished	Not achieved	No progress as project was stopped by affected stakeholder's interference (business forum). Stakeholders meeting are held bi weekly to resolve the impasse.	Project stopped by affected stakeholder's interference (business forum). Stakeholders demand that remedial work be performed under turnkey contract	Address demands of the stakeholders	Progress Report	

OPERATION AND MAINTENANCE (O&M)

To resolve registered sanitation incidents within 14 days.	Sanitation incidents	800 registered sanitation incidents resolved within 14 days	Number of registered sanitation incidents resolved within 14 days	700 registered sanitation incidents resolved within 14 days	Achieved	919 registered sanitation incidents resolved within 14 days	None	None	Progress Report	R29 833 359,00
To resolve registered water incidents within 14 days.	Water incidents	5500 registered water incidents resolved within 14 days	Number of registered water incidents resolved within 14 days	5000 registered water incidents resolved within 14 days	Achieved	5569 registered water incidents resolved within 14 days	None	None	Progress Report	
To purchase Bulk water by June 2021	Bulk Water Purchases	2515,5Ml of water purchased	Number of Ml water purchased	16 500Ml of water purchased	Achieved	22 335,85Ml of water purchased	None	None	Summary Meter readings report.	R130 000 000,00
To purchase electricity by 2021	Electricity Usage	950 MW of electricity used	Number of KWH electricity used	1200 KWH of Electricity used	Achieved	1924KWH of Electricity used	None	None	Summary Electrical Meter readings report.	R30 000 000,00
WATER SERVICES INFRASTRUCTURE (WSIG)										
To complete water reticulation and upgrade raw water abstraction point by June 2021	Tukakgomo water intervention and meter installations.	4,8 km of reticulation network completed.	Km of water distribution network constructed and number of raw water abstraction point upgraded.	3,75 Km of water distribution network constructed and 1 raw water abstraction point upgraded.	Not Achieved	1,1km of reticulation network is completed. 0,5 raw water abstraction point upgrade complete.	Late appointment of the contractor.	Expedite the works on site.	Progress Report	7 000 369,69
To complete package plant by June 2021	Utspanning Water Supply Intervention	Pressed steel tank, drilled and equipped Borehole	Km of bulk pipeline constructed and number of Reverse Osmosis Water Treatment Plant and storage tank installed.	1,6 kilometers of bulk pipeline constructed, 1 Reverse Osmosis Water Treatment Package Plant and 1 Storage tank installed.	Not Achieved	0 RO Package plant completed.	Late appointment of the contractor.	Expedite the works on site.	Progress Report	8 004 034,76

To complete package plant by June 2021	Maabe drilling and equipping of borehole	Three(3) drilled and equipped boreholes and bulk pipeline.	Number of pump station constructed and number of Reverse Osmosis Water Treatment Package Plant and storage tank installed.	1 Pump station constructed and 1 Reverse Osmosis Water Treatment Package Plant and 1 storage tank installed.	Not Achieved	0 Pump station constructed and 0 Reverse Osmosis Water Treatment Package Plant and 0 storage tank installed.	Late appointment of the contractor. The contractor has sent a letter of termination of his appointment to the client.	Expedite the works on site. A meeting was held with the contractor, engineer, PM and director regarding his termination of appointment on the 28 June 2021 and he had agree to withdraw his termination letter within 14 days.	Progress Report	16 000 800,33
To complete borehole equipping and Bulk pipeline by June 2021	Mogoroane Water Supply	Three boreholes drilled and equipped.	Number of km of water pipeline constructed and number of elevated tank installed.	7 km of water pipeline constructed and 1 elevated tank installed.	Not Achieved	6.6km of water pipeline completed. 12 communal stand pipes and 0 elevated tank installed but material delivered on site.	The contractor is having challenges in getting 35 ton crane for assembling of the steel tank.	The has promised to secure 35 ton crane by the 8th of July 2021.	Practical Completion/ Progress Report	6 400 240,20
To complete bulk water pipeline by June 2021	Rutseng Water Intervention	Construction of pump house and palisade fence	Number of Km of bulk water constructed and number of concrete reservoir sealed.	3.8 Km for bulk water constructed and 1 concrete reservoir sealed.	Not Achieved	2.2km of bulk water pipeline completed and 0 sealing of the concrete reservoir	Late appointment of the contractor.	Expedite the works on site.	Progress Report	7 202 092,84
To complete Package Plant in by June 2021.	Jane Furse RDP Package plant	70% completion of Package Plant, rising main and storage in Jane Furse RDP	Number of Package Plant installed	1 Package Plant installed. VO: Installation of 156KI storage steel tank.	Achieved	1 Package Plant installed. VO: Installation of 156KI storage steel tank.	None	None	Practical Completion/ Progress Report	2 811 905,20
To complete reticulation and installations of water meters by June 2021	Flag Boshielo WC & WDM (Letebejane Water Meters Installation)	The village is fully reticulated supplied water for 24hrs without payment	Number of household meters installed and refurbished	450 household meters installed and 300 metres refurbished	Not Achieved	0.5km water network complete and 0 water meters installed.	Contractor has revised the rates on the water meters and submitted it to the Engineer for evaluation.	Engineer to evaluate the revised rates on the meters the 7th of July.	Progress Report	4 411 097,68
To complete water reticulation, storage and source development by June 2021	Phiring Water Supply Intervention	Borehole refurbished and connected to the existing steel pipeline. Elevated steel tank constructed.	Number of Kilometer of water reticulation constructed, storage tanks constructed and borehole refurbished.	0.7 Kilometer of water reticulation constructed, 1 storage tanks constructed and 1 borehole refurbished.	Not Achieved	0.7km of water reticulation constructed. 0 storage tank constructed and 0 refurbishment of the borehole.	Slow progress by the contractor on site.	To fast track activities on site.	Progress Report	1 640 459,30

WATER QUALITY

To generate Water Quality Reports by June 2021	Generation of Water Quality Reports	12 reports generated	Number of Water Quality Reports generated	12 Water Quality Reports generated	Not achieved	8 Water Quality Reports generated	System not updated due lack resources	Resources will be provided in July 2021	Water quality reports	7 150 000
To participate in Blue Drop Certification Programme by June 2021	Blue Drop Participation	15 Water Treatment Works (WTW) participated in Blue Drop Certification programme	Number of Plants participating in Blue Drops Certification Programme	15 WTW participating in Blue Drop Certification Programme	Not achieved	7 WTW participating in Blue Drop Certification Programme	System not updated due lack resources	Resources will be provided in July 2021	Blue Drop Annual Report	
MUNICIPAL INFRASTRUCTURE GRANT (MIG)										
To construct Fetakgomo Tubatse LM VIP Sanitation units by June 2021	Fetakgomo VIP Backlog Programme (Phase 2,3)	15180 VIP units constructed	Number of VIP sanitation units completed	150 VIP sanitation units completed	Achieved	150 VIP sanitation units completed	None	none	Completion certificate	2 364 433,71
To construct Ephraim Mogale LM VIP Sanitation units by June 2021	Ephraim Mogale VIP Backlog Programme (Phase 2,3)	15180 VIP units constructed	Number of VIP sanitation units completed	550 VIP sanitation units completed	Achieved	550 VIP sanitation units completed	None	none	Completion certificate	10 524 030,87
To construct Makhuduthamag a LM VIP Sanitation units by June 2021	Makhuduthamag a VIP Backlog Programme	15181 VIP units constructed	Number of VIP sanitation units completed	915 VIP sanitation units completed	Achieved	915 VIP units completed	Non payment of workers and SIMMEs by one contractor delays the compilation and submission of a close out report	Utilise the retention withheld to cover all claims due by contractor_Moribo wa Afrika	Completion certificate	18 093 003,94
To construct bulk pipeline and water storage in Ga-Marishane by June 2021	Ga-Marishane Village water supply	1km of bulk pipeline constructed	Kilometers of water pipeline constructed, number of reservoir completed, number of WTW completed	0.4km of bulk pipeline constructed, 1 reservoir completed and 1 WTW completed	Achieved	0.4km of bulk pipeline constructed, 1 reservoir completed, 1 WTW completed	None	None	Progress report	5 816 974,42
To construct water reticulation pipeline in Ga-Mogashoa(Sanka pudji) and Ga-Mogashoa(Manane) by June 2021	De Hoop/Nebo Plateau/Schoonoord Water Scheme Villages:Ga-Mogashoa (Senkapudi) and Ga-Mogashoa (Manamane)	53,6 kilometres of water pipeline completed	Kilometres of water reticulation pipeline constructed	41 Kilometres of water pipeline constructed	Achieved	41 Kilometres of water pipeline constructed	None	None	Progress Report	66 008 720,06

To construct concrete reservoirs and bulk water pipeline, NSD07 RWS Schoonoord by June 2021	NSD07 Regional Water Scheme Construction of Concrete Reservoirs	0,9km of bulk pipeline completed	Kilometres of bulk water pipeline constructed and number of reservoir completed	12 Kilometres of bulk water pipeline constructed and 1 out of 4 reservoirs completed	Not achieved	1,1 Kilometres of bulk water pipeline constructed and 1 out of 4 reservoirs completed (only water tightness test remains on the reservoir)	Delay in the construction of bulk pipeline	Contractors were currently focusing on reservoir construction before they can proceed with pipeline construction. Pipeline targeted to be completed in the 2021/22 FY	Progress Report	54 344 802,20
To construct water pipeline in Makgeru, Ga Ratau & Matekane by June 2021	De Hoop/Nebo Plateau/Schoonoord Water Scheme Villages: Makgeru, Ga Ratau & Matekane	Ga Malekana 12Ml Water Treatment Works	Kilometres of water reticulation pipeline completed	8 Kilometres of water pipeline completed	Not achieved	6km of pipeline installed but not pressure tested yet	The project was stopped by Department of labour for not acquiring the work permit	Construction work permit received on June 18, the project resumed on 01 July 2021	Progress Report	10 262 211,44
To construct Elias Motsoaledi LM VIP Sanitation units by June 2021	Elias Motsoaledi VIP Backlog Programme (Phase 2,3)	15180 VIP units constructed	Number of VIP sanitation units completed	1682 VIP sanitation units completed	Achieved	1682 VIP sanitation units completed	The contractor working in ward 27 (Tateikop) was by 3 months behind schedule.	Imposed penalties beginning of April 2021. Practical completion achieved by 28 June 2021	Completion certificate	26 089 942,25
To complete Zaaiplaas bulk pipeline, pump station by June 2021	Zaaiplaas Village Reticulation Phase 2 (Vlakfontein, Slovo and remaining village) - CO	1 Kilometre of Zaaiplaas bulk water supply pipeline commissioned, 0 command reservoir constructed and 1 pump station installed	Kilometres Zaaiplaas bulk water supply pipeline commissioned and pump station installed	2 Kilometres of Zaaiplaas bulk water supply pipeline commissioned and 1 pump station installed	Not achieved	0 km	No activities on site Contractors were terminated	Approval of proposal to complete the project and implementation of the recommended option.	Progress report	1 091 957,96
To construct Fetakgomo Tubatse LM VIP Sanitation units by June 2021	Tubatse VIP Backlog Programme (Phase 2,3)	15180 VIP units constructed	Number of VIP sanitation units completed	1650 VIP sanitation units completed	Achieved	1650 VIP sanitation units completed	None	None	Completion certificate	27 531 557,51
To construct water pipeline in Mofatlana and Makgeng by June 2021	Mofatlana, Makgeng Water Supply	Ga Malekana 12Ml Water Treatment Works	Kilometres bulk water pipeline and reticulation constructed	12 Kilometres of bulk and reticulation water pipeline constructed, 1x 100kl elevated tank complete	Not achieved	8,222 Km of bulk and reticulation water pipeline constructed, 0x 100kl elevated tank complete	Procurement of steel tank delayed.	Matter resolved and contractor is in the process of procuring a steel tank.	Progress Report	4 340 045,89

To construct water pipeline in Malekana Regional Water Scheme by June 2021	Malekana Regional Water Scheme	Ga Malekana 12ML Water Treatment Works	Kilometres of water pipeline constructed and number of reservoir completed	10 kilometres of water pipeline and 4 reservoirs completed	Not achieved	12km kilometres of water pipeline and 0 reservoirs completed.	Continuous stoppage by the subcontractors due to non payment.	SDM to develop sub-contractor/SMME policy to assist in managing sub-contracting issues.	Progress Report	94 270 013,72
To construct water pipeline in Malekana Regional Water Scheme by June 2021	Lebalelo South connector pipes and reticulations	10ML Mooihoek Water Treatment Works, Mooihoek Bulk pipeline constructed	Kilometres of connector and reticulation pipelines and number of reservoirs completed	100Kilometres of connector and reticulation pipelines constructed and 3 reservoirs completed	Not achieved	68km of connector and reticulation pipelines constructed and 0 reservoirs completed	Continuous stoppage by the subcontractors due to non payment	Cessions signed between main contractors and sub contractors for the municipality to pay directly.	Progress Report	48 570 121,92
To construct connector pipe, reticulations network & reservoir in Lebalelo South by June 2021	Lebalelo South: Phase 3 (Ga-Maroga and Motlolo Bulk and Reticulation Infrastructure	10ML Mooihoek Water Treatment Works, Mooihoek Bulk pipeline constructed	Kilometres of water pipeline and number of reservoirs completed	36 kilometres of bulk and water reticulation pipeline, 5 out of 8 reservoirs completed, 1 package plant completed	Not achieved	26 kilometres of bulk and water reticulation pipeline, 0 out of 8 reservoirs completed, 1 package plant completed	1. The Community forum has stopped the project since March due to non-payment of laborer's, subcontractor and other service providers appointed by the contractor. (No Progress)	1. The Detailed report for Termination has been sent to the Director of Infrastructure to take decision on this matter.	Progress Report	71 186 164,47
To construct reservoir by June 2021	Ga-Maphopha Command Reservoir	Ga Malekana 12ML Water Treatment Works	Number of reservoir completed	1 Reservoir completed	Not achieved	0 reservoir completed	1. Payment disputes for the subcontractor who constructed the concrete reservoir, 2. Lack of cooperation from the main contractor, 3. funds to complete the project	1. Payment Claim submitted to finance 2. Recommendation for termination of the contractor submitted to consultants, proposal to recommend turn-key contract 3. Utilise the retention to complete the project	Progress Report	1 152 036,48
To upgrade & extend the WWTW in Roosenekaal by June 2021	Roosenekal WWTW	Existing Roosenekal WWWTW	Number of WWTW upgraded and extended	Test and Commission the WWWTW	Not achieved	Testing and commissioning of the WWWTW failed	The clarifier failed to function because the motor was dead	A new motor was ordered and replaced.	Progress report	500 000,00

To construct water pipeline in Tshikanoshi Water Supply by June 2021	Tshikanoshi Water Supply	Equip three (3) drilled boreholes, instal 2,5km pipe	Number of boreholes to be equipped and pipeline installation	3 boreholes equipped 2,5km pipeline installation	Not achieved	Contractor appointment	Current allocation not spent	Extend contract duration to overlap into July 2021	Progress Report
To construct water pipeline in Sephaku Water Supply by June 2021	Sephaku Water Supply	Equip one (1) drilled borehole, instal 4,1km pipe	Number of boreholes to be equipped and pipeline installation	One borehole installed, 4,1km pipeline installed	Not achieved	Contractor appointment	Current allocation not spent	Extend contract duration to overlap into July 2021	Progress Report
To construct Legolaneng Water Supply by June 2021	Legolaneng Water Supply	Equipping of two (2) drilled boreholes, construction of pump house and connect to existing reticulation network.	Number of boreholes to be equipped and pipeline installation	two boreholes installed, 2,5km pipeline installed	Not achieved	Contractor appointment	Current allocation not spent	Extend contract duration to overlap into July 2021	Progress Report
To construct Eenzaam water supply by June 2021	Eenzaam water supply	Equipping of one (1) drilled borehole, construct pipeline	Number of boreholes to be equipped and pipeline installation	One borehole installed, 4km pipeline installed	Not achieved	Contractor appointment	Current allocation not spent	Extend contract duration to overlap into July 2021	Progress Report
To construct Brooklyn water supply by June 2021	Brooklyn water supply	Equipping of one (1) drilled borehole, construct pipeline	Number of boreholes to be equipped and pipeline installation	One borehole installed, 1,3km pipeline installed	Not achieved	Contractor appointment	Current allocation not spent	Extend contract duration to overlap into July 2021	Progress Report
To construct water pipeline in Polaseng Water Intervention by June 2021	Polaseng Water Intervention	Equipping of one (1) drilled borehole, construction of pipeline	Number of boreholes to be equipped and pipeline installation	One borehole installed, 290m pipeline installed	Not achieved	Contractor appointment	Current allocation not spent	Extend contract duration to overlap into July 2021	Progress Report
To construct Mankokwena (Malaeneng) water supply by June 2021	Mankokwena (Malaeneng) Water Supply	Equipping of one (1) drilled borehole, construction 600m	Number of boreholes to be equipped and pipeline installation	One borehole installed, 600m pipeline installed	Not achieved	Contractor appointment	Current allocation not spent	Extend contract duration to overlap into July 2021	Progress Report
To construct Kgatlopong water supply by June 2021	Kgatlopong Water Supply	Equipping of one (1) drilled borehole, construct pipeline	Number of boreholes to be equipped and pipeline installation	One borehole installed, 350m pipeline installed	Not achieved	Contractor appointment	Current allocation not spent	Extend contract duration to overlap into July 2021	Progress Report

7 785 951,02

To complete borehole drilling, testing and equipping, water pipeline and storage by June 2021	Mogodi Covid-19 water intervention project.	Unavailable water source and water infrastructure.	Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages installed.	1 boreholes drilled, tested and equipped, 1200 km of water pipeline constructed and 2 storages installed.	Not achieved	Contractor appointment	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.	Completion certificate	1 200 000,00
To complete borehole drilling, testing and equipping, water pipeline and storage by June 21	Moornane Covid-19 water intervention project	Unavailable water source and water infrastructure.	Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages installed.	1 boreholes drilled, tested and equipped, 1200 km of water pipeline constructed and 2 storages installed.	Not achieved	Contractor appointment	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.	Completion certificate	1 200 000,00
To complete borehole drilling, testing and equipping, water pipeline and storage by June 21	Stofberg/Laersdrift Covid-19 water intervention project.	Unavailable water source and water infrastructure.	Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages installed.	1 boreholes drilled, tested and equipped, 800 km of water pipeline constructed.	Not achieved	Contractor appointment	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.	Completion certificate	1 200 000,00
To complete borehole drilling, testing and equipping, water pipeline and storage by June 21	Buffelshoek Covid-19 water intervention project.	Unavailable water source and water infrastructure.	Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages installed.	1 boreholes drilled, tested and equipped, 800 km of water pipeline constructed and two (2) installed.	Not achieved	Contractor appointment	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.	Completion certificate	1 200 000,00
To drill, test, equip and connected boreholes to existing concrete reservoir.	Glen Cluster and Ritas Hospital Covid-19 water intervention project.	To drill, test, equip and connected boreholes to existing concrete reservoir.	Number of boreholes drilled, tested and equipped and connected to existing concrete reservoir.	3 boreholes drilled, tested and equipped and connected to existing concrete reservoir.	Not achieved	Contractor appointment	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.	Completion certificate	2 000 000,00
To construct a rising main pipeline from the existing borehole to existing concrete reservoir by June 2021.	Kgapamadi Covid-19 water intervention project.	Existing borehole and concrete reservoir.	Km of rising main pipeline constructed.	4 Km of rising main pipeline constructed.	Not achieved	Contractor appointment	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.	Completion certificate	1 000 000,00

To complete borehole drilling, testing and equipping, water pipeline and storage by June 21	Ngwaritsi Covid-19 water intervention project.	Unavailable water source and water infrastructure.	Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages installed.	2 boreholes drilled, tested and equipped, 4 km of water pipeline constructed and 3 storages installed.	Not achieved	Contractor appointment	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.	Completion certificate	1 200 000,00
To test, equip and connect existing boreholes to existing concrete reservoirs by June 2021.	Phahlamanoge / Masehlang	Two exiting boreholes not equipped and two existing reservoirs not connected to the water sources.	Number of existing boreholes tested, equipped and connected existing concrete reservoirs	Two (2) existing boreholes tested, equipped and connected existing concrete reservoirs	Not achieved	Contractor appointment	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.	Completion certificate	1 000 000,00
To supply 12 780 kℓ of water through water cart trucks by June 2021.	Lebalalo Water User Association	Limited water cart trucks.	Kilolitres (Kℓ) of water supplied through water carts trucks.	12 780 kℓ of water supplied through water carts trucks.	Achieved	12 780 kℓ of water supplied through water carts trucks.	None	None	Completion certificate	1 400 000,00
To complete borehole drilling, testing and equipping, water pipeline and storage by June 21	Mpita village Covid-19 water intervention project.	Unavailable water source and water infrastructure.	Number of boreholes drilled, tested and equipped, km of water pipeline constructed and number of storages installed.	2 boreholes drilled, tested and equipped, 4 km of water pipeline constructed and 3 storages installed.	Not achieved	Contractor appointment	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.	Completion certificate	2 000 000,00
To drill, test, equip and connected boreholes to existing concrete reservoir.	Jane Hospital Covid-19 water intervention project.	Vergelegen WTW which is supplying water inadequately and unsustainable.	Number of boreholes drilled, tested and equipped and connected to existing concrete reservoir.	3 boreholes drilled, tested and equipped and connected to existing concrete reservoir.	Not achieved	Contractor appointment	Only two bidders responded off which they were not appointable	Recommended for readvert	Completion certificate	5 000 000,00
To drill, test, equip and connected boreholes to existing concrete reservoir.	Leeuwfontein Covid-19 water intervention project.	Flag beshielo WTW and Leeuwfontein package plant that is inadequate water supply the entire area.	Number of boreholes drilled, tested and equipped and connected to existing concrete reservoir.	3 boreholes drilled, tested and equipped and connected to existing concrete reservoir.	Not achieved	Contractor appointment	Late appointment of a contractor	Will be implemented through O&M in 2021/22 fin year.	Completion certificate	2 050 000,00
To refurbish Moleteama Booster Station by June 2021	Refurbishment Moleteama Booster Pumpstation	Dilapidated booster pump station.	Number of booster station refurbished.	One (1) booster pump station refurbished.	Achieved	One (1) booster pump station refurbished.	None	None	Completion certificate	4 000 000,00

To procure two (2) of 18 kℓ water cart trucks by June 2021	Procurement of two (2) of eighteen (18) kℓ water cart trucks.	Limited water cart trucks.	Number of water cart trucks procured	Two (2) water cart trucks procured	Achieved	Two (2) water cart trucks procured	Completion certificate	3 800 000,00.
Municipal Health Services								
To Have an improved, clean, healthy and sustainable environment through municipal health services package by June 2021	Environmental Pollution Prevention	12 Awareness Campaigns on Air Quality conducted	Number of Awareness Campaigns on Air Quality conducted	24 Awareness Campaigns on Air Quality conducted	Achieved	25 Awareness Campaigns on Air Quality conducted	Report and Attendance register	231,880,00
	Water quality monitoring	300 Water quality samples collected	Number of Water quality samples collected	300 Water quality samples collected	Achieved	324 Water quality samples collected	Water Quality samples Reports	R85,98
	Food Safety control	1400 Food Premises evaluated	Number of Food Premises evaluated	1400 Food Premises evaluated	Achieved	1567 Food Premises evaluated	Signed Assessment forms including the agent signature	0
	Waste Management	100 Health care risk waste monitored	Number of Health care risk waste monitored	100 Health care risk waste monitored	Achieved	112 Health care risk waste monitored	Signed Assessment forms including the agent signature	0
	Health Surveillance of premises	1200 premises evaluated	Number of premises evaluated	1500 premises evaluated	Achieved	1523 premises evaluated	Signed Assessment forms including the agent signature	0
	Surveillance and prevention of communicable diseases	105 Communicable diseases awareness campaigns held	Number of awareness campaigns on communicable diseases held	100 awareness campaigns on Communicable diseases held	Achieved	116 awareness campaigns on Communicable diseases held	Report and attendance register	0
	Communicable diseases outbreak control	127 communicable diseases investigated and controlled	Number of reported Communicable disease outbreaks traced	All reported Communicable disease outbreaks traced	Achieved	279 Communicable disease outbreaks traced	Reports	0
	Vector Control	1000 premises monitored on vector control	Number of inspections on Vector Control on premises conducted	1500 inspections on Vector Control on premises conducted	Achieved	1791 inspections on Vector Control on premises conducted	Signed Assessment forms including the agent signature	0
	Disposal of the dead	100 Disposal of the dead facilities evaluated	Number of evaluations on Disposal of the Dead facilities conducted	100 evaluations on Disposal of the Dead facilities conducted	Achieved	107 evaluations on Disposal of the Dead facilities conducted	Signed Assessment forms including the agent signature	0

Chemical safety	300 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	354 evaluations on safety to chemical handling premises conducted	None	None	Signed Assessment forms including the agent signature	0
Fire and Rescue Operations	762 reported Emergency Services incidents attended	Number of all reported Emergency Services incidents attended	All reported Emergency Services incidents attended to	Achieved	1639 reported Emergency Services incidents attended	None	None	Signed Reports	0
Emergency Management Services Training Academy	5 fire fighting courses facilitated	Number of firefighting courses facilitated	3 firefighting courses facilitated	Achieved	3 firefighting courses facilitated	None	None	Signed Reports and attendance register	64 147
Fire Safety and Prevention	All reported fire safety and prevention services provided	Number of fire safety and prevention services provided	All fire safety and prevention services provided	Achieved	532 fire safety and prevention services provided	None	None	Signed Reports and register	0
Disaster Management Services									
Disaster risk assessment	580 reported disaster risk management incidents attended	Number of all reported disaster risk management incidents attended to	All reported disaster risk management incidents attended to	Achieved	All 188 reported disaster risk management incidents attended to	None	None	Register of disaster incidents	R450 000.00
Disaster risk reduction	24 disaster risk reduction awareness campaigns conducted	Number of disaster risk reduction awareness campaigns conducted	24 disaster risk reduction awareness campaigns conducted	Achieved	61 disaster risk reduction awareness campaigns conducted	None	None	Report and Attendance registers	
Disaster response and recovery	(1210 Blankets, 622 sporrches, 55 temporary shelters, 141 food parcels) relief material to all affected disaster victims coordinated and provided	Number of all reported disaster response and recovery operations attended to	All reported disaster response and recovery operations attended to	Achieved	All 188 reported disaster response and recovery operations attended to	None	None	Report	
Disaster management plan and framework review	1 Disaster management plan and framework reviewed	Number of disaster management plan and framework reviewed	01 Disaster management plan and framework reviewed	Achieved	01 Disaster management plan and framework reviewed	None	None	Reviewed disaster management plan and framework	

Special Operations	03 special operations on high density days campaigns coordinated	Number of special operations on high density days campaigns coordinated	03 special operations on high density days campaigns coordinated	Achieved	03 special operations on high density days campaigns coordinated	03 special operations on high density days campaigns coordinated	None	None	Operational plan and attendance register
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**INSTITUTIONAL
TRANSFORMATION AND
ORGANISATIONAL DEVELOPMENT**

2020-2021 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)										
MEASURABLE OBJECTIVES	PROJECT	BASELINE 2019/2020	INDICATORS	ANNUAL TARGET 2020/2021	PROGRESS (Achieved/Not achieved)	ACTUAL PROGRESS	CHALLENGES	REMEDIAL ACTIONS	PORTFOLIO OF EVIDENCE	BUDGET 2020/2021
ORGANISATIONAL DEVELOPMENT										
To review the Organisational Structure by June 2021	Organisational Structure review	2019/20 Approved Organisational Structure	Number of Organisational Structures reviewed	1 Organisational Structure reviewed	Achieved	1 Organisational structure reviewed	none	none	Reviewed Organisational Structure	R0
To conduct change management awareness campaigns by June 2021	Change management sessions conducted	4 change management sessions conducted	Number of change management awareness campaigns conducted	2 change management awareness campaigns conducted	Not Achieved	Change management plan for 2020-2021 approved and change champions appointed	Unavailability of budget to facilitate sessions for identified areas of change	Budget availability	Change Management Report	R0
To facilitate development of job descriptions and job evaluation by June 2021	Job description development and evaluation	50 jobs evaluation facilitated	Number Job Descriptions Developed and Facilitated for Job Evaluation	50 Job Descriptions Developed and Facilitated for Job Evaluation	Achieved	50 job descriptions developed and facilitated for evaluation	none	none	Approved Job Evaluation Report	R0
INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)										
To implement and monitor ICT infrastructure by June 2021	ICT Infrastructure connection	18 depots connected	Number of depots connections upgraded	18 depots connections upgraded	Achieved	SLA Performance monitored	None	None	Signed Performance Reports	0
To implement security measures by June 2021	Implementation of security measures	None	Number of Security Controls implemented	5 of Security Controls implemented	Achieved	5 of Security Control Implemented	None	None	Security measures	R250 000
To conduct need analysis and replace ICT consumables by June 2021	ICT consumables and hardware replacement	32 consumables replaced	Number of all ICT consumables and hardware replaced	All of ICT consumables and hardware replaced	Achieved	Audit and Replaced ICT consumables and Hardware	None	None	Consumable register	R500 000
To renew licenses by June 2021	Software License renewal	12 Licenses renewed	Number of license renewed	12 license renewed	Not Achieved	11 licences renewed	Service provider delayed to generate an order	Expedite the renewal of licence	Licenses	R2,868,292
To maintain ICT Infrastructure by June 2021	ICT Infrastructure upgrade and maintenance	5 sites connected and monitored	Number of sites maintained	5 sites maintained	Achieved	5 sites maintained	None	None	Reports	R2,868,292

LABOUR RELATIONS										
To facilitate 12 LLF meetings by June 2021	Local Labour Forum	9 LLF Meetings facilitated	Number of LLF Meetings facilitated	12 LLF Meetings facilitated	Not achieved.	6 LLF Meetings facilitated.	Management representatives were not yet confirmed and failure to meet quorum.	Adherence to annual scheduled meetings.	Attendance register	R0
To issue 4 labour relations publications by June 2021	Labour Relations Publications	4 Labour Relations publications are published	Number of Labour Relations publications published	4 Labour Relations publications published	Achieved.	4 Labour relations publications issued.	None.	None.	Number of Labour Relations publications	R0
To facilitate 100% of resolutions of misconduct cases by June 2021	Labour Relations Cases	5 Labour Relations Cases facilitated	Percentage Labour Relations cases facilitated	100% Labour Relations cases facilitated	Achieved.	100% Labour Relations cases facilitated(5 Labour related cases received and facilitated).	None.	None.	Attendance Registers, Reports	R50,00
To facilitate disciplinary hearings by June 2021	Disciplinary hearings	10 disciplinary hearings attended to.	% disciplinary hearings facilitated	100% disciplinary hearings facilitated	Achieved.	100% disciplinary hearings facilitated(5 Disciplinary hearings received and attended to.)	None.	None.	Disciplinary hearings attendance registers	R100 000

AUXILIARY SERVICES										
To conduct 2 records management awareness campaigns by June 2021	Records Management	4 records management awareness campaigns conducted	Number of records management awareness campaigns facilitated	4 records management awareness campaigns facilitated	Achieved	4 records management awareness campaigns facilitated	None	None	Report, Attendance register.	R0
To facilitate the development of file plan by June 2021	Records Management	One (1) file plans facilitated	Number of file plans facilitated and policy reviewed	1 file plans facilitated, and 1 policy reviewed	Not Achieved	1 draft file plans facilitated, and 1 policy reviewed	Project delayed due constant consultations	To be completed in August 2021/2022	Report, Attendance register, Approved File Plan	R0
To identify and listing of inactive records for disposal by June 2021	Records Management	5000 inactive files.	Number of inactive files disposed	2600 inactive files listed	Achieved	2980 inactive files listed	None	N/A	List of inactive files.	R0
To facilitate signing of SLA for borrowed facilities by June 2021	Contract Management	7 SLA in place	Number of borrowed facilities' SLA concluded	6 borrowed facilities' SLA concluded	Not Achieved	Draft 1 borrowed facilities' SLA concluded	Fetaagomo-Tubaise unable to sign the agreement	Escalate the matter.	Signed SLA	0

To ensure 100% management of leased facilities by June 2021	Facility management	5 leased facilities managed	Number of leased facilities managed	5 leased facilities managed	Achieved	5 leased facilities managed	5 leased facilities managed	None	None	Report, proof of payment for rental	R7,688,010
To ensure maintenance and repairs for owned facilities by June 2021	Facility Maintenance	56 owned facilities maintained	Number of SDM facilities maintained.	6 SDM facilities maintained	Achieved	6 SDM facilities maintained	6 SDM owned facilities maintained	None	None	Report, memo, order and proof of payment	R474,87
To facilitate building of municipal council chamber by June 2021	Council Chamber Establishment	None	% construction of the municipal chamber	100% construction of the municipal chamber	Achieved	100% construction of the municipal chamber	100% construction of the municipal chamber	None	None	Progress report, attendance registers	R6,000,000
To ensure 100% maintenance and tracking for owned fleet by June 2021	Fleet Maintenance	33 municipal fleet	Number of municipal fleet maintenance and tracking facilitated	37 municipal fleet maintenance and tracking facilitated	Achieved	37 municipal fleet maintenance and tracking facilitated	70 municipal fleet maintenance facilitated and tracking monitored	None	None	Maintanace and tracking report	R370,16
To ensure 100% management of leased fleet by June 2021	Fleet Monitoring	3 signed SLA	Number of existing SLA monitored	3 existing SLA Monitored	Achieved	3 existing SLA Monitored	3 existing SLA Monitored	None	None	Quartely Progress report, attendance registers	R32,220,661
To ensure 100% licencing of owned fleet by June 2021	Vehicle Licencing	36 vehicles	Number of vehicles licensed	37 vehicles licensed	Not Achieved	37 vehicles licensed	57 municipal fleet licensed	None	None	Copies of motor vehicle licence disc.	R246,78
HUMAN RESOURCE MANAGEMENT											
To develop and review existing policies and SOP's June 2021	Policy Development and Review	4 Policies and SOP's	Number of Policies and SOP's developed/reviewed	24 Policies and SOP's developed/reviewed	Achieved	24 Policies and SOP's developed/reviewed	31 Policies developed/reviewed	None	None	Council Resolution for adoption of policies.	None
To implement recruitment and selection process by June 2021	Recruitment and Selection	13 Funded and Vacant positions	All Funded and Vacant posts filled as and when required	All Funded and Vacant posts filled as and when required	Achieved	All Funded and Vacant posts filled as and when required	5 Funded and vacant positions filled	None	None	Appointment letters	R600 000

To implement Individual PMDS by June 2021	Individual PMD System	32 Performance Agreements for Managers and 80 Performance Commitments for Level 4-5 employees	Number of Performance Agreements for Managers and Performance Commitments for Level 4-5 employees developed	32 Performance Agreements for Managers and 80 Performance Commitments for Level 4-5 employees developed	Achieved	32 Performance Agreements for Managers and 80 Performance Commitments for Level 4-5 employees signed	None	None	Signed copies of Performance Agreements for Managers and Performance Commitments for Level 4-5 employees	R0
To implement Skills Audit Outcomes by June 2021	Implementation of WSP/ATR	7 WSP Projects.	Number of WSP Projects implemented	6 WSP Projects implemented	Achieved	08 WSP Projects implemented	None	None	Report on the 6 WSP projects implemented	R2m
To implement Bursary policy and procedure by June 2021.	Bursaries	32 internal and 10 external bursaries.	Number of bursaries maintained	20 bursaries maintained	Achieved	20 Bursaries maintained	None	None	Expenditure report	R2m
EMPLOYEE ASSISTANCE PROGRAMME										
To conduct employee wellness programmes by June 2021	Wellness counselling programmes	13 wellness and counselling programmes conducted.	Number of wellness programmes conducted	4 wellness awareness programmes conducted	Achieved	4 Wellness Awareness programmes conducted	None	None	Wellness awareness attendance registers.	R949.14
To conduct substance abuse programmes by June 2021	Substance abuse programme	12 substance abuse programmes facilitated	Number of substance abuse programmes facilitated	3 substance abuse programmes conducted	Achieved	3 substance abuse programmes conducted	None	None	Substance abuse programme registers.	
To conduct Occupational Health and Safety elements by June 2021	Occupational Health and Safety elements	69 Occupational Health and Safety elements conducted	Number of Occupational Health and Safety elements conducted	42 Occupational Health and Safety elements conducted	Achieved	44 Occupational Health and Safety elements conducted (25 workplace inspections, 8 project audits, 4 safety awareness campaigns, 5 safety committee meetings, 2 servicing of fire extinguishers and hose reels)	None	None	Workplace inspections and project audits reports, safety awareness campaigns attendance registers, safety committee meeting attendance registers.	R3,416,893

To provide employees with Personal Protective Equipment by June 2021	Personal Protective Equipment	44 Personal Protective Equipment for Emergency Services employees procured	Number of Personal Protective Equipment provided to IWS, Emergency Services, Municipal Health Services, CPS, Budget and PED employees.	Provision of Personal Protective Equipment to IWS, Emergency Services, Municipal Health Services, CPS, Budget and PED employees.	Achieved	Provision of 7692 Personal Protective Equipment to IWS, Community Services, CPS, Budget and Treasury, SDA PED, Speakers' Office and Mayors' Office employees.	None	None	Memos, proof of payment, provision of PPE register
PERFORMANCE MANAGEMENT SYSTEM (PMS)									
To facilitate performance Makgotla by June 2021	Performance Makgotla	3 Performance Makgotla Sessions held	Number of Performance Makgotla Sessions facilitated	4 Performance Makgotla facilitated	Achieved	4 Performance Makgotla facilitated	None	None	Attendance Registers, Lekgotla resolutions, SDBIP quarterly reports
To develop 2021/2022 Institutional SDBIP	2020/21 Institutional SDBIP	2019/20 Institutional SDBIP in place	Number of 2021/22 Institutional SDBIP developed	1 2021/22 Institutional SDBIP developed	Achieved	1 2021/22 Institutional SDBIP developed	None	None	Signed SDBIP by Executive Mayor, Council Resolution
To develop 2021/2022 Institutional SDBIP	2020/21 Institutional SDBIP	2019/20 Institutional SDBIP in place	Number of 2021/22 Institutional SDBIP developed	2 2021/22 Institutional SDBIP developed	Achieved	2 2021/22 Institutional SDBIP developed	None	None	Signed SDBIP by Executive Mayor, Council Resolution
To develop 2020/2021 Performance Agreements for Senior Managers by June 2021	2020/21 Performance Agreements for Senior Managers,	2019/20 Performance agreements and in place	Number of 2020/21 Performance Agreements for Senior Managers developed	07 2020/21 performance agreements for Senior Managers developed	Achieved	07 2020/21 performance agreements for Senior Managers developed	None	None	Signed Performance Agreements, Proof of submission to Coghsia
To facilitate performance assessments for senior managers by June 2021	Individual performance assessments for senior managers	2018/19 performance assessments for senior managers conducted	Number of performance assessments for senior managers conducted. (2019/20 Annual & 2020/21 Mid-term)	2 performance assessments for senior managers conducted. (2019/20 Annual & 2020/21 Mid-term)	Not Achieved	1 performance assessments for senior managers conducted. (2020/21 Mid-term)	Delay in finalisation of audit by AGSA	To be held in the first quarter of 2021/2022	Appraisal Reports, Attendance Registers

To review PMS Policy and Framework by 30 June 2021	Review of PMS Policy and Framework	2019/2020 PMS Policy and Framework in place	Number of PMS Policies and Frameworks reviewed	1 PMS Policy and Framework reviewed	Achieved	1 PMS Policy and Framework reviewed	None	1 PMS Policy and Framework reviewed	None	Final PMS Policy and Framework	R0
To coordinate quarterly Back to Basics reports by June 2021	Back to Basics (B2B)	2019/2020 B2B reports in place	Number of quarterly Back to Basics (B2B) reports coordinated	4 quarterly B2B report coordinated	Achieved	4 quarterly B2B report coordinated	None	4 quarterly B2B report coordinated	None	Quarterly reports	R0
LEGAL SERVICES											
To manage litigations instituted against Sekhukhune District Municipality by June 2021	Litigations	8 Litigations attended to	Number of litigations attended to	20 litigations attended to	Achieved	20 litigations attended to	None	20 litigations attended to	None	Copies of Court judgments	R10 000 000
To reduce value of contingency liability for SDM by June 2021	Litigations	8 Litigations attended to	Reduced percentage (%) value of contingency liability for SDM	10% value of contingency liability reduced	Achieved	No case settled out of court	None	No case settled out of court	None	Comparative value of contingent liability	
To draft/vett service level agreements and other forms of agreements by June 2021	Service level agreements and other forms of agreements	300 service level agreements and other forms of agreements	Number of all service level agreements and other forms of agreements drafted or vetted	47 contracts drafted and 14 contracts vetted	Achieved	47 contracts drafted and 14 contracts vetted	None	47 contracts drafted and 14 contracts vetted	None	Copies of agreements	
To provide legally sound advice to SDM by June 2021	Legal opinions	10 legal opinions	Number of legal opinions drafted	4 legal opinions drafted	Achieved	4 opinion provided	None	4 opinion provided	None	Copies of legal opinions	
INTEGRATED DEVELOPMENT PLAN											
To develop 2021/2022 DDP/IDP Framework/Process Plan by June 2021	Develop 2021/2022 DDP/IDP Framework/Process Plan	2020/2021 DDP/IDP Framework/Process Plan in place	Number of DDP/IDP Frameworks/Processes developed	1 DDP/IDP Framework/Process Plan developed	Achieved	2021/2022 IDP/IDP Framework/ Process Plan adopted by Council on the 31 August 2020 with Resolution No. SC 001/08/20	None	2021/2022 IDP/IDP Framework/ Process Plan adopted by Council on the 31 August 2020 with Resolution No. SC 001/08/20	None	*DDP/IDP Framework/ Process Plan document for 2021/2022 *Council resolution	R0

To review the District Development Plan (DDP)/ Integrated Development Plan (IDP) for 2021/2022 by June 2021	Review of District Development Plan (DDP) / Integrated Development Plan (IDP)	2020/21 District Development Plan (DDP)/ Integrated Development Plan (IDP) reviewed	Number of District Development Plans (DDP) / Integrated Development Plans (IDP) reviewed	1 District Development Plan (DDP) / Integrated Development Plan (IDP) reviewed	Achieved	2021/2022 IDP was adopted by Council on the 27 May 2021 with Resolution No. SC 03/05/21	None	None	*Final DDP/IDP 2020/2021 *Council Resolution	R50 000
To facilitate the DDP/IDP Rep Forums by June 2021	Facilitate the DDP/IDP Rep Forums	Facilitated 3 DDP/IDP Rep Forums	Number of DDP/IDP Rep Forums facilitated	2 DDP/IDP Rep Forums facilitated	Achieved	IDP Rep Forum Meetings were held on the 09 December 2020 and the 30 April 2021	None	None	*Signed Minutes *attendance register	R 100 000

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
2020-2021 SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN										
MEASURABLE OBJECTIVE	PROJECT	BASELINE 2019/2020	INDICATORS	ANNUAL TARGET 2020/2021	PROGRESS (Achieved/Not achieved)	ACTUAL PROGRESS	CHALLENGES	REMEDIAL ACTIONS	POE	BUDGET 2020/2021
INTERNAL AUDIT										
To ensure improved internal controls and clean governance in the municipality by June 2021	Development of the Three(3) Years rolling Plan	2 (SDM & SDA) 3 years rolling plan developed	Number of development of 3 years rolling plan	2 (SDM & SDA) 3 years rolling plan developed	Achieved	2 (SDM & SDA) 3 years rolling plan developed and approved	None	None	Approved 3 Year rolling Plan for SDM and SDA	0.00
	Conduct Regularity audits	20 Regularity Audit conducted	Number of regularity audits conducted	22 Regularity Audit conducted	Not Achieved	15 Regularity Audit conducted but reports not issued.	Late appointment of the audit panel.Performed more SCM due diligence to fastrack the appointment of the contractor	Fastrack the performance of the regularity audits. Roll over other audit projects.	Signed Regularity Audit Reports	150 000
	Conduct Ad hoc Audits	100% Management requests/ investigations conducted as and when required	Percentage of Management request/ investigation conducted	100% Management requests/ investigations conducted as and when required	Achieved	100% Management requests/ investigations conducted as and when required.(24 due diligence review were conducted)	None	None	Signed Management /Investigation reports	0.00
	Conduct ICT Audits	4 ICT Audit conducted	Number of ICT Audit conducted	4 ICT Audit conducted	Not Achieved	1 ICT Audit conducted .	Lack of ICT skills internally.Late appointment of the audit panel	Fastrack the performance of the ICT audits.Roll over other audits projects	Signed ICT Audit Reports	0.00
	Conduct Performance Audits	8 PMS Audit (4 SDM & 4 SDA) 8 (4 SDM & SDA) AOP1 conducted	Number of Performance Audit conducted	8 PMS Audit (4 SDM & 4 SDA) 8 (4 SDM & SDA) AOP1 conducted	Achieved	8 PMS Audit (4 SDM & 4 SDA) 8 (4 SDM & SDA) AOP1 conducted	None	None	Signed PMS and AOP1 Audit Report	0.00
Monitoring of implementation of auditor general activities	100% monitoring of implementation of AG activities	Percentage monitoring of implementation of AG activities	100% monitoring of implementation of AG activities	Achieved	100% monitoring of implementation of AG activities	None	None	Audit Action plan,Agenda,Sig Minutes,proof of payments	5 691 150	

Monitoring of Internal Audit Implementation plan	100% monitoring of Internal Audit Implementation plan	Percentage monitoring of Internal Audit Implementation plan	100% monitoring of Internal Audit Implementation plan	Achieved	100% monitoring of Internal Audit Implementation plan	None	None	Internal Audit Implementation plan	0.00
Coordination of Audit Committee and Performance Audit Committee	4 meetings of audit and performance committees coordinated	Number of meetings of audit and performance committees coordinated	4 meetings of audit and performance committees coordinated	Not Achieved	3 meetings of audit and performance committee meeting coordinated	Backlog of 2019-2020 financial year meetings	Fourth Quarter Audit Committee meeting to be held in August 2021	Signed Minutes/Agenda/ Signed AC Reports	500 000
RISK MANAGEMENT									
To assess, identify, manage risks and uncertainty in order to safeguard assets, enhance productivity and build resilience in to operations by June 2021	Conduct Strategic Risk Assessment and review risk register	Strategic Risk Register in place	Number of Strategic Risk Assessment conducted and Strategic Risk Registers reviewed	Achieved	*1 Strategic Risk Assessment conducted *4 Strategic Risk Registers reviewed	None	N/A	Signed Strategic Risk Register	R0,00
	Conduct Operational Risk Assessment and review risk register	Operational Risk Registers in place	Number of Operational Risk Assessment Conducted and Operational Risk Registers reviewed	Achieved	*1 Operational Risk Assessment Conducted *4 Operational Risk Registers reviewed	None	N/A	Signed Operational Risk Registers Reviewed Operational Risk Registers	R0,00
	Facilitate insurance coverage for municipal assets	1 x Assets insurance Policy contract entered into	Number of insurance coverage for municipal assets facilitated	Achieved	All insurance coverage for municipal assets facilitated	None	N/A	Signed Assets Insurance Policy contract Insurance additions endorsements	R4 000 000
	Facilitate Assets Insurance Claims and payments	Insurance claims report facilitated	Percentage processing and facilitation of insurance claims and payments	Achieved	100% insurance claims processing and payments facilitated	None	N/A	Signed Insurance Claims report and Claim register	R500 000

Manage Security operations and SLA	All incidents reported	Number of incidents occurred and managed	All occurred incidents and SLA managed	Achieved	All (18) occurred incidents and SLA managed Formal engagements held with SAPS and CI to resuscitate Sekhukhune based security cluster forum	None	N/A	Signed Security Management report	500 000
Conduct Security Operational sites Assessments	Operational Sites Assessment conducted	Number of Security Operational sites assessments conducted	Forty (40) Security Operational sites assessments conducted	Achieved	Fifty Eight (58) Operational sites assessment conducted	None	N/A	Signed Security Operational sites assessment reports	R30 000 000,00
Facilitate Anti-Fraud & Corruption hotline	Fraud and Corruption cases reported and invested	Number of fraud and corruption cases reported for referral and investigations facilitated	All fraud and corruption allegation cases reported for referral and investigations facilitated	Achieved	Three (03) fraud and corruption case reported to the SAPS for investigation	None	N/A	Signed Fraud and Corruption cases register/report SAPS case numbers	R200 000
Facilitate Risk Management Committee (RMC) meetings	Risk Management training report facilitated	Number of Risk Management Committee (RMC) meetings facilitated	4 x Risk Management Committee (RMC) meetings facilitated	Not Achieved	An advertisement for the vacant position of the Chairperson has been issued and responses received. All Risk Management reports get tabled at the Audit Committee meetings.	Risk Management Committee (RMC) not functional due to the non-existence of a chairperson	Appointment of the Chairperson is underway.	Signed Risk Management report	R0
COMMUNICATIONS, ADVOCACY, SOCIAL FACILITATION, SPECIAL PROGRAMMES AND ARTS & CULTURE									
To facilitate stakeholder & sectoral engagement by June 2021	12 Programmes facilitated	Number of community & sectoral engagements held	8 stakeholder & sectoral engagements facilitated	Achieved	10 stakeholder & sectoral engagements facilitated	None	N/A	Attendance Register & Exit report	R 200 000
To provide support to Mayoral Committee by June 2021	12 Mayoral Committee meetings supported	Number of Mayoral Committee meetings supported	12 Mayoral Committee meetings supported	Achieved	16 mayoral committee meetings supported	None	N/A	Attendance Registers	R0.00

To produce newsletters by June 2021	Newsletter & Publications	16 Programmes produced	Number of news letter produced	12 newsletters produced.	Not Achieved	Only 2 External newsletters Produced	Inadequate capacity to complete all the newsletters	Training of staff on short courses will be prioritised.	Newsletters	R342 973
To market and brand events by June 2021	Media Relations and Marketing	12 Events Branded	Number of events Marketed and branded	12 Events marketed and branded	Achieved	14 events marketed and branded.	None	N/A	Exit reports, pictures/publications	R35 724
To undertake website updates by June 2021	Website Management	20 Updates undertaken	Number of Website Updates undertaken	12 Updates undertaken	Achieved	12 website updates undertaken.	None	N/A	Screenshots	R130 329
To facilitate meetings for Traditional Leaders by June 2021	Executive Support and Traditional Leadership Affairs	2 SPLUMA meetings supported	Number of Traditional Leadership meetings facilitated	2 meetings facilitated	Achieved	3 meetings with traditional leadership facilitated.	None	N/A	Attendance registers and exit reports	R20 000
To facilitate strategic events by June 2021	Special Mayoral strategic Events	7 strategic events Facilitated	Number of Strategic Events facilitated	7 strategic events facilitated	Not Achieved	2 Strategic events facilitated	COVID-19 Regulations	Events to be held once covid 19 regulations are relaxed	Attendance registers and exit reports	R294 616
To facilitate Moral Renovation Movement committee programmes by June 2021	Strengthening of Moral Renovation Movement Committee	MRM committee established	Number of programmes for MRM committee facilitated	3 MRM committee programme facilitated	Not Achieved	Two MRM Meetings held.	COVID-19 Regulations	Event to be held once covid 19 regulations are relaxed	Attendance registers and exit reports	R22 135
To generate Customer Care reports by June 2021	Customer Care Services	24 reports generated	Number of reports generated	24 queries/complaints reports on customer care generated	Achieved	24 queries/complaints reports on customer care generated	None	N/A	Exit reports	R00 000
To revamp the Call Centre by June 2021	Call Centre Revamping & Maintenance	24 hour outdated call centre system	Number of call centre revamped	1 call centre revamped	Not Achieved	Not done	Inadequate budget	To be done once budgeted	Report	R69 019
To conduct Batho Pele programmes by June 2021	Batho Pele	6 Programmes conducted	Number of Batho Pele Programmes conducted	4 Batho Pele Programmes conducted	Achieved	4 Batho Pele Programmes conducted.	None	N/A	Reports	R35 724
To co-ordinate SODA by June 2021	SODA	2017/2018 SODA held	Number of SODA coordinated	1 SODA coordinated	Achieved	1 SODA coordinated.	None	N/A	Attendance registers and exit reports	R200 000
To facilitate campaigns for the elderly by June 2021	Aged care	2 aged programmes facilitated	Number of Aged Care campaigns facilitated	2 Aged Care campaigns facilitated	Achieved	2 Aged Care campaigns facilitated	None	N/A	Attendance registers and exit reports	R30 000

To facilitate campaigns for the children by June 2021	Children's Care	2 children's activities facilitated	Number of children's campaigns facilitated	2 children's campaigns facilitated	Not Achieved	1 children's campaigns facilitated.	COVID-19 Regulations	Events to be held once covid 19 regulations are relaxed	Attendance registers and exit reports	R30 000
To facilitate campaigns for women by June 2021	Woman Development Initiative	4 Women Programmes facilitated	Number of woman development initiatives facilitated	2 woman development initiatives facilitated	Achieved	2 woman development initiatives facilitated.	None	N/A	Attendance registers and exit reports	R30 000
To facilitate Awareness campaigns for people with disability by June 2021	People with disability	3 Programmes facilitated	Number of awareness campaigns for people with disability facilitated	2 awareness campaigns for people with disability facilitated	Achieved	3 awareness campaigns for people with disability facilitated.	None	N/A	Attendance registers and exit reports	R30 000
To facilitate art and culture programmes by June 2021	Cultural Heritage Celebrations and Language Promotions	2 Programmes facilitated	Number of promotions of indigenous languages and theatre workshop facilitated	2 promotions of indigenous languages and workshop facilitated	Achieved	2 promotions of indigenous languages and workshop facilitated.	None	N/A	Attendance registers and exit reports	R70 526
To coordinate health calendar days activities by June 2021	Coordination of health calendar days activities	3 health calendar days activities conducted	Number of health calendar days activities coordinated	3 Health calendar days activities coordinated	Achieved	3 health calendar days activities coordinated	None	N/A	Attendance registers and exit reports	R30 000
To coordinate district AIDS Council activities by June 2021	Coordination of District AIDS Council activities	4 District Aids Council activities coordinated	Number of district AIDS Council activities coordinated	3 district AIDS Council activities coordinated	Achieved	3 district Aids Council activities coordinated	None	N/A	Attendance registers and exit reports	R30 000,00
To facilitate Youth development programmes by June 2021	Youth Opportunities Expo	3 Programmes facilitated	Number of Youth development programmes facilitated	3 Youth development programmes facilitated	Achieved	3 Youth Development Programmes facilitated	None	N/A	Attendance registers and exit reports	R86 000,00
To facilitate Mayoral sports activities by June 2021	Facilitation of Mayoral Sports activities	2 Mayoral Sport activities facilitated	Number of Mayoral Sport activities facilitated	2 Mayoral Sport activities facilitated	Not Achieved	2 Mayoral Sport activities not held	COVID-19 Regulations	Events to be held once covid 19 regulations are relaxed	Attendance registers and exit reports	R130 000,00
PUBLIC PARTICIPATION, MPAC SUPPORT, SECRETARIAT AND SUPPORT										

To facilitate Fora in relation to IGR framework by June 2021	FORA	08 FORA facilitated	Number of fora facilitated	16 Fora facilitated	Achieved	*4 Speakers' Forum on 10/09/20, 07/12/20, 11/03/21, 10/06/21 *4 Chief Whips' Forum held on 21/09/20, 03/12/20, 11/03/21, 10/06/21 and *5 Public participation Forum on 20/08/20, 20/11/20, 20/01/21, 11/03/21, 07/05/21 *2 MPAC Forum on 20/11/20 25/06/21, *2 Secretariat Forum on 17/12/20, 07/06/21.	None	None	Attendance Register and Signed Notices.	15 500.00
To facilitate *7 Public consultation meetings by June 2021	Public participation sessions.	16 public participation meetings facilitated	Number of public consultation meetings facilitated	15 public consultation meetings facilitated	Not achieved	Engagement with stakeholders on 20/19/20 Draft AR & 2021/22 Draft IDP/Budget facilitated *District ward committee conference not facilitated	Due to Covid-19 restrictions	District ward committee conference will be facilitated once the Covid-19 restrictions are reviewed	Attendance Register and Signed Notices.	700 000
To facilitate extra special council meetings - SODA and to outline budget by May 2021	SODA & Budget day.	1 SODA 1 Budget day facilitated.	Number of SODA and Budget days facilitated	1 SODA and 1 Budget day facilitated	Achieved	1 SODA and 1 Budget day facilitated on 25/03/21 & 20/05/21 respectively	None	None	Attendance Register and Signed Notices.	250 000
To facilitate schedule of council activities by June 2021	Council and portfolio committee meetings.	22 Council and portfolio committee meetings facilitated.	Number schedule of council activities facilitated	24 schedule of council activities facilitated	Achieved	24 schedule of council activities facilitated. *4 Ordinary Council meetings on 29/09/20, 29/10/20, 28/01/21, 29/04/21, *11 Special councils held on 31/08/20, 10/09/20, 25/11/20, 08/12/20, 15/12/20, 18/02/21, 24/02/21, 25/03/21, 30/03/21, 20/05/21, 29/06/21, *20 portfolio committee meetings facilitated	None	None	Attendance Register and Signed Notices.	447 950.00
To facilitate study groups for councillors by June 2021	Study group.	New	Number of study groups for councillors facilitated	4 study groups for councillors facilitated	Achieved	4 study groups for councillors facilitated	None	None	Attendance Register and Signed Notices.	60 000

To facilitate public hearing by June 2021	Public hearings	2 public hearing facilitated	Number of public hearing facilitated	2 public hearing facilitated	Achieved	2 public hearings facilitated 17/12/20 & 28/03/21	None	None	Attendance Register and Signed Notices.	0
To facilitate training for councillors by June 2021	Training and development of Cllrs.	3 X training of councillors facilitated	Number of councillors trained	2x councillors trained	Achieved	2x councillors trained on Advanced Diploma in Public Administration and Business Management respectively	None	None	Signed Exit Report.	200 000
To facilitate resolution of Councillors by June 2021	Queries and assistance on travel claims	5 X queries X assistance on claims attended to	Percentage resolution of Cllrs queries facilitated.	100% resolution of Cllrs queries facilitated.	Achieved	100% resolution of Cllrs queries facilitated.	None	None	Signed Exit Report.	0
To facilitate oversight visits by June 2021	Oversights visits	4 oversights visits facilitated	Number of oversight visits facilitated	4 oversight visits facilitated	Achieved	4 oversight visits facilitated	None	None	Signed Oversight Report.	0
To compile and facilitate implementation of Council Resolution Register June 2021	Resolution registers for Council implementation.	4 Resolution registers developed and implemented	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.	0
To facilitate Council whippy meetings by June 2121	Council whippy meetings	4 council whippy meetings facilitated	Number of meetings facilitated	4 Council Whippy meetings facilitated	Achieved	4 Council Whippy meetings facilitated	None	None	Attendance Register and Signed Notices.	20 000
To review public participation policies by June 2021	Review of public participation policy.	1 public participation policy reviewed	Number of public participation policy reviewed	1 public participation policy reviewed	Not achieved	Draft review policy not submitted to Council for approval	HR department did not process the submission of the draft policy	HR unit to submit the draft policy in the next ordinary council meeting	Attendance Register and Signed Notices.	0
To facilitate working sessions for June 2021	Working sessions for Cllrs.	8 working sessions facilitated	Number of working sessions facilitated	8 working sessions facilitated.	Achieved	21 Working sessions facilitated	None	None	Attendance Register and Signed Notices.	400 000

LOCAL ECONOMIC DEVELOPMENT

PLANNING AND ECONOMIC DEVELOPMENT										
2020-2021 SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN										
MEASURABLE OBJECTIVE	PROJECT	BASELINE 2019/2020	INDICATORS	ANNUAL TARGET 2020/2021	PROGRESS (Achieved/ not achieved)	ACTUAL PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE	BUDGET 2019-2020
LOCAL ECONOMIC DEVELOPMENT (LED)										
To create 38 job Opportunities through EPWP by June 2021	Implementation of EPWP	47 job opportunities created through EPWP	Number of jobs created through EPWP	38 jobs created through EPWP	Achieved	38 jobs created through EPWP	None	None	Appointment letters	R1 110 360 (Incentive Grant)
To facilitate Enterprise and Supplier Development (ESD) Programme by June 2021	Facilitate Enterprise and Supplier Development Programme	114 SMMEs appointed for ESD programme	Number of trainings provided through the ESD programme	3 trainings provided through ESD programme	Not Achieved	1 training provided through the ESD programme (09 June 2021)	Trainings were not achieved due to compliance to Covid 19 protocols	To request extension of Memorandums of Agreements with Professional Service Providers for 1 year	*Signed ESD reports *Attendance Registers	R 200 000
To facilitate Support of Farmer's through Farmer Support Production Unit (Agri-Park) by June 2021	Facilitate Support of Farmer's through Farmer Production Support Unit (Agri-Park)	Farmer Production Support Unit in place	Number of farmers supported through Farmer Production Support Unit	500 farmers supported through Farmer Production Support Unit	Achieved	822 farmers supported through Farmer Production Support Unit	None	None	*Signed Reports	R12 336 000 (DRDLR)
To monitor the implementation of Mining Social and Labour Plans (for water & sanitation) by June 2021	Monitoring of the implementation of Mining Social and Labour Plans (for water & sanitation)	None	Number of reports on the monitoring of Mining Social and Labour Plans provided	4 reports on the monitoring of Mining Social and Labour Plans provided	Achieved	4 report on the monitoring of Mining Social and Labour Plans provided	None	None	*Signed Reports	R 0
To facilitate District Economic Development Forums (Mining, LED & Agric.) by June 2021	Facilitate District Economic Development Forums (Mining, LED & Agric.)	District Economic Development Forums (Mining, LED & Agric.) established	Number of District Economic Development Forums (Mining, LED & Agric.) facilitated	4 Economic District Development Forums (Mining, LED & Agric.) facilitated	Not Achieved	District Economic Development Forum (Tourism, LED and Agric) facilitated	Facilitation of Mining Forum delayed due to endorsement of Terms of Reference by stakeholders	To be held in the 1st quarter of 2021/2022	*Signed Reports	R 50 000

SPATIAL RATIONALE

SPATIAL RATIONALE										
2020-2021 SERVICE DELIVERY, BUDGET AND IMPLEMENTATION PLAN										
MEASURABLE OBJECTIVE	PROJECT	BASELINE 2019/2020	INDICATORS	ANNUAL TARGET 2020/2021	PROGRESS (Achieved/Not achieved)	ACTUAL PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE	BUDGET 2020-2021
SPATIAL RATIONALE										
To facilitate Joint District Municipal Planning Tribunal (JDMPT) sittings by June 2021	Facilitate Joint District Municipal Planning Tribunal (JDMPT) sittings	4 JDMPT sittings facilitated	Number of JDMPT sittings facilitated	4 JDMPT sittings facilitated	Not Achieved	3 JDMPT sittings were facilitated	Modalities with local municipalities lapsed on 31st March 2021	The processes to re-establish the committee commenced	*Signed Reports *Attendance registers	R 500 000
To facilitate Land Acquisition for District Municipal Offices by June 2021	Facilitate Land Acquisition for District Municipal Offices	Land owned by different entities is available for development	Number of engagements for land acquisition for development of District Municipal Offices facilitated	6 engagements for land acquisition for development of District Municipal Offices facilitated	Achieved	Seven (7) engagements were facilitated for acquisition of land for development of District Municipal Offices	None	None	*Signed Reports *Attendance registers *Signed MOU	R58 000
To process Land Development applications in line with the reviewed SDF by June 2021	Process Land Development applications in line with the reviewed SDF	Processed 23 Land Development applications in line with the reviewed SDF	% 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 2 received applications were processed	None	None	*Application register *Signed Support letters	R 0
To spatially reference the District Development Plan (DDP) capital projects by June 2021	Spatial referencing of District Development Plan (DDP) capital projects	None	Number of District Development Plan (DDP) capital projects spatially referenced	50 District Development Plan (DDP) capital projects spatially referenced	Achieved	50 District Development Plan (DDP) capital projects spatially referenced	None	None	Spatially referenced Maps	R 50 000

FINANCIAL VIABILITY

BUDGET AND TREASURY										
2020-2021 SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN										
MEASURABLE OBJECTIVE	PROJECT	BASELINE 2019/2020	INDICATORS	ANNUAL TARGET 2020/2021	PROGRESS (Achieved/ Not achieved)	ACTUAL PROGRESS	CHALLENGES	REMEDIAL ACTION	EVIDENCE	BUDGET 2020/2021
Audit Outcome	Qualified Audit Opinion with emphasis for 2018/2019	AG opinion	Unqualified AG audit opinion	12 monthly reconciliations (Debtors, Bank, Investments, Grants)	Achieved	12 month reconciliations prepared and reviewed	Timely reviews on the reconciliation	Fully capacitated Reporting unit	Signed reconciliations	R0
				All supporting documents scanned	Achieved	All the payment vouchers scanned excluding the accruals which will be scanned after the payment effected.	NONE	NONE	Invoice register	R0
		Submission of AFS and APR to the AG within the legislated time frame	Comply AFS and APR within the legislated time frame	Comply AFS and APR within the legislated time frame	Achieved	AFS compiled and submitted by 30 October 2020. The Draft Annual Performance Report was also submitted together with AFS	NONE	NONE	Proof of receipt	R0
		Number of AG findings resolved	AG action plan developed and implemented.	AG action plan developed and implemented.	Achieved	AG action plan developed and implemented. The action plan served in May 2021 Budget & Treasury Portfolio and Council for approval.	The audit was completed by 31st March 2021, therefore there is limited time to complete activities.	The adherence to the timelines and close monitoring of the activities to be completed.	Supporting documents/ Proof of completed activities/Confirmation from Internal audit	R0
Irregular Expenditure	Irregular expenditure in the 2018/2019	Section 32 expenditure amount reported.	Compliance with management of MFMA section 32	Compliance with management of MFMA section 32	Achieved	Compliance with management of MFMA section 71 or 52 financial reports.	None	None	Sect 52	R0
Budget Credibility	100% 2019/2020 approved budget and Funded	Credible and funded budget adopted.	Comply a credible budget which is funded as per MFMA Section 18	Comply a credible budget which is funded as per MFMA Section 19	Achieved	100% credible and funded budget adopted. The 2021/2022 budget was approved on the 27 May 2021.	None	None	Council resolution	R0
		R5m CRR	Budget cash back	R10m CRR	Not achieved	R8 794 729.86 interest received for the year	None	None	Investment certificate	R0

Payment of creditors	80% of valid, complete and received invoices (7 days before lapse of 30 days)	Number of creditors paid within 30 days against all invoices	% payment of valid and complete received invoices	100% payment of valid and complete received invoices	Achieved	100% payment of valid and complete received invoices. There were 2514 invoices received for the year of 2020/2021. The 2133 invoices represents 100% valid and complete invoices and were paid. 381 invoices were invalid and therefore were not paid.	None	None	Invoice register	R0
Personnel budget	2019/2020 salaries paid by 25th and 3rd party payment paid on/before the 7th.	100% payment of salaries 25th and 3rd party payment paid on/before the 7th.	% payment of salaries 25th and 3rd party payment paid on/before the 7th.	100% payment of salaries 25th and 3rd party payment paid on/before the 7th.	Achieved	100% payment of salaries 25th and 3rd party payment paid on/before the 7th.	None	None	Payment voucher	R0
	Travel claims to be paid by the 15 th	Travel claims to be paid by the 15 th	% Travel claims to be paid by the 15 th	100% travel claims to be paid by the 15 th	Achieved	The travel claim were paid by the 15th	None	None	Payment voucher	R0
Liquidity and cash balances.	MFMA Circular 71 ratios	MFMA Circular 71 Liquidity ratio of 1.5:1	Liquidity ratio of above 1.5 and above	1.5:1 Liquidity ratio	Not Achieved	1.33:1 liquidity ratio was reported in June 2021	The poor cash flow planning in terms of creditors payments. Which leads to early withdrawal of the investment which leads to penalties by financial institutions.	There must be weekly cashflow projections for all creditors.	Sect 52	R0
Efficiency and functionality of supply chain management	Implementation of SCM procurement plan	Proper implementation of Procurement plan	% implementation of Procurement plan (MIG, RBIB, WSIG and all other tenders)	100% implementation of Procurement plan (MIG, RBIB, WSIG and all other tenders)	Not achieved	70% projects were awarded	Committees sittings is a challenge	Fixed calendar dates for committee meetings	Minutes of the committees and evaluation reports	R0
Manual GRAP Compliant Fixed	Manual GRAP Compliant Fixed	% accounting of Assets	% accounting of Assets	100% accounting of Assets	Not Achieved	1. Physical verification conducted (Physical verification and conditions assessment of WIP projects) 2. Updated Regs (Water and Sanitation Additions WIP, Retention and Commitment register, Unbundling and capitalisation of Assets, Update new additions 3. Depreciation run	None	None	GRAP Compliant Fixed Assets Register	R0

To provide sound financial management	Identification of potential areas to be billed	*Collections and capturing of consumer Data from 5 areas identified for potential billing. *Billing of 5 identified areas for potential revenue	Number of areas with revenue potential to be billed	Collection of data and billing of 5 areas with revenue potential	Not achieved	3 of the 5 Areas have been captured but not billed	The capturing was delayed by Covid 19 challenges	Finalise the capturing of the remaining 2 areas and bill	Data Collection report and Summary of billing reports	R5,230 125
	Meter reading	74% Verification and reading of 41133 customers' meters	% of customer's meters validated and read	80% of customer's meters validated and read	Not achieved	75.19% of meters were read	Some areas refused meter reading access	Political intervention is canvassed and to be scheduled after lockdown	Meter reading report	R7,312 255
	Billing of Customers	Billing of 70 % of 41133 customers	% of customers billed	80% of 56113 customers to be billed	Achieved	80% of 56113 Customers have been billed	Average is billed were meters could not be read	Political intervention is canvassed and to be scheduled after lockdown	Billing report	R0
	Improve collection rate	Improve the collection rate to 75%	% improvement of collection rate	75% of revenue collected against the billing	Not Achieved	39% Debtors collection rate	Lack of internal capacity to effect disconnection	Extend scope of Meter reader to do disconnection	Collection rate report	R1,976,208
	Payment of debts by Government Dept.	R241m. debt book	% Reduction of debt book	2% reduction of debt book	Not achieved	Debt book increase by 1.23%	Lack of internal capacity to effect disconnection	Extend scope of Meter reader to do disconnection	Debtors age analysis report	R2,823,154
	Free basic services	R13 Million owed by government institutions	% Collection of government debt	50% Collection of Government debt	Not Achieved	2.65% Collection of government debt	Lack of internal capacity to effect disconnection	Letters to government institutions and Coghsta	payment report	R200 000
		Indigent register for 2019/2020	% of indigent customers	10% increase in indigent customers	Achieved	15 % Indigent customers registration data have been collected	Most customers did not apply for indigent	Conduct indigent awareness	Indigent register for 2020/2021	R1,5M

**SEKHUKHUNE DEVELOPMENT
AGENCY**

DRAFT 2019-2020 SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN

SEKHUKHUNE DEVELOPMENT AGENCY										
2020-2021 SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN										
MEASURABLE OBJECTIVE	PROJECT	BASELINE 2019/2020	INDICATORS	ANNUAL TARGET 2020/2021	PROGRESS (Achieved/ Not achieved)	ACTUAL PROGRESS	CHALLENGES	REMEDIAL ACTIONS	EVIDENCE	BUDGET 2020/2021
To facilitate collaboration in Mining Input Supplier Park(MISP) by June 2021	Mining Input Supplier Park (MISP)	None	Number of MOU signed between LEDET,LEDA and CLENCOR	1 MOU signed between LEDET,LEDA and CLENCOR	Not Achieved	Participated in the meeting to draft quatrapratie agreement as new approach to SEZ	The agreement does not make provision for SDA as signatory. Only DTIC, LEDET, SDM and	SDA to sign agency to agency agreement with LEDA on areas of co-operation	* Attendance register**Signed MOU	R 0
To facilitate provisioning of broadband connectivity as a business enabler by June 2021	Digital Economy	Limpopo Connexion (LCX)	Number of Funders Secured	1 Funder Secured	Achieved	signed MOU in place	None	None	Funding approval letter	R 0
To facilitate wild life empowerment programmes by June 2021	Wild-Life Empowerment programmes	Signed MOU with Ekim Wild life	Number of Funders Secured	1 Funder Secured	Not Achieved	Correspondance sent to the private partner	Delays on the part of the private partner to secure funding	Sent a formal correspondence to seek update and progress	Funding approval letter	R 0
To promote tourism in the district by June 2021	District Tourism Route	District Tourism Route in place	Number of District Tourism Routes promoted	3 District Tourism Routes promoted	Achieved	tourism route event held in Tubatse on the 30/03/2021	None	N/A	Tourism guide map* Attendance registers	R 0
To facilitate partnership for cotton Farming Programme by June 2021	Cotton Farming Programme	Outlook Report on cotton textile industry in place	Number of partnerships for cotton Farming Programme facilitated	2 partnerships for cotton Farming Programme facilitated	Achieved	Partners secured and expression of interest advertised	None	N/A	Signed MOU's* Business plan	R 0
To facilitate the development for Mining Beneficiation study by June 2021	Mining Beneficiation study	Signed MOU with MINTEK	Number of Mining Beneficiation Studies Facilitated	1 Mining Beneficiation Study Facilitated	Not Achieved	Letter sent to MINTEK on the 26/03/2021 as a reminder to the commitment and request for meeting	MINTEK has not yet responded to SDA's request for intervention	N/A	Process Plan**Draft mining beneficiation study	R 0

To facilitate Youth Entrepreneurship development and support by June 2021	Youth Entrepreneurship Development and Support	Signed MOU with Youth Entrepreneurship Project (YEP) in place	Number of Funding proposals developed	3 Funding proposals developed	Achieved	Funding application for youth project done through Japanes Embassy	None	N/A	3 Funding proposals	R 0
To facilitate establishment of electrical vehicle manufacturing factory by June 2021	Establishment of electrical vehicle manufacturing factory	Signed MOU with EISOWAVE (PTY) LTD in place	Number of electrical vehicle manufacturing factory facilitated	1 electrical vehicle manufacturing factory facilitated	Not Achieved	Facilitation session held with the private Eisowave towards establishment of the factory	Delays by the investor to built factory	Eisowave to finalise funding with the banks and agreement with GLENCOR	Business plan *Electrical vehicle manufacturing Factory	R 0
To facilitate supply of VIP toilets to emerging contractors by June 2021	Supply of VIP toilets materials to emerging contractors	Signed MOU Betrum Pty (Ltd)	Number of VIP sanitation Top structure supplied to emerging contractors	600 VIP sanitation Top structure supplied to emerging contractors	Not achieved	Letter sent to Parent municipality	pending legal matter between private party and parent municipality	facilitate council resolution to rescind previous council resolution and facilitate appointment of	*Proof of payment *signed report	R 0
To provide support to SMMEs and co-operatives by June 2021	Support to SMMEs and Co-operatives	Draft Funding Policy in place	Number of SMMEs/Cooperatives financially supported	4 SMMEs/Cooperatives financially supported	Achieved	Call for proposals issued in April 2021	None	N/A	*Funding report * Funding Approval Letters	R 0
To facilitate funding proposals for replacement of Malekana Steel Bridge by June 2021	Funding proposals for replacement of Malekana Steel Bridge	3 Funding commitment letters	Number of funding proposals facilitated	4 funding proposals facilitated	Achieved	Funding confirmation commitments contained in the signed agreement between funders and implementing	None	N/A	*Funding reports * Commitment letters	R 0
To facilitate funding proposals for Agricultural Skills Development by June 2021	Agricultural Skills Development funding proposal	Agri-SETA accreditation in place	Number of funding proposals submitted to Agri-SETA	2 funding proposals submitted to Agri-SETA	Achieved	Funding application submitted to AgriSETA and NSF	None	N/A	Funding proposals	R 0

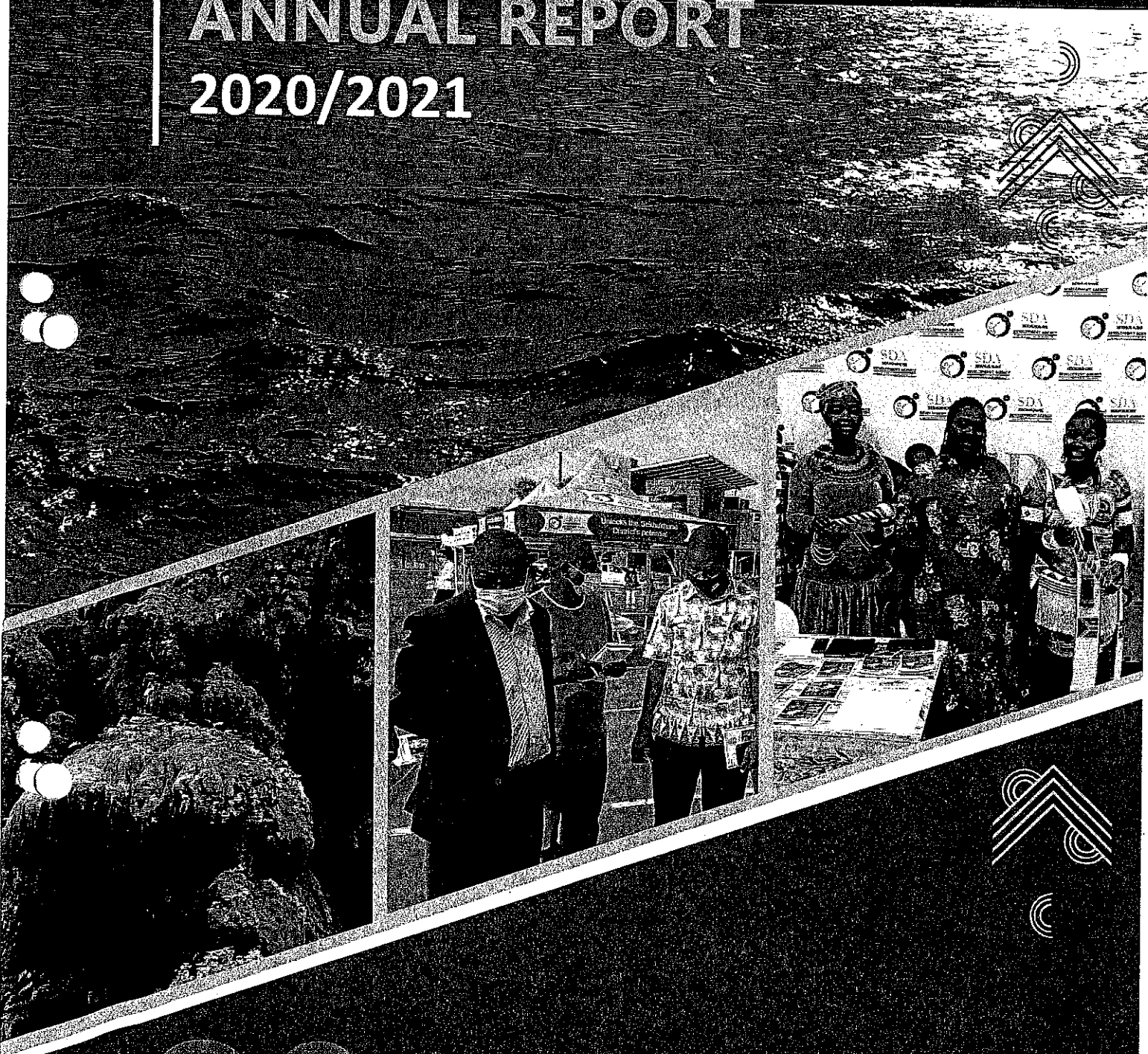
To maintain SDA website by June 2021	SDA website maintenance	Previous website	Number of functional website maintained	1 functional website maintained	Achieved	Website maintained and updated in the 4TH Quarter until 28/02/2021	Expiry of contract	Transfer Website to SDM IT Unit	Appointment letter * Functional website	R 0
	ERF 488 Development	Council resolution	Number of feasibility studies developed	1 feasibility study conducted	Not Achieved	TOR's developed and in place and submitted for SCM Bid processes	Delays in adverts due to specification gaps	Advertise in the 1st Q of 2021/2022		
To hold Annual General Meeting by June 2021	Stakeholder management	2018/19 AGM Report	Number of AGM's and stakeholder engagements held	1 AGM and stakeholder engagement held	Not Achieved	None	Due to re-consultation of the new board and need to engage in strategic	Strategic review and AGM, postpone to 1st Q of 2021/2022 due to Covid19	*AGM report *attendance registers	R 0

ANNEXURE D:

**2020/2021 ANNUAL
REPORT – SDA**

SEKHUKHUNE DEVELOPMENT AGENCY

ANNUAL REPORT 2020/2021



2020 & 2021



SEKHUKHUNE DEVELOPMENT AGENCY

ANNUAL REPORT

Cover Pictures' credits:



TUFA - 'a living rock'

The rare sighting of an active Tufa rock brings droves of international tourist to the village of Phiring in Fetakgomo Tubatse Local Municipality.



SDA's network & reach

SDA branding is a common feature in sector activations and enterprise development platforms across the District landscape.



Cultural esteem

SDA designed a few exhibition platforms that bolstered the cultural esteem and sense of initiative in Sekhukhune District.

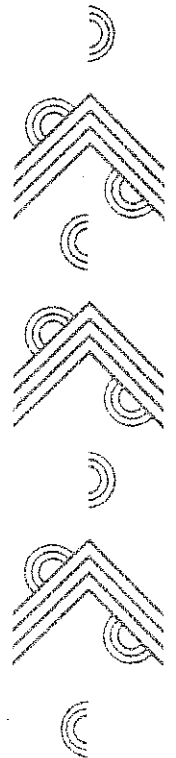


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CHAIRPERSON OF THE BOARD OF DIRECTORS

Foreword



Mr Madulo Mampuru
Acting Chairperson
Sekhukhune Development Agency

Few weeks prior to the conclusion of 2020/2021 financial year, the Sekhukhune Development Agency (SDA) welcomed its newly appointed Board of Directors. This period was preceded by months of battling the drastic effects of economically restrictive COVID -19 alert levels. Entering office under such circumstances raised our levels of agility to deal with immense expectations from different role players.

I do not doubt that the Board of SDA appreciates the scale and enormity of these regional economic development challenges. During his welcome address of the three newly appointed board of Directors, The Shareholder Representative, thus, The Executive Mayor Hon. Cllr Stanley Ramaila challenged us to develop a credible financial sustainability plan, reposition SDA as a key player in the local and the regional economy and ensures that the SDA obtains a clean audit opinion. In simplest terms we need to answer the question; why the SDA should exist.

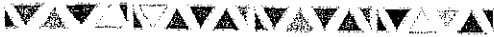
The anticipated financial sustainability model would be able to reduce SDA's financial dependence on the parent municipality. The shareholder further implored the SDA Board to "Forster a pragmatic and coherent" relationship with the Local Economic Development (LED) Unit of the District and all the LED units of the local municipalities. More importantly, the shareholder advised that the Board fill the key vacant posts as per the approved SDA organogram and initiate a ten-year review of the Agency.

As the SDA Board, we could not have asked for a clearer and profoundly strategic input from the Shareholder. The Shareholder did not only provide us with a road map but also presented us with a compass to stay on course. However, for us to fulfil our fiduciary duties and meet the shareholder expectations, we will have to function within a coherent governance and reporting framework. It was for this reason that one of the focuses for the strategy session was to review, align and perfect the governance arrangements and instruments that currently exist. These include the By-Law, Shareholder Compact, Board Charter and Service Level Agreement between the parent municipality, thus Sekhukhune District Municipality (SDM) and SDA. These governance arrangements will also have to consider the legislation that governs the SDA which includes the Municipal Finance Management Act (MFMA), Municipal Systems Act, No 32 of 2000, and the Companies Act No 71 of 2008 as well as the non-regulatory King Report on Good Governance.

We are ready to serve!

Madulo Mampuru





1. INTRODUCTION

Introduction



1. INTRODUCTION

Below is an outline of the structure for 2020/2021 SDA annual report together with mandatory supporting documents.

Sekhukhune Development Agency (SDA) herein presents annual report for 2020-2021 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 Municipal Finance Management Act (MFMA). Circular 63 of 2012, 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;

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

Section 121 (1) provides that: each municipality and municipal entity must for each financial year prepare an annual report in accordance with this chapter. The council of a municipality must within nine months after the end of the financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

Section 121 (4) provides that an annual report of the municipal entity must include-

- (a) Annual financial statements of the entity as submitted to the Auditor General for audit in terms of section 126 (2)
- (b) Auditor-General's report in terms of section 126 (3) on those financial statement;
- (c) An assessment by the entity accounting officer of the arrears on municipal taxes and service charges
- (d) An assessment by the accounting officer of the entity's performance against any measurable performance,
- (e) Particulars of any corrective actions or to be taken in response to an issue raised in the audit report,
- (e) Any recommendations of the audit committee of the entity or its parent municipality.

Section 127 (1) provides "the accounting officer of a municipal entity, within six months after the end of the financial year or on such earlier date as may be agreed between the entity and its parent municipality, submit the entity's annual report for that financial year to the municipal manager of the entity's parent municipality"

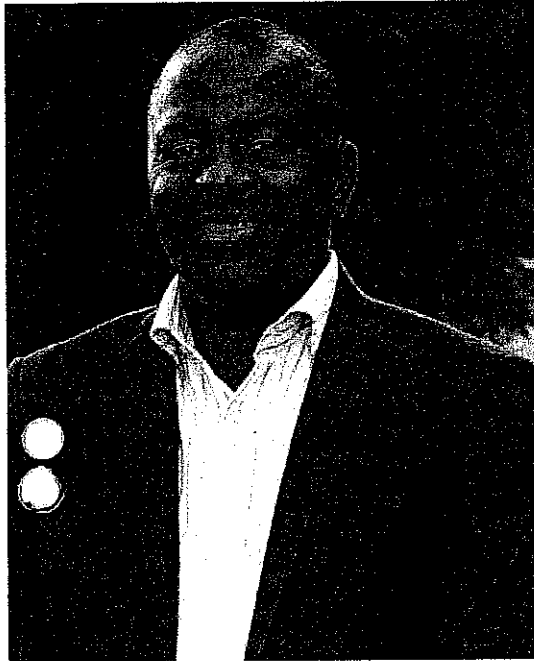
Section 127 (2) "the Mayor of a municipality must, within seven months after the end of the financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control"





ACTING CEO'S OVERVIEW & PERFORMANCE SUMMARY

Overview



Mr Kgopelo Phasha
Acting Chief Executive Officer
Sekhukhune Development Agency

the SDA is more relevant than it has been in the economic landscape of the District due to its positioning as a catalytic role player in creating high impact economic projects.

We conclude the 2020/2021 Financial year with the appointment of the new Board of Directors led by the Chairperson of the Board, Mr Landiwe Mahlangu. This finds us while battling with aligning ourselves with the broader Economic Reconstruction and Recovery plan, and renewal strategies after many countries of the world have been impacted by the surge of Covid-19. The ushering of the reconfigured board presents an opportunity to chart a new strategic path that responds effectively and efficiently to the circumstances of post-Covid-19 environment.

Indeed, one of the lessons that pounced from Covid-19 is the eminent need to find creative ways and means to bring our communities to this daunting task of economic recovery. For the Agency to change the socio-economic complexion of the district, the anticipated financial sustainability plan would play a vital role in enabling the Agency to recalibrate the interventions, projects and initiatives that have been identified and those underway to execute the strategy.

Sekhukhune District is an area of tremendous economic potential. Apart from its rich endowment with metals and minerals, it has a fairly established commercial agriculture, vast landmass with diverse fauna and flora. It also has a rich historical and cultural heritage and a host of key water catchment areas. These features, together with the resilient people of the region constitute the comparative advantages of Sekhukhune. SDA, therefore, exist to make the district realise its economic potential through amongst others diversifying the economy of the region and transforming its comparative advantages to competitive advantages.

Therefore, In the set context, the SDA is more relevant than it has been in the economic landscape of the District due to its positioning as a catalytic role player in creating high impact economic projects. With robust strategies expected to unfold in the short and mid-term, in consultation with our strategic stakeholders, SDA will be better positioned to orient its operations to District Development Model, Special Economic Zone, Financial sustainability of the agency, Controls and Audit Assurances, and strategic partnership initiatives and projects.

Kgopelo Phasha



MANDATE

Mandate

1.2 Mandate of Sekhukhune Development Agency (SDA)

The mandate of Sekhukhune Development Agency 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

Based on the above five strategic objectives, Sekhukhune Development Agency has to ensure that the projects and programmes that are identified on an annual basis are aligned to the strategic objectives. The 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 as assessed by the parent municipality on a quarterly basis as part of performance reporting framework. The SDA reports start from management, to sub-committees of the board, board of directors then to parent municipality.



2. FINANCIAL OVERVIEW

Financial

2. Financial Overview

2.1 Assets

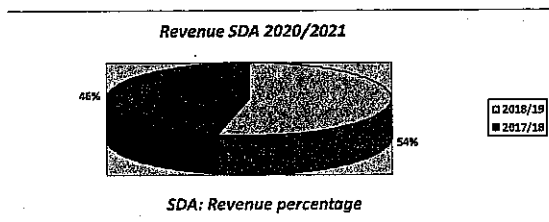
In the 2020/2021 financial year, the total assets for Sekhukhune Development Agency stood at R3 276 899 and net assets at R1 357 224 as compared to the total asset position of R1 843 277 and net assets at (R311 670) in 2019/2020 financial year. The main contributor of the assets is a property (land) that was donated by Sekhukhune District Municipality which is referred to as portion 1 of Erf 488 Groblersdal Extension 5.

The property is zoned as public open space (park) which means it can only be used as such. The value of the land is estimated at R900 000.00. In the financial year under review, SDA has appointed transfer attorneys to officially register the property under the name of the Agency, this will enable the agency to attract possible development application for purposes of revenue generation.

2.2 Revenue

The total revenue for Sekhukhune Development Agency in the 2020/2021 financial year stood at R5 687 026 compared to R3 386 991 in 2017/2018 financial. Grants received from Sekhukhune District Municipality amounted to R3 892 829 in the 2018/2019 financial as compared to R3 382 476 in the 2019/2020 financial year.

Industrial Development Corporation (IDC), which is also a government entity, contributed grants to the Agency in 2014/15 financial year that resulted in a roll over for the financial year 2017/18 of R301 750. The Agency generated income of R1 706 460 by year end 2018/19 financial year.



2.3 Liabilities

Sekhukhune Development Agency incurred liabilities amounting to R1 919 675 in the 2018/2019 financial year as compared to liabilities of R2 154 947 in the 2019/2020 financial year.

The liabilities relate to three main items;

- Unspent conditional grant from Industrial Development Corporation amounting to R 1 526 829
- Trade and other payables amounting to R392 846.

2.4 Expenditure

The total expenditure incurred by Sekhukhune Development Agency in the 2020/2021 financial year stands at R4 018 132 as compared to R3 520 617 in the 2019/2020 financial year. Employee costs that were incurred in the 2018/2019 financial year contributed to R2 658 622 as compared to R2 628 955 in 2017/2018 financial year. Payment for members of the SDA Board that were incurred in the 2018/2019 amounted to R575 646 as compared to expenditure of R258 676 in the 2017/2018 financial year. The increase in expenditure on board fees is attributable to the appointment of additional member, subsequent board meeting (quarterly and investor meetings) and sub-committee meeting held during the year.

General Expenses for SDA in the 2020/2019 financial year amounted to R739 844 as compared to General Expenses of R497 782 in the 2017/2018 financial year. Depreciation amount is R739 844 in 2018/19 and in 2017/18 at R135 204.

Expenditure SDA 2020/2021
SDA: Expenditure Percentage



3. GOVERNANCE

Governance

3. GOVERNANCE

3.1 Sekhukhune Development Agency Board

The By-law for establishing SDA read together with the Shareholder's Compact makes provision for establishment of the SDA Board of Directors. SDA Board is the highest decision making structure and it reports to the Executive Mayor of the parent municipality who then reports to Council.

The following are the SDA Board Members in the 2020/2021 financial year;

- Mr. Landiwe Mahlangu
- Ms. Vicky Makanyane (Board Member)
- Mr. Stephen Masemola (Board Member)
- Ms. Mercia Blake (Board Member)
- Mr. Madulo Mampuru (Board Member)
- Mr. Kwanele Mkhwanazi (Board Member)

Officials /Senior Management

- Mr Kgopelo Phasha (Acting CEO)
- Ms Elizabeth Kubuzie (Project coordinator).
- Shirley Lubisi (Project Coordinator)
- Puleng Mmotla (Marketing and Communications)

The following are the shareholder Representatives;

- Cllr. Orginia Mafefe (MMC Planning and Economic Development)
- Ms. Molatelo Mabitsela (Director Planning and Economic Development)



Board and the shareholder: (Back row) Mr Kwanele Mkhwanazi, Mr Kgopelo Phasha (Acting CEO), Ms Mercia Mackenzie, Mr Stephen Masemola, Mr Madulo Mampuru and Ms Mantwa Makanyane. (front row) Landiwe Mahlangu, Cllr Keamotseng Stanley Ramaila (Executive Mayor), Ms Maureen Ntshudisane (Municipal Manager) and Cllr Orginia Mafefe (MMC for Economic Development).

No. of Meetings	BOARD MEETINGS HELD					
	2015/16	2016/17	2017/18	2018/19	2019/2020	2020/2021
	02	02	05	05	04	0
AGM	01	0	0	01	1	June 2021

The term for the outgoing Board ended on 29 February 2020. There were extensions made until the board reconstituting in June 2021.



3.2 STRATEGIC PLANNING SESSION



3.2 Strategic Planning Session

At the time of completing this report the new Board of the Agency was in the process of coordinating the Strategic Planning Session for its freshly resumed three year term of office.

The existing strategies were disrupted by the context of Covid-19 and rapid changes it brought to the economic climate that the SDA operates in.

3.3 Audit and Risk Committee

Sekhukhune Development Agency makes use of the services of the Sekhukhune District Municipality Audit Committee and Performance Audit Committee as per the shareholder's compact.

The Members of the Audit Committee are as follows appointed on the 01 April 2017):

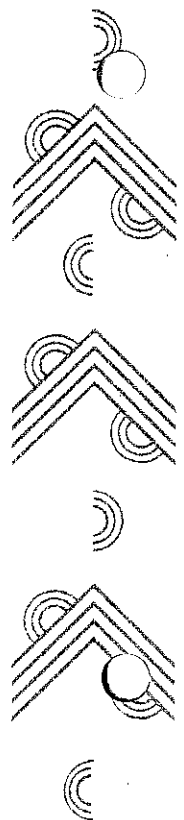
- Mr. L. Langalibalela (chairperson)
- Mr. M Mokwele
- Ms. G Molepo
- Ms. T Mathabathe
- Ms. M. Ndlovu

The audit committee members should meet 4 time per annum as per its approved terms of reference. During the current year four ordinary and two special meetings were held and the members attended as follows:

Name of Audit Committee Member	Number of meetings attended
Mr. L. Langalibalela (Chairperson)	7
Mr. M Mokwele	6
Ms. G Molepo	3
Mr. T Mathabathe	2
Ms. M Ndlovu	5

3.4 Auditor-General Outcomes

2015/15	Unqualified
2016/17	Unqualified
2017/18	Unqualified
2018/19	Unqualified
2019/20	Unqualified
2020/21	Qualified





4. PROJECTS UNDERTAKEN

Projects

4. PROJECTS UNDERTAKEN

Projects undertaken in the 2020/21 financial year: the agency had 7 projects in the financial year under review as depicted in the below table.

PROJECTS	NUMBER OF TARGETS	PROGRESS
Wild-Life Empowerment programmes	1	Achieved
Digital Economy	1	Achieved
Limpopo 6000 (Manufacturing of electrical vehicles)	1	Achieved
RAI-MOU (Steel Bridge)	1	Achieved
BEE Keeping	1	Achieved
Skills Development	1	Achieved
Solar Energy	1	Achieved

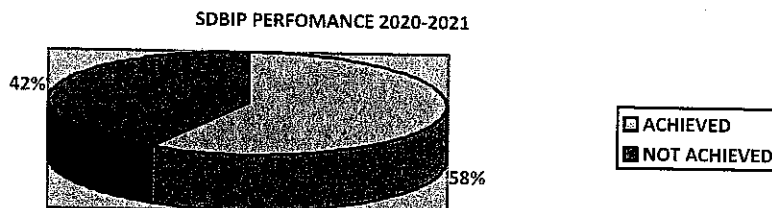
5. AGENCY PERFORMANCE

In the 2020/2021 financial year, Sekhukhune Development agency had a total of 22 planned targets. Out of 22 targets, 8 were achieved and 14 were not achieved. This therefore placed the overall performance of the Sekhukhune Development Agency at 58 % at the end of 2020/2021 financial year. The 7 targets set and determined for the year were as follows:

- ❖ Act as an engine for economic growth by diversifying & expanding local economic base.
- ❖ To secure a stable and sustainable financial base for the future of the agency.
- ❖ Develop/facilitate business that creates sustainable jobs.
- ❖ Source funds for economic concepts/projects

Section 53 (1) (ii) of the Local Government Municipal Systems Act, 2003 provides that the board of municipal entities and councils to consider and approve the Service Delivery and Budget Implementation Plan for each financial year.

The figure below further illustrates the same scenario as depicted in the table above



4. PROJECTS UNDERTAKEN

Projects

Outlined in the table below are 14 targets not achieved with challenges and remedial actions

PROJECT	CHALLENGES	REMEDIAL ACTION
Mining Input Supplier Park (MISP)	1. The projects could not be undertaken due to lapse of term of office for the board.	1. Board term to be extended.
Tourism Route		
Agri-Park	2. Absence of the CEO as he was seconded to Ephraim Mogale Local Municipality.	2. Acting CEO secondment to Mogale Ephraim lapse and he will assume his duties at SDA
Mining Beneficiation		
Cotton Industry revitalisation Program	3. The impact of covid 19 made it impossible to engage with stakeholders as we were observing lockdown restrictions	
Youth Entrepreneurship Development and Support		
Financial Mobilisation		
Amaloo - MOU implementation		
Small Business Support		
Small Business Development Fund		
LED lights manufacturing		
Aquaculture farming		
SDA website development & maintenance		
Stakeholder management		



6. AUDITOR-GENERAL FINDINGS AND OPINION

Audit Outcomes



6. AUDITOR GENERAL FINDINGS AND OPINION

6.1 Auditor General Report 2020/2021 financial year

The Agency obtained an **unqualified opinion** with emphasis of mater on restated corresponding figures as a result of errors occurred in the previous year 2019/20 relating to payables on exchange transaction accumulated surplus on bonus provision and general expenses. Other maters on material misstatements that were corrected during Annual Financial Statement adjustment conducted in November 2021 relates to misallocations on expenses and disclosure items

7. CONCLUSION

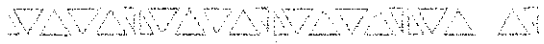
The 2020/2021 Annual Report for Sekhukhune Development Agency is hereby presented to stakeholders for engagement with the report as part and parcel of accountability. Whilst there are many challenges that SDA encountered during the year under review, there are also pockets of excellence that deserve celebration and consolidation. The Agency has improved over the years as the Board has regained full control over the entity, its plans and strategy. The performance of the agency in the previous financial year has been largely attributed to the effectively managing of the comprehensive organisational changes.

Financial year has seen unprecedented Economic devastation as a result of the impact of the Novel Corona Virus/Covid19. Global economy has seen a significant decline and contraction of South Africa as a developing economy is not an exception. The economic challenge imposed by Covid19 calls on countries and indeed municipalities to craft strategies to reignite economic growth. SDA as a municipal entity created to stimulate economic growth will have to leverage on nation and provincial public policy intervention such as the economic recovery plan pronounced by the president.

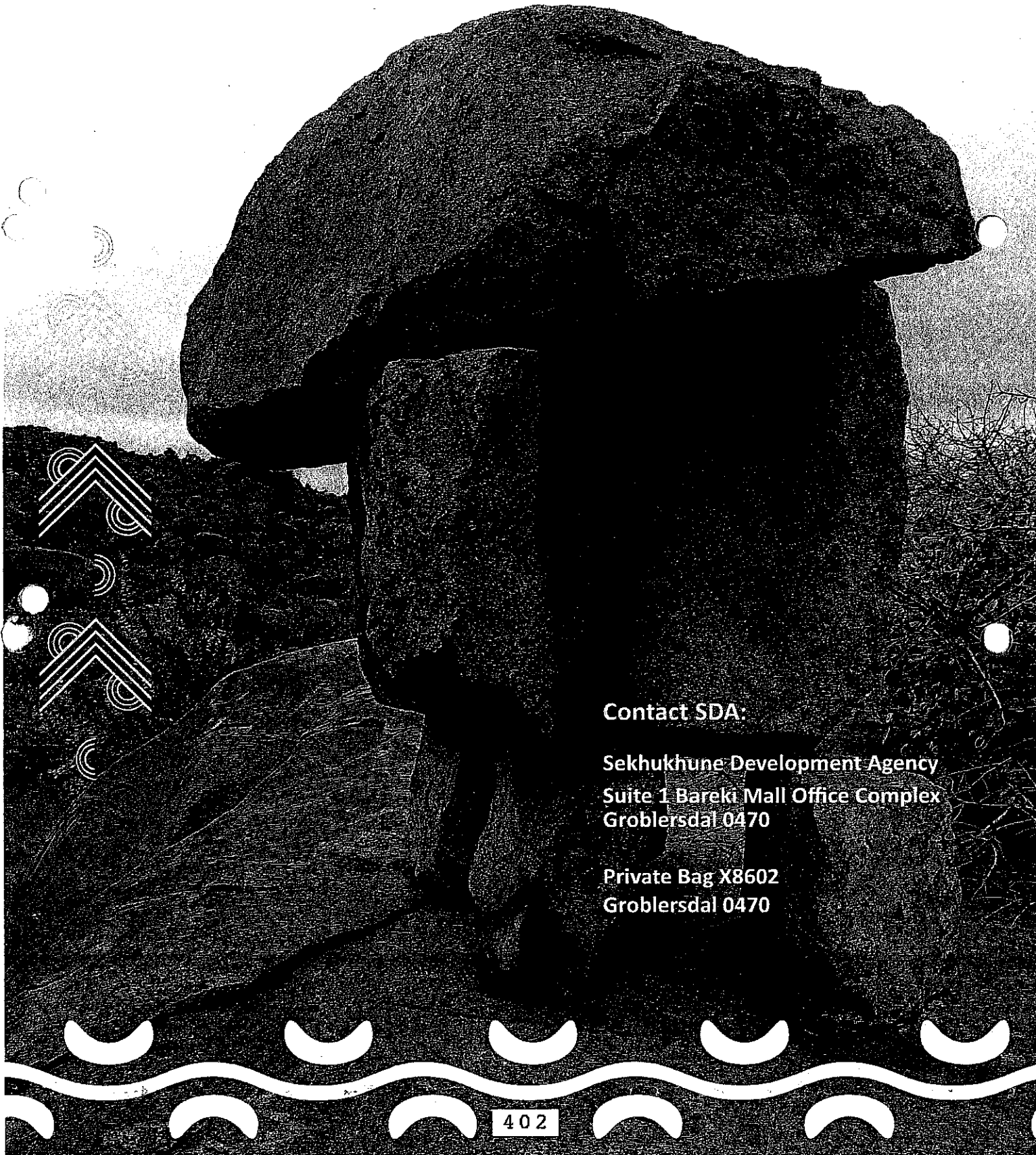
The annual performance report is accompanied by the following attachments/annexures;

- Auditor Audit Report
- Annual Financial Statement
- Audit Committee Report
- Strategic planning





SDA
SEKHUKHUNE
DEVELOPMENT AGENCY
REACHING NEW HEIGHTS



Contact SDA:

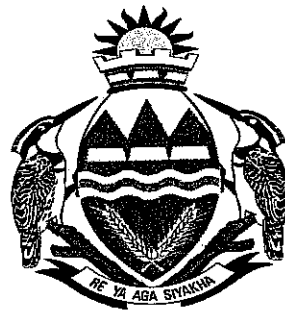
Sekhukhune Development Agency
Suite 1 Bareki Mall Office Complex
Groblersdal 0470

Private Bag X8602
Groblersdal 0470

ANNEXURE: E

**2020/2021
COMMUNITY
CONSULTATION REPORT**

OFFICE OF THE SPEAKER



SEKHUKHUNE
District Municipality

EXIT REPORT DRAFT ANNUAL REPORT 2020/2021 PUBLIC PARTICIPATION 01 – 28 FEBRUARY 2022

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1. PURPOSE OF TAKING THE 2020/21 DRAFT ANNUAL REPORT TO THE PUBLIC

1. The Ordinary Council Meeting of Sekhukhune District Municipal Council of the 27th January 2022 noted the 2020/2021 Draft Annual Report for public consultation.
2. Chapter 12 Section 121 (1) & (2) of the Municipal Finance Management Act Number 56 of 2003 direct municipalities to take their draft annual reports to the local communities.
3. Section 121 (1) reads" Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with chapter 12 of the MFMA. The Council of a municipality must within nine months after the end of the financial year deal with the annual report of a municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

Section 121 (2) (a), (b) & (c) read thus" The purpose of an annual report is-----

- (a) To provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates.
- (b) To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- (c) To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

2. PUBLIC PARTICIPATION MEETINGS HELD

The public participation meetings were held in all the local municipalities in the district from 01/02/2022 until 28/02/2022.

The following stakeholders were consulted.

- a. SDM Staff
- b. Magoshi
- c. General public
- d. Special groups
- e. Rate Payers & Business

3. PUBLIC PARTICIPATION PROGRAMME

JOINT 2020/2021 DRAFT ANNUAL REPORT PUBLIC PARTICIPATION PROGRAMME

DATE	STAKEHOLDER	MUNICIPALITY/VENUE	TYPE OF MEETING	TIME
01/02/2022	SDM Staff	Sekhukhune <ul style="list-style-type: none"> Zoom Video Conferencing Platform 	Zoom Videoconference	14h30
08/02/2022	Magoshi	Sekhukhune <ul style="list-style-type: none"> Jane Furse Comprehensive 	Face to face.	11h00
08/02/2022	General Public	Elias Motsoaledi <ul style="list-style-type: none"> Moutse Community Radio Station Thabantshu Community Radio Station 	Facebook live. Live broadcast.	18h00
11/02/2022	General Public	Ephraim Mogale <ul style="list-style-type: none"> MCRS Sekhukhune Community Radio Station 	Facebook live. Live broadcast.	18h00
16/02/2022	General Public	Makhuduthamaga <ul style="list-style-type: none"> Masemola Community Radio Station Sekhukhune Community Radio Station 	Facebook live. Live broadcast.	18h00
22/02/2022	General Public	Fetakgomo Tubatse <ul style="list-style-type: none"> Tubatse Community Radio Station Masemola Community Radio Station 	Facebook live. Live broadcast.	18h00

28/02/2022	Special Groups	Sekhukhune • Jane Furse Comprehensive	Face to face	11h00
28/02/2022	Rate Payers/Business	Sekhukhune • Zoom Videoconferencing Platform	Zoom Videoconferencing	18h00

4. MOBILISATION

Mobilisation was done through the following platforms.

4.1 The following Community Radio Stations run adverts a week before the start of the programme. The advert was a recorded voice of the District Speaker informing the community about the programme and inviting them to participate.

The Community Radio Stations are.

- (a) Moutse Community Radio Station, which covers both Elias Motsoaledi and part of Ephraim Mogale Local Municipalities areas.
- (b) Thabantshu Community Radio Station, which covers part of Elias Motsoaledi Local Municipality areas.
- (c) Sekhukhune Community Radio Station, which covers part of Ephraim Mogale, Makhuduthamaga and Fetakgomo Tubatse Local Municipalities areas.
- (d) Masemola Community Radio Station, which covers Makhuduthamaga Local Municipality areas.
- (c) Tubatse Community Radio Station, which covers part of Fetakgomo Tubatse Local Municipality.

4.2 SDM Facebook page and website.

4.3 Posters were pasted throughout the district at strategic points, e.g. Local Municipalities notice boards, shopping centres, post office etc.

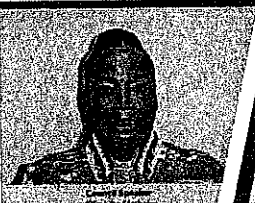
4.4 Local newspapers, Sekhukhune Times and The Reporter placed posters on their newspapers. Samples are attached below.



Uber Eats: Local food delivery

Ad

OPEN








5th

**JOINT 2020/2021 DRAFT ANNUAL
REPORT PUBLIC PARTICIPATION
PROGRAMME**

SPEAKERS OFFICE

Municipality/ Venue	Date	Time	Stakeholder	Type of meeting
Sekhukhune District • Zoom Video Conferencing Platform	01/02/2022	14h30	SDM Staff	Zoom Videoconference. Face to face.
Sekhukhune District • Jane Furse Comprehensive	03/02/2022	11h00	Mogoshi	Face to face.
Elias Motsaedi Local • Mourse Community Radio Station • Thabantshu Community Radio Station	08/02/2022	18h00	General Public	Facebook live. Live radio broadcast.
Ephraim Mgale Local • MCRS • Sekhukhune Community Radio Station	11/02/2022	18h00	General Public	Facebook live. Live radio broadcast.
Makhuduthemaga Local • Masemola Community Radio Station • Sekhukhune Community Radio Station	16/02/2022	18h00	General Public	Facebook live. Live radio broadcast.
Fetakgomo Tubatse Local • Tubatse Community Radio Station • Sekhukhune Community Radio Station	22/02/2022	18h00	General Public	Facebook live. Live radio broadcast.
Sekhukhune District • Jane Furse Comprehensive	28/02/2022	11h00	Special Groups	Face to face.
Sekhukhune District • Zoom Videoconferencing Platform	28/02/2022	18h00	Rate Payers/ Business	Zoom Videoconferencing.

Members of the public are requested to listen to community radio stations. For more information, please contact the manager public participation Mr. Thulani Mawela at 082 462 4433



The Reporter

04 - 11 February 2022

Mošemane wa mengwaga ye lesomenedi o hlokafetše

5. PARTICIPATION OF SDM COUNCILLORS

Deployed SDM Cllrs supported the programme as they attended all the public participation meetings.

6. PERFORMANCE OF SDM OFFICIALS

Officials were deployed at all the public participation meetings, where they performed what was expected from them. Officials from Office of the Executive Mayor were able to brand all the venues and take photos. And officials from the Office of the Speaker were able to register all people attending the meetings, recording the meetings processes and discussions, and making sure that all logistics were provided as expected and observing the Covid-19 protocols.

7. IMPACT OF THE PROGRAMME

The public participation programme was able to achieve its main goal of engaging stakeholders in the district on the 2020/2021 draft annual report. At all the meetings stakeholders were able to engage with the presentations, asked questions and made proposals on specific issues. Presentations were jointly done with local municipalities and the district, where the Local Mayor presents followed by the Executive Mayor. Local Mayors did not present during the SDM Staff and Rate Payers/Business as the public participation meetings were solely concentrating on functions of the district. The local mayor for Fetakgomo Tubatse Local Municipality did not present at Tubatse FM, as he was engaged in other activities, only the Executive Mayor made the presentation.

Only two public participation meetings were held face to face, i.e. Magoshi and Special Groups. SDM Staff and Rate Payers/Business meetings were held virtually through Zoom Videoconferencing platform. Public participation meetings with the public in the four local municipalities, were held through live radio broadcast, using community radio stations as indicated above, and Facebook live broadcast on the Executive Mayor Facebook page. The programme had a huge impact as people participated by calling through live broadcast, asked questions and made inputs, others posted their questions and inputs on the Executive Mayor Facebook page.

8. ISSUES RAISED ARE REFLECTED BELOW

8.1 SDM Staff

NAMES	CHALLENGES	INPUTS
Serepong	Filling of vacant posts	That there is no job creation
	Deployment of EPWP	Posts are filled with EPWP
		Post should be advertised to recruit suitable candidates
Nkabinde	Permanent posts	
	Acting positions	The municipality should recruit permanent employees
	Car allowances	The municipality has bridged the employment contract by terminating the car allowance benefit without the knowledge of employees
	Policies not adhered to	Car allowance policy has been tempered with by the management
		Consequence management has never been applied

8.2 Magoshi

A joint consultation by Sekhukhune District Municipality and Makhuduthanaga local municipality with traditional leaders took place in Jane Furse.

Chair of chairs, Cllr Peter Rankoe chaired the programme, MMC Cllr Maleke Mokganyetsi and Cllr Sam Malaka represented the Executive Mayor and local Mayor respectively.

Issues raised by Magoshi;

NAMES	WARD	VILLAGE	CHALLENGES	INPUTS
Kgoshi Masha	36	Fetakgomo Tubatse LM	• SDM abandoned the water pipeline project in 2017/18 F/Y and even today nothing happened.	Issue must be attended to
Kgoshi Kgaphola	37	Fetakgomo Tubatse	There's a reservoir with adequate water, but they don't get water	Issue must be attended to

They also requested that meeting between traditional authorities and municipalities be facilitated to address challenges faced by them, particularly to determine approach towards the introduction of new contractors to communities. The issue emanated from disagreement over amount of royalties that should be paid by the contractors.

8.3 Elias Motsoaledi Local Municipality

NAMES	WARD	VILLAGE	CHALLENGES	INPUTS
Manaso		Motetema	No sustainable jobs	The municipality is only responsible for municipal jobs and the province is the one to provide jobs like EPWP. SDM will enhance projects like Agripark to create jobs for the community members of Sekhukhune
MmeMmotla		Zenzele	No electricity	The owners of the land of Zenzele section have title deed, they have sent a

				court interdict to Elias Motsoaledi Local Municipality after the electricity connection was done. Nevertheless, the negotiations are ongoing as COGHSTA evaluated the area so that they can buy the land. After buying the land the process of electrification will be concluded.
Mmamahlodi	W/3 and W/4	Kgobokwane	There are water tanks, but water is not supplied	The matter will be referred to IWS department as a matter of urgency
Mzinyane	W/1	Dennilton-Moutse	No water supply but the pipe passing them from Loskop dam to Thembisile Local Municipality	MOU must be signed so that water can also be supplied to Sekhukhune communities. Operation and Maintenance will be notified about the matter
Masakaneng	Portion 13	Masakaneng	No electricity	Interruption by the Trust members delayed the process of electrification in this area (portion 13) but the area was finally electrified. R6m is budgeted for portion 69, Trust members don't want to give the

				<p>municipality a concern letter which will allow the electrification process to start. COGHSTA and the Premier are negotiating with them to buy the land before the electricity project starts.</p>
Maimela	W/1	Ramaphosa	<ul style="list-style-type: none"> • Water flowing in the streets • Skip/Dustbin needed • High mass lights needed 	<p>The bins are placed in strategic places and there are not enough graters to cover the whole area. Heavy rains disturb the grating of the roads. The electricity is prioritised for the new development sides. Poor revenue collection is hampering the purchase of rubbish bins.</p>
Mahlangu		Elandsdoring	<ul style="list-style-type: none"> • Elandsdoring offices closed • Bulk water supply not completed • Revenue plan very poor 	<p>The office will be opened within the coming two weeks. The contract of the consultant expired and the new one to signed soon. There will be an outreach programme to highlight community members</p>

				about the importance of paying revenue
Unknown		Tafelkop	<ul style="list-style-type: none"> ▪ No apollo lights ▪ No roads 	The new development sites to be prioritised with electricity. Road construction is on site, unfortunately heavy rains are disturbing the progress of work done. Dipakapakeng is also affected by these heavy rains. Roads will be repaired soon.
	5	Phomolong extension/Mag akadimeng	Road	To road will be grated when rain stops. The plan to apply for a grant to fund the tarring of the road will be fast tracked.
Buta Thobejane	31	Motetema	How are Service providers appointed and which strategy is used	All services are advertised, and community members should adhere to tend regulations so that they can be appointed. Anyone who worry about being disqualified or not appointed, should follow the legal route.
		Lusaka	<ul style="list-style-type: none"> ▪ No water since dam was built 	The update should be aired on radio at least once within two months,

			<p>and handed over to Limpopo</p> <ul style="list-style-type: none"> ▪ No apollo lights ▪ Poor road conditions ▪ No electricity 	<p>the monitoring of the project will be strengthened.</p>
Marcus Rams			<p>Update on awarded road projects. Stadium Access Road.</p>	<p>The project is ongoing and it is disturbed by the heavy rains.</p>
Sefoloshi Katlego	10	Moutse	<p>No water. No basic needs. What happened to the R143m which was allocate to water projects</p>	<p>Refurbishment of boreholes and new boreholes are done. Challenge is based on the appointment of drivers which is disturbed by Moutse residents Rubbish should be thrown in the bins. Moutse residence to take care of the municipal infrastructure. Community members should continue to pay rates so that the municipality may raise revenue. The outreach on the importance of revenue will be conducted soon.</p>

8.4 Ephraim Mogale Local Municipality

NAMES	WARD	VILLAGE	CHALLENGES	INPUTS
Nkadimeng Kenneth	14	Elandskraal	<ul style="list-style-type: none"> • Bulk projects not visited. • Water problem. 	The project to be revisited as they are disturbed by the forums in Moutse. The matter will be fast tracked.
Adolph Makondo	9	Moganyaka /Ditshwenen g	<ul style="list-style-type: none"> • Water problems. • Electricity and bridge. 	<p>Illegal connections are prohibited. To increase the capacity of the water pipe at Leeufontein.</p> <p>Areas like Mogaladi to have connections and the projects to be visited.</p> <p>Community members who need electricity to visit Eskom office (Rest and Peace) and correct contact details be provided. Cllr.</p>

				Magatla to be consulted for assistance.
Patrick Lekala	01	Elandskraal	<ul style="list-style-type: none"> • Water problems. 	The pipe connection of De hoop will sort the issue
Oupa Choshi	12	Tsantsabela new stand	<ul style="list-style-type: none"> • RDP Houses and roads. • Broken water pipes. 	To consult with the IWS department and solve the issue as a matter of urgency. Municipal IDPs
		Moeding	<ul style="list-style-type: none"> • Bridge • Water • Apollo lights 	The illegal connection to be addressed and other issues to consult Cllr. Matshidiso Maila about the progress. There is an indication that the road is on design phase. The apollo lights will be addressed by the IDP
	14	Tsantsabela	Road	The Cllr of the ward to consult

				with the IDP of the municipality
	12	Ramogwerane	Road from Ramogwerane to Mohlalaotwane	The Cllr of the ward to consult with the IDP of the municipality
	01	Elandskraal	RDP houses	To consult the Cllr in the ward so that the Department of Public works can be informed
Petrus Lekala	14	Elandskraal	Water	The pipes of Dehoop will assist to address the problem
Lebogang Mashigo		Moganyaka	Water	To consult with Cllr. Matshidiso Maila
Makiki	02	Keerom	Water	The Cllr of the ward to consult IDP of the municipality
Tshepo		Ngwalemon g	Road	To meet with Cllr. Matshidiso Maila because this is a provincial road
Thabo Letswalo		Elandskraal	RDP houses	To consult the Cllr in the ward so that the Department of

				Public works can be informed
Makgabo Simon		Ramokgelet sane	Road	The Cllr of the ward to consult IDP of the municipality

8.5 Makhuduthamaga Local Municipality

NAMES	WARD	VILLAGE	CHALLENGES	INPUTS
Amos		Ga Moloji	No Electricity	There's a section which needs to be electrified.
Nicholas	31	Ga Mampane	Roads	The tare road which was build is not of the expected service standard
Comfort	8	Glen Cowie	Water Challenges	The issue has been reported several times
Tala		Laukraal	Roads	Road from Maserumule Park to Leeukraal
Brownbread Tala		Vleisboom	Apolo Reservoir	The apollo has not been working since its installation.
Rankoe		Phokwane		The reservoir need attention
Hunadi	13	Mashengwaneng	Electricity backlog	

Ndlovu	08	Glen Cowie	Roads and electricity	Road from old post office to Mogodi was promised to the community long time ago
		Ga Tisana		Road from Ga Tisana Moshate to Ga Sebaka
		Mamone		Access road and a bridge connecting Manyeleti to Potase
		Ensaam	Roads and RDP	There's a challenge in roads and RDP Houses
Maimela	08	Glen Cowie	Access Roads	Road connecting Maraganeng and Sedibaneng is needed
	18	Severfontein	Water and Roads	
Malaka	09	Glen Cowie	Water, roads	
Malcom	08	Glen Cowie	Water	Four weeks without water
				That they don't see value for money on the RDP standard

Lebotsa	07		Road	Road Setebong
Brenda		Ga Mogashoa (Phase)	Roads RDP House	Information is needed regarding RDP Houses
Chego		Riverside	VIP Toilets are needed	
Matibidi			Water	Tinkering wasting a lot of money. Boreholes are recommended
Radipani		Mohlaletse	Radio stations	Radio stations needs to be sponsored
Solly		Tjetane	Water	Borehole needs to be electrified.

8.6 Fetakgomo Tubatse Local Municipality

NAMES	WARD No.	VILLAGE	CHALLENGES	INPUTS
Mr Edward Phasha		Community leader	<ul style="list-style-type: none"> • Monument of King Sekhukhune is at stage of paralysis. • Traditional leaders not consulted. • Tubatse Police station not in good state. • Fire station not working according to its capacity 	<ul style="list-style-type: none"> • Municipality need to account about 8 million rands is giving them to maintain monument of king Sekhukhune. • In every program traditional leaders must be consulted

				<p>in their own language.</p> <ul style="list-style-type: none"> • Infrastructure at our police station is too old. • Fire station need to be capacitated.
Mr Leon Sehlangu	20	Bothashoek	<ul style="list-style-type: none"> • Water shortage. • Graters are not owned by municipality 	<ul style="list-style-type: none"> • They must give water licence to Fetakgomo Tubatse municipality • Investigation needs to be conducted, as municipality is technically run by consultants.
Mr Shivuri	05	Ga-Madiseng	<ul style="list-style-type: none"> • Youth program • Water and sanitation (Taps and meters are getting damaged) • There is illegal connection. • Electricity challenges. 	<ul style="list-style-type: none"> • The report doesn't cover youth programs • Municipality must come with model that will protect the infrastructure. • Electricity is needed in some parts of the villages.
Mr Mnisi			<ul style="list-style-type: none"> • Community outreach programs 	<ul style="list-style-type: none"> • The visit should be ongoing

Mr Sepaile		Jadan	• There are pipes without running water.	• There is need for running water.
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8.7 Special Groups

NAMES	WARD	VILLAGE	CHALLENGES	INPUTS
			Indigent register: Most of families are not considered	Ward Committees are responsible
		Marulaneng	Allocation of VIP toilets not consistent. There is no water. Community is not informed when water tankers are in villages	
			Offices from Lebowakgomo to Sekhukhune are long overdue De hoop dam is not assisting Sekhukhune with water	
Kgopotjo Mampuru	Ephraim Mogale		There is no water, but Flag Boshielo Dam is full	
Khutsisho Matlala			There is no water	
Ephraim Kgobane		Marulaneng	There is no water. Water tankers are providing other sections and other	

			sections are not benefiting	
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8.8 Rate Payers/Business

Written submissions

From: Sweetness Mkwazi <shukela2021@gmail.com>

Sent: Tuesday, March 1, 2022 3:17 PM

To: Khomotso Robinson <RobinsonK@sekhukhune.gov.za>

Subject: Re: Inputs and comments as per a zoom meeting held with rates payers
28.02.2022

We as rates payers of Marbles Hall ward seven have read and partially understand the presentation made by the acting Executive Mayor last night. As a result, we have since asked for a meeting prior this presentation with the office of the mayor to outline our challenges as rates payers. However, we were unsuccessful due to her busy schedule. We would like to reiterate the fact that we are still interested in meeting personally with the mayor for clarity on some issues and we acknowledge the fact that the date will be allocated for the last week of the month of March, as per the PA's telephonic response to our email.

I trust that we will be able to reach some consensus as soon as we meet and work together going forward.

I thank you 🙏🙏

Sent from my Huawei phone

Fordney Magolego <Fordney.Magolego@arjo.com> Phone: 010 006 0242

Cell 060 732 5983

Sent: Sunday, February 27, 2022 12:33 PM

To: Khomotso Robinson <RobinsonK@sekhukhune.gov.za>
Subject: INPUTS ANNUAL REPORTS 2020/2021

CHALLENGES FACED BY MUNICIPALITY

A) Inadequate Application of Project management Techniques in Planning & Implementation of Project

-Municipality must look for highly qualified trade skill externally in order to fast track Service Delivery Backlog.

-Municipality must appoint retired experienced personnel on contract basis, appoint learners from nearby TVET colleges and embark on intensified skills transfer programmes

B) Disagreement between Traditional leaders on and where Project are to be implemented. One Village does not Agree to Share with neighbouring community .

-Cogta office to conduct constant interactions with traditional leadership and in the interactions community developments issues must be discussed

C) Lack of Water source within the Region , Sometimes the quality of Water cannot be used or Consumption which compels the Municipality to stall the Projects.

-Install 3 or 4 jojo water tanks (vertical 10 000 litres) and truck fill once a week to Village without electricity and drill a Borehole to Village with Electricity .

-Water testing and water quality should be the deciding factor and that can only be established by qualified water technicians therefore that calls for the support

of students studying towards that discipline, employ qualified water engineers and design skills transfer programmes -

D) The Poor quality of Technical reports , due to Technical capacity Within Municipality

-Cadre deployment, employ qualified personnel regardless of political affiliations.

-Appoint retired experienced personnel , appoint learners and embark on intensified skills transfer

E) Lack of alignment in terms of knowledge , Experience and delays by Eskom to energise completed Projects for Commissioning.

- appointment of qualified project managers will assist

F) Delays of Payment of Service Providers

-Only engage on approved and budgeted projects

-Proper vendor development programmes will assist

G) Auditor general's report 2020/2021 not finalised

-Employ only qualified and determined employees to void delay caused

9. RECOMMENDATIONS

The following is recommended;

- a) That all issues raised be fully implemented.

10. CONCLUSION

The public participation process was well supported, and people participated. Their inputs should be taken into consideration.

ANNEXURE F

**2020/2021 AUDIT
COMMITTEE REPORT**

AUDIT COMMITTEE REPORT SDM

We are pleased to present our report for the financial year ended 30 June 2021. The Committee (the 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 during the current year the Committee attended 7 Meetings were held and attendance was tabled as follows

NAME OF MEMBERS	STATUS	TOTAL NO. OF MEETINGS	NO. OF MEETINGS ATTENDED
Mr. M Mokwele	AC Chairperson	07	06
Ms. M Ndlovu	PAC Chairperson	07	07
Ms.M Mothelesi	Member	07	07
Mr.M Mathabathe	Member	07	07

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 the various reports of the Internal Audit and the Auditor General Report for 2020-2021 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 effectively rendered.

The Committee also reviewed the progress with respect to the ICT governance. Although there were some significant progresses 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. The performance indicators and targets of the municipality were partially achieved as some did not correlate with the actual service delivery on the ground

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 that the Chairperson of the Risk Management Committee was not appointed as well as the Risk Management personnel to support the Chief Risk Officer.

HUMAN RESOURCES

Audit 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

FRAUD INVESTIGATION

There was no fraud reported in the financial year under review

AUDIT PROCESS

The Committee is dissatisfied with how the audit processes were handled by the Auditor General South Africa as there were no constant interaction with the Auditor General South Africa during the course of the audit. The Committee is further dissatisfied that the Audit report for 2020-2021 was not issued as per the audit strategy as agreed between the Auditee and the Auditor General South Africa. 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 Audit Opinion was sustained in qualified audit opinion for the year under review. We recommend that management should implement an action plan to address all the findings as raised by the Auditor General in order to strengthen the efficiency and effectiveness of the system of internal controls over financial reporting. The Audit Action Plan should be presented to AG (SA), Provincial Treasury and COGHSTA to ensure that action plans to be implemented will fully address the issues raised.

Evaluation of the Financial Statements

The Committee has:

- Reviewed and discussed the audited Annual Financial Statement to be included in the Annual Report with Auditor General and Management
- Reviewed the Auditor General South Africa management letter and management response thereto
- Review changes in the accounting policies and practice
- Review the Municipality Compliance with legal and regulatory provision
- Review significant adjustment resulting from the audit
- Review Auditor General Management Report and Audit Report

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 2020-2021 FINANCIAL YEAR

The Committee has considered the annual report for 2020-2021 financial year and recommend it for noting without reservation.

Appreciation

The Committee wishes to thank the Municipal Council, Management, and the staff for continued commitment to improve effective control environment and good governance of Municipality. Our appreciation is also extended to the team from the AGSA for the independent value that they continued to add to the Municipality



Ms M Ndlovu

Chairperson: Audit Performance Committee

AUDIT COMMITTEE REPORT FOR SDA

The Audit Committee is pleased to present its report for the financial year ended 30 June 2020. 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 has adopted a formal term of references which are regularly updated and approved by council.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

Audit 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 during the current year the AC attended 7 Meetings were held and attendance was tabled as follows

NAME OF MEMBERS	STATUS	TOTAL NO.OF MEETINGS	NO. OF MEETINGS ATTENDED
Mr. M Mokwele	AC Chairperson	7	6
Ms. M Ndhlovu	PAC Chairperson	7	7
Ms. M Mothelesi	Member	7	7
Ms. M Mathabathe	Member	7	7

AUDIT COMMITTEE RESPONSIBILITIES

The Audit 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 Audit 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 THE INTERNAL CONTROL

The Audit Committee has acknowledges management effort to strengthen internal control in the entity. The Audit Committee is concerned that in certain instances the matter reported by internal audit and external audit has not been fully and satisfactorily addressed.

Management has given assurance that effective corrective action will be implemented in respect of all internal control weakness and 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 municipality risk management process to the Audit Committee on a quarterly basis. The Audit Committee is disstasfied that the actual management of risk is not receiving attention. 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

HUMAN RESOURCES

The Audit Committee is dissatisfied that the agency is not receiving attention. Management should ensure that the critical positions are filled within the agency and that they receive necessary support from the shareholder.

THE QUALITY OF REPORTING

The Audit Committee is of the view that the contents of the quarterly reports of the agency that has been made privy to have improved significantly. Management must improve on the submission deadlines.

FRAUD INVESTIGATION

There was no fraud reported in the financial year under review

AUDIT PROCESS

The Audit Committee is dissatisfied with how the audit process were handled by the Auditor General South Africa as there were no constant interaction with the Auditor General South Africa during the course of the audit. The Audit Committee further indicated that the Audit report for 2020-2021 was not issued as per the audit strategy as agreed between the Auditee and the Auditor General South Africa due to Covid - 19 and community unrest. The Audit Committee applauded Management of the agency that they submit the credible Annual Financial Statements and the Chairperson of the Board and his team for ensuring that unqualified audit opinion is maintained. The Audit Committee recommend that the entity should improve of the internal controls on their financial systems to obtain clean audit opinion. The Committee recommend that management should implement an action plan to address all the findings as raised by the Auditor General 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 to be included in the Annual Report with Auditor General and Management
- Review the Auditor General South Africa management letter and management response thereto
- Review changes in the accounting policies and practice

- Review the Municipality Compliance with legal and regulatory provision
- Review significant adjustment resulting from the audit
- Review Auditor General Management Report and Audit Report

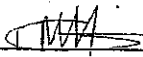
We concur with and accept the Auditor General South Africa report on the annual financial statements, and are of the opinion that the audited annual financial statement be accepted and read together with the report of the Auditor General South Africa.

ANNUAL REPORT FOR THE 2020-2021 FINANCIAL YEAR

The audit committee has considered the annual report for 2020-2021 Financial year and recommend it for noting without reservation.

Appreciation

The Audit Committee wishes to thank the Municipal Council, Management, and the staff for continued commitment to improve effective control environment and good governance of Municipality. Our appreciation is also extended to the team from the AGSA for the independent value that they continued to add to the Municipality



Ms M Ndlovu CA(SA)

Chairperson: Audit Performance Committee

Date:

ANNEXURE G:

2020/2021

AUDIT ACTION PLAN

DC47 - SEKHUKHUNE DISTRICT MUNICIPALITY - EXTERNAL AUDIT ACTION PLAN 2020/21						
Summary of Audit Issues Raised & Resolved 30 June 2022						
Audit Findings	No Of Issues Raised	No of Issues Resolved	Number of Issues Outstanding	Recurring matters	New matters	Matters to be addressed by the AFS
Payables	2	1	1	1	1	1
Inventory	3	3	0	3	0	
Sekhukhune Development Agency	2	0	2	2	0	
Information Technology	19	7	12	11	8	
Performance management	5	3	2	5	0	
Immovable and Movable Assets	10	3	7	3	7	
Budget	3	1	2	3	0	2
Internal Audit	12	3	9	5	7	
Human Resources	5	2	3	4	1	
Commitments	1	0	1	0	1	
Supply Chain Management	8	6	2	4	4	2
Expenditure	1	0	1	1	0	
Receivables	1	1	0	1	0	
IWS	1	0	1	1	0	
Revenue	1	1	0	0	1	
TOTAL	74	31	43	44	30	5
Percentage progress	42%					7%

Supply Chain Management										
Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Responsible Official/Person	Progress	Narrative to Progress
1 Supply Chain Management	Matters affecting the auditor's report	COMAF 27 - SCM Policy not aligned with SCM regulations.	Recurring	The review of the municipality's Supply Chain Management policy was not done adequately to ensure that it complies with all the relevant regulations.	<ol style="list-style-type: none"> 1. Review of the SCM policy will be performed and amendments effected to ensure alignment with the SCM regulations. 2. Alignment between the policy and the supply chain regulations will be maintained throughout the implementation of the policy. 3. The revised policy will be tabled before council with the final budget of the 2022/23 MTRF for adoption. 	01-Apr-22	30-Jun-22	CFO/SCM Manager	<p>1. Bids were advertised on the SCM website, Newspapers, e portal and CIDB. 2. Bids were opened in public and the register was made available for further perusal. The SCM policy was reviewed for the financial year 2020/2021. Chemicals were temporarily stored awaiting for the collection to reach on-sites.</p>	Attached find the following documentations: Bid register, Adverts, Copy of the Section 178 of the SCM policy.
2 Supply Chain Management	Matters affecting the auditor's report	COMAF 67 - Less than three price quotations requested for procurements of goods.	New	Lack of review and monitoring of compliance with law and regulations.	<ol style="list-style-type: none"> 1. The supply chain management policy of the municipality will be revised to strengthen the controls around the implementation of the applicable procurement processes. 2. A checklist on compliance with the applicable procurement processes will be developed and implemented to assist in preventing any instances of non-compliance with the relevant legislation of procurement. 3. Training of the supply chain bid committees will be conducted for building capacity in the application of the relevant procurement processes. 	01-Apr-22	30-Jun-22	CFO/SCM Manager	<p>1. All the quotations less than R30 000 are awarded based on the correctness of the specification and the lowest price. On the utilisation of term contracts, standard rates apply.</p>	Appointment letters hereto attached.
3 Supply Chain Management	Matters affecting the auditor's report	COMAF 68 - Award to a service provider who is not tax compliant.	New	Lack of review and monitoring of compliance with law and regulations.	<ol style="list-style-type: none"> 1. The supply chain management policy of the municipality will be revised to strengthen the controls around the implementation of the applicable procurement processes. 2. A checklist on compliance with the applicable procurement processes will be developed and implemented to assist in preventing any instances of non-compliance with the relevant legislation of procurement. 3. Training of the supply chain bid committees will be conducted for building capacity in the application of the relevant procurement processes. 	01-Apr-22	30-Jun-22	CFO/SCM Manager	<p>1. The tax complaint status was verified upon the award of the tender, however it was changed on the CSD depending on the tax matters of the service provider.</p>	CSD report
4 Supply Chain Management	Matters affecting the auditor's report	COMAF 73 - Inadequate rotation of suppliers on the panel	New	Lack of review and monitoring of compliance with law and regulations.	<ol style="list-style-type: none"> 1. The supply chain management policy of the municipality will be revised to strengthen the controls around the implementation of the applicable procurement processes. 2. A checklist on compliance with the applicable procurement processes will be developed and implemented to assist in preventing any instances of non-compliance with the relevant legislation of procurement. 3. Training of the supply chain bid committees will be conducted for building capacity in the application of the relevant procurement processes. 	01-Apr-22	30-Jun-22	CFO/SCM Manager	<p>1. The appointed service provider on the term of contracts were rotated based on the pricing, therefore other service providers were pricing very high.</p>	Agreed standard rates will apply to avoid non rotation of suppliers. Section 66 of the SCM policy is hereto attached.

5	Supply Chain Management	Matters affecting the auditor's report	COMAF 81 - Less than three price quotations requested for procurements of goods.	New	Lack of review and monitoring of compliance with law and regulations.	<p>1. The supply chain management policy of the municipality will be revised to strengthen the controls around the implementation of the applicable procurement processes.</p> <p>2. A checklist on compliance with the applicable procurement processes will be developed and implemented to assist in preventing any instances of non-compliance with the relevant legislation of procurement.</p> <p>3. Training of the supply chain bid committees will be conducted for building capacity in the application of the relevant procurement processes.</p>	01-Apr-22	30-Jun-22	CFO/SCM Manager	1. Batsikwa Travels as mentioned on COMMAF 68 was appointed through competitive bidding process and utilised on agreed standard rates. 2. Makgonahe Ngwato was also appointed through competitive process as once off delivery.	Attached find appointment letters.
6	Supply Chain Management	Matters affecting the auditor's report	COMAF 82 - MBD 6.2 not submitted to DTI	New	Lack of review and monitor compliance with applicable laws and regulations relating to SCM regulation.	<p>1. The supply chain management policy of the municipality will be revised to strengthen the controls around the implementation of the applicable procurement processes.</p> <p>2. A checklist on compliance with the applicable procurement processes will be developed and implemented to assist in preventing any instances of non-compliance with the relevant legislation of procurement.</p> <p>3. The MBD 6.2 will be submitted to the DTI.</p>	01-Apr-22	30-Jun-22	CFO/SCM Manager	1. All the awarded bids based on the local content for the current financial year will be reported to the DTI.	Awarded bidder on the local content.
7	Supply Chain Management	Matters affecting the auditor's report	COMAF 93 - Appointment to companies with director's in the service of state	New	Lack of review and monitor compliance with applicable laws and regulations relating to SCM regulation.	<p>1. Improvements on controls over the current supply chain management processes will be implemented before the start of the new financial year.</p> <p>2. Vetting of the company directors will also assist in identifying and preventing awards to service providers whose directors are currently employed by organs of state</p> <p>3. A checklist on compliance with the applicable procurement processes will be developed and implemented to assist in preventing any instances of non-compliance with the relevant legislation of procurement.</p> <p>4. The 2019/20 audited annual financial statements will be adjusted to correct the error.</p>	01-Apr-22	30-Jun-22	CFO/SCM Manager	1. The checklist has been implemented however the system that will enable the ecm officials to detect whether the recommended bidder is in the service of the state or not is not in place. SCM only rely on the CSD.	Attached checklist and CSD as per COMMAF no 93.
8	Supply Chain Management	Matters affecting the auditor's report	COMAF 104 - Deviations not disclosed in the annual financial statements	New	Controls were not monitored consistently to ensure that rotation of awards to service providers	<p>1. A prior period error to be effected in the 2020/21 annual financial statements.</p> <p>2. The prior period error note to be updated.</p>	01-Apr-22	30-Jun-22	CFO/SCM Manager	1. The prior period error on the disclosure part will be updated.	Deviation register and AFS

Inventory											
Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Responsible Official/Person	Progress	Narrative to Progress	
											1
2	Inventory	Matters affecting the auditor's report	COMAF 111 Inventory - Expenditure overstated by inventory issued to substores	Recurring	No controls to ensure that the municipality complies with GRAP 12 requirements, the annual financial statements were not supported by information required as audit evidence.	1. Processes of managing the inventory transfers in between the main and sub-stores will be introduced and monitored throughout the financial year. 2. Monthly reconciliations of the inventory items will be introduced for both the main and sub-stores. 3. Proper accounting records on inventory will be applied consistently throughout the financial year. 4. The 2019/20 annual financial statements will be corrected and adjusted.	01-Apr-22	30-Jun-22	CFO/Manager Assets/Manager SCM	1. As at financial year, the journal to reverse the expenses for all the inventory issued from Mainstore to substores are passed meanwhile waiting the system of how best can inventory be managed at substores through the financial system.	Signed Journal for reversal of inventory issued.
3	Inventory	Matters affecting the auditor's report	COMAF 83 Inventory - Classification, Presentation and Disclosure	Recurring	No controls to ensure that the municipality complies with GRAP 12 requirements, the annual financial statements were not supported by information required as audit evidence.	1. The requirements of GRAP 12 on accounting for the inventory items will be adhered to on a consistent basis. 2. The 2019/20 annual financial statements will be adjusted to correct the error.	01-Apr-22	30-Jun-22	CFO/Manager Assets/Manager SCM	1. The inventory accounting disclosure in line with the GRAP 12 will be done correctly.	AFS

Debtors

Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Responsible	Progress	Narrative
1 Debtors	Matters not affecting the auditor's report	COMAF 78 - Differences between the General Ledger and VAT 201	New	No controls to ensure that the municipality complies with the GRAP requirements, the annual financial statements were not supported by information required as audit evidence.	1. Monthly VAT reconciliations will be performed to ensure that amounts on debtors are correctly disclosed and reconciled with the age analysis on a monthly basis. 2. A prior period error to be effected to correct the misstatement in the audited financial statements.	17-May-21	31-Jul-21	CFO/Manager Assets	Monthly Reconciliation on its performed	Through our audit review we have been provided with monthly Vat Reconciliation as POE

Creditors

Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Responsible Official/Person	Progress	Narrative
1 Creditors	Matters not affecting the auditor's report	COMAF 33 - Unspent conditional grants	Recurring	No controls to ensure that the municipality complies with the GRAP requirements, the annual financial statements were not supported by information required as audit evidence.	1. Monthly creditors reconciliations will be performed to ensure the accuracy of the creditors amounts disclosed throughout the year. 2. Thorough review of the annual financial statements will be done before submission to AGSA for audit purposes. 3. The 2020/21 annual financial statements will be adjusted to correct the error.	01-Apr-22	30-Jun-22	CFO/Expenditure Manager	System based Creditors Recons training was conducted by the system vendor in March and the team is gathering information (compliant supplier Statements) to enable implementation.	System Reconciliations will start in April with contractual services. Takeons have started. The System consultant is also booked for mid April to practically take us through the first few recons and then we can continue on our own going forward
2 Creditors	Matters not affecting the auditor's report	COMAF 91 - Differences between the retention amounts disclosed in the AFS and the schedules.	New	No controls in place to consistently monitor the litigation register in ensuring that all litigations and claims against the municipality are correctly disclosed.	1. Monthly creditors reconciliations will be performed to ensure the accuracy of the creditors amounts disclosed throughout the year. 2. Thorough review of the annual financial statements will be done before submission to AGSA for audit purposes. 3. The 2020/21 annual financial statements will be adjusted to correct the error.	01-Apr-22	30-Jun-22	CFO/Reporting Manager	Monthly Creditor reconciliation is performed on monthly basis	Through our audit review we have been provided with creditors reconciliation

Expenditure										
Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Responsible Official/Person	Progress	Narrative to Progress
1 Expenditure	Matters not affecting the auditor's report	COMAF 108 - Payments made after 30 days	Recurring	No controls in place to ensure that transactions are recorded in the correct accounts	<p>1. New controls on the management of supplier invoices in speeding up the payment processes.</p> <p>2. Adherence to the centralization process to be monitored daily and a report submitted to management on a monthly basis.</p>	01-Apr-22	30-Jun-22	CFO/Expenditure Manager	In progress	Invoice Tracker was developed, implementation requires adherence to time frames by users and monitoring will be also be done. Circular for centralisation of invoice receiving will be sent to all user departments and requires adherence by user departments. Resolving of queries timeously.

Revenue										
Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Responsible Official/Person	progress	Narrative
1 Revenue	Matters affecting the auditor's report	COMAF 58 - Understatement of revenue from non-exchange transactions (MIG).	New	The review of the annual financial statements was not adequately done to ensure that they are fairly presented and that they comply with the GRAP and MFMA disclosure requirements before submission for audit purposes.	<p>1. Monthly reconciliations on all conditional grants will be performed and reviewed to ensure completeness of the amounts disclosed and monitoring of the revenue amounts on conditional grants.</p> <p>2. Review of the annual financial statements will be done before submission for audit purposes.</p> <p>3. The 2020/21 annual financial statements will be adjusted accordingly.</p>	01-Apr-22	30-Jun-22	CFO/Reporting Manager	Done. The grants register developed and in place	Through our audit review we have been provided with the signed grants register report from July to March 2022 as POE

Budget planning, implementation & monitoring										
Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Responsible Official/Person	Progress	Narrative to Progress
Matters affecting the auditor's report	COMAF 13 - Unauthorised Expenditure	COMAF 13 - Unauthorised Expenditure	The review of the annual financial statements was not adequately done to ensure that they are fairly presented and that they comply with the GRAP and MFMA disclosure requirements before submission for audit purposes.	1. The annual approved and adjusted budget amounts will be prepared and disclosed in the annual financial statements line with the requirements of both the municipal finance management act and municipal budget and reporting regulations. 2. Budget implementation controls will be strengthened to ensure that expenditure amounts are incurred within the limits of the approved budget amounts. 3. Reconciliation of the annual budget schedules and the amounts disclosed in the annual financial statements will be done before submission of the financial statements for audit purposes. 4. The annual financial statements will be thoroughly reviewed before submission for audit purposes.	1. The annual approved and adjusted budget amounts will be prepared and disclosed in the annual financial statements line with the requirements of both the municipal finance management act and municipal budget and reporting regulations. 2. Budget implementation controls will be strengthened to ensure that expenditure amounts are incurred within the limits of the approved budget amounts. 3. Reconciliation of the annual budget schedules and the amounts disclosed in the annual financial statements will be done before submission of the financial statements for audit purposes. 4. The annual financial statements will be thoroughly reviewed before submission for audit purposes.	01-Apr-22	30-Jun-22	CFO/Manager Budget	Awaiting preparation of interim AFS to correct the matter	Interim AFS
Budget planning, implementation & monitoring	Matters affecting the auditor's report	COMAF 102 - Explanations of material variances	Recurring	The review of the annual financial statements was not adequately done to ensure that they are fairly presented and that they comply with the GRAP and MFMA disclosure requirements before submission for audit purposes.	1. Controls will be strengthened around the review of the annual financial statements before submission for audit purposes.	01-Apr-22	30-Jun-22		Awaiting preparation of interim AFS to correct the matter	Interim AFS
Budget planning, implementation & monitoring	Matters not affecting the auditor's report	COMAF 56 - Authorization of journals	Recurring	No controls in place to ensure that all journals are approved by the CFO and Deputy CFO before processing into the system.	1. The procedures on how to process journals into the main accounting system will clearly be defined and followed as required. All journals will be verified and approved before they could be processed into the system. 2. All journals will be supported by files put together and updated monthly with new supporting documents. 3. The 2019/20 annual financial statements will be adjusted and corrected.	01-Apr-22	30-Jun-22	CFO/Manager Budget	All journal performed were verified and approved	Though our audit review we have been provided with journal file as POE

IMMOVABLE & MOVABLE ASSETS

Components	Audit Finding Description	Finding status	Detailed Audit finding	Root Cause	Action Plan Description	Start Date	Completion Date	Responsible Personnel	Progress	Probability	Narrative to Progress
1 Immovable Assets	1. COMAF 116 :Difference in the impairment report and fixed assets register	Recurring	We noted differences between fixed assets register and the impairment report submitted for the audit.	Management did not implement and monitor controls to ensure that the impairment reports amounts agrees with the fixed assets register	Ensure that accurate and complete information is submitted to the external auditors. Review the prior year impairment report and ensure that the figures that have been included in the asset register for impairment are also included in the reports. Document proper justifications for the impairment of assets to R1. Engage Provide the reports to the external auditors. Ensure that all assets in Poor conditions are the only ones that have been impaired, were assets have been marked	07-Mar-22	30-Jun-22	Asset Manager and Consultants	In progress	30-Jun-22	The review of the Asset Register has started; proposed corrections to be provided to Management by 19 April 2022. The current year asset verification and conditional assessment has started, it is anticipated that the verification for Infrastructure assets will be concluded mid May 2022
2 Immovable Assets	COMAF 46 :Completed projects classified as WIP COMAF 96. 2. Completed projects disclosed as WIP	New	We noted that the following asset recorded under work in progress seems to be complete: MIG;JANE FURSE 10 ML/25ML COMMAND RESEVOIR Overstatement of work in progress and understatement of water network assets.	The Accounting Officer did not implement and monitor controls to ensure that assets are accounted for correctly.	Verify and confirm the status of all projects taking into account their conditions for all projects available for use ensure that these are capitalised, should the completion date be in the prior year, ensure that prior year corrections are made in line with the principle of GRAP 3	07-Mar-22	30-Jun-22	Asset Manager and Consultants	In progress	30-Jun-22	Verification of infrastructure assets is underway, all completed projects will be verified from end of May 2022 until end of June 2022. The latest Bill of Quantities for the specified project, as well as the practical completion certificate and other relevant documents has been received from the user department (IWS) and will be submitted to the assets management support consultant for unbundling.
3 Immovable Assets	COMAF 129 :Difference in Opening Balance	Recurring	We noted differences between work in progress register and the payment certificate for the following projects, This might result in understatement of Work in Progress.	The Accounting Officer did not exercise oversight over the review of Work In Progress and the supporting documents to ensure that the two agree.	Perform a reconciliations of supporting documents to the work in progress registers, were differences have been identified investigate and post corrections to the accumulated surplus were applicable. Prepare an audit file containing supporting documents for the work in progress register. Where supporting documents cannot be found and there are no alternatives, perform a verification of the projects, redevelop a bill of quantities based on the information available and the current status of the project.	07-Mar-22	30-Jun-22	Asset Manager and Consultants	Not yet started	30-Jun-22	Management to convene a meeting with IWS and AG to come up with strategies to deal with the issues relating to supporting documents and alternative procedures as highlighted under action plan description. A prepared diagnostic report by Morar will be discussed in the very same Audit management meeting.

4 Immovable Assets	2. COMAF 40: Impairment to zero carrying amount	New	<p>Furthermore 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> <ul style="list-style-type: none"> The asset is approaching the end of its previously expected useful life. 	<p>Management did not assess the useful lives of the assets in accordance with GRAP 17 requirements.</p>	<p>Perform the review of useful lives in line with GRAP 17, where assets have reached the end perform a prior year correction in line GRAP 3</p>	07-Mar-22	30-Jun-22	Asset Manager and Consultants	In progress	Currently the team is busy with the verification of the infrastructure assets and the review of useful lives will be performed based on the current condition of the assets
5 Immovable Assets	3. COMAF 96: Professional fees could not be associated on specific project phase	New	<p>The professional fees were not allocated per phase for Moutise BWS Projects as observed on the consultant fees claims/ invoices provided for audit. As a result, the auditors were unable to determine the fees per phase and could not confirm how the PSP fees were split per phase.</p>	<p>Financial and performance management. Management did not implement controls over daily and monthly processing and reconciling transactions</p>	<p>Review the supporting documents for each project in phases and develop an apportionment formula based on the high low methodology wherein the project with the highest contract costs will absorb the highest amount of professional fees.</p>	07-Mar-22	30-Jun-22	Asset Manager and Consultants	Not yet started	To commence on 06 April 2022
6 Movable Assets	5. COMAF 96: 1. Work in progress additions misstated	New	<p>Through recalculation for the opening balances for WIP projects, differences were identified. We therefore noted that the balance recorded in the WIP register do not reconcile to the supporting documents which resulted in misstatements. The following table illustrates the variances on the additions for selected projects.</p> <p>2. The supporting</p>	<p>Management did not implement controls over daily and monthly processing and reconciling transactions.</p> <ol style="list-style-type: none"> The municipality did not adequately monitor the expenditure on certain projects. The actual expenditure incurred on projects were not allocated accurately to WIP in the immovable asset register There was a lack of communication between the Finance Directorate and the Infrastructure Directorate to ensure that work in progress projects were fairly and accurately reflected 	<p>Perform a reconciliations of supporting documents to the work in progress registers, were differences have been identified investigate and post corrections to the accumulated surplus were applicable.</p> <p>Prepare an audit file containing supporting documents for the work in progress register.</p> <p>Where supporting documents cannot be found and there are no alternatives, perform a verification of the projects, redevelop a bill of quantities based on the information available and the current status of the project.</p>	07-Mar-22	30-Jun-22	Asset Manager and Consultants	In progress	Management to convene a meeting with IWS and AG to come up with strategies to deal with the issues relating to supporting documents and alternative procedures as highlighted under action plan description. A prepared diagnostic report by Morar will be discussed in the very same Audit management meeting.

7	Movable Assets	COMAF 101- Completeness - Assets selected from floor could not be traced to the fixed assets register Trucks	New	Section 61(1) (b) of the Municipal Finance Management Act states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.	Management did not obtain appropriate supporting documents for the donations of assets received.	Obtain appropriate supporting documents where practicable and create and audit file. Where impracticable to obtain supporting documents apply directive 7 for the deemed cost.	07-Mar-22	30-Jun-22	Asset Manager and Consultants	Not yet started	30-Jun-22	Management to convene a meeting with MMS and AG to come up with strategies to deal with the issues relating to supporting documents and alternative procedures as highlighted under action plan description. A prepared diagnostic report by Morar will be discussed in the very same Audit management meeting.
8	Movable Assets	COMAF 36- Fixed Asset Register	Recurring	• The movable fixed assets register leasehold improvement	The Accounting Officer did not implement and monitor controls to ensure that assets are accounted for	Perform adequate reviews on the FAR before submission to AGSA.	07-Mar-22	30-Jun-22	Asset Manager and Consultants	Completed	30-Jun-22	The issues were cleared during the audit process and an interim Asset register has been prepared
9	Movable Assets	COMAF 99- Completeness Chamber	New	Contrary to the above, we could not trace the following assets that were selected from different locations within the boundaries of Sekhukhune District Municipality to the fixed assets register.	The Accounting Officer did not implement and monitor controls to ensure that assets are accounted for correctly.	Perform adequate reviews on the FAR before submission to AGSA.	07-Mar-22	30-Jun-22	Asset Manager and Consultants	Completed	30-Jun-22	An interim asset register has been prepared and reviewed. All issues raised were cleared.
10	Movable Assets	COMAF 45- Movable Assets Purchased at Zero Cost	New	During the audit of property, plant and equipment, we noted that the following items had a purchase cost of zero: • 36 items of computer equipment • 50 items of machinery • 59 items of Furniture • Office Equipment This might result in understatement of the property, plant and equipment and depreciation	The Accounting Officer did not implement and monitor controls to ensure that assets are accounted for correctly.	Perform adequate reviews on the FAR before submission to AGSA.	07-Mar-22	30-Jun-22	Asset Manager and Consultants	Completed	30-Jun-22	The issues were cleared during the audit process and an interim Asset register has been prepared and reviewed. All disposals from prior years are under reconciliation with the current verification report to be removed from the FAR and a list be kept separately for control purpose.

Commitments											
Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Responsible Official/Person	Progress	Narrative to Progress	
1	Commitments	Matters not affecting the auditor's report	COMAF 69 - Commitments incorrectly disclosed.	New	The review of the annual financial statements was not adequately done to ensure that they are fairly presented and that they comply with the GRAP and MFMA disclosure requirements before submission for audit purposes.	1. Monthly reconciliation of the commitment register will be prepared and reviewed to ensure completeness of the amounts disclosed in the register for audit purposes. 2. The annual financial statements will be thoroughly reviewed to ensure that amounts disclosed are complete and accurate for audit purposes. 3. The 2020/21 annual financial statements will be adjusted and corrected accordingly.	01-Apr-22	30-Jun-22	CFO/Asset Manager	In progress	AFS and monthly commitment register

Item No: ICT

Component	Finding	Root Cause	Action Plan Description	Target Date	Responsible Official/Person	Progress to Date	POE
1 Information Technology	The position of ICT manager was still filled by an acting incumbent	Management did not prioritise the appointment of the IT manager hence the position remained vacant for a long time.	The Acting Manager HR Mr Chilwane wrote a memo to request the recruitment and appointment of the ICT Manager and made commitment that the post should be filled by 30 June 2021.	30/Jun/22	Acting ICT Manager	The advert closed on 20 October 2021. 2. The Shortlisting was conducted on 20 January 2022. 3. The interviews were conducted on 19 February 2022. 4. The process is currently at the Vetting Stage.	We could not validate the progress due to non-submission of POE
2 Information Technology	ICT policies and procedure manuals were not reviewed	The review of policies was reportedly not performed due inadequate number of personell in the unit.	The ICT policies was reviewed and procedure manuals and ready served in the next management meeting awaiting Council approval	30/Jun/22	Acting ICT Manager	Not resolved -ICT policies and procedure manuals were presented to management on the 6 April 2022.	Draft Polies
3 Information Technology	Inadequate design of the ICT security policy	The inadequate design of the policy was due to management oversight.	The ICT security policy was developed and ready served in the next management meeting awaiting Council approval	30/Jun/22	Acting ICT Manager	Not resolved -ICT Security policy was presented to management on the 6 April 2022.	Draft Policy
4 Information Technology	Lack of a security awareness training program	Face to face awareness campaign was reportedly not conducted due to Covid regulations	The Acting Manager ICT and Information Officer will make sure that awareness is conducted.	30/Jun/22	Acting ICT Manager	Resolved	Banners and circulars
5 Information Technology	Firewall policy not approved and comprehensive	The review of policies was reportedly not performed due inadequate number of personell in the unit.	The Firewall policy was reviewed and procedure manuals and ready to serve in the next management meeting	30/Jun/22	Acting ICT Manager	Not resolved -ICT Firewall policy presented to management on the 6 April 2022.	Draft Policies
6 Information Technology	User access management policy was not reviewed	The review of policies was reportedly not performed due inadequate number of personell in the unit.	ICT User access management policy was presented to management and awaiting Council approval	15/Aug/21	Acting ICT Manager	Not resolved -ICT User access management policy was presented to management on the 6 April 2022.	Draft Policies

7	Information Technology	Deficiencies in the management of user access to the VIP system	Deficiencies in user account management were a result of non-compliance with controls in the policy, or controls that are not adequately defined due to the lack of periodic reviews of the policy.	Management will monitor implementation of the policy and review it periodically to address emerging risks	15/Aug/21	Acting ICT Manager	Resolved	User Access forms
8	Information Technology	The data backup process was not adequately implemented	Compliance with the formal data backup process was not monitored to ensure compliance and to identify and address deviations in time.	Management to make sure that backups are done properly and perform backup restoration.	15/Aug/21	Acting ICT Manager	Resolved	Backups and test results
9	Information Technology	Disaster recovery and business continuity plan had not been developed	Overdependence on service providers may have been the reason the municipality did not see anything wrong with appointing service providers to set up a disaster recovery site without a plan approved by municipal leadership.	ICT will only develop Disaster Recovery Plan and the institution particularly Risk Management Unit will develop Business Continuity Plan.	30/Jun/23	Acting ICT Manager	Not resolved - ICT will only develop Disaster Recovery Plan and Business Continuity Plan in 2022/2023	Evidence not provided
10	Information Technology	Inadequate change management process	Failure to submit audit evidence of changes deployed in Solar and VIP production was due to the municipality's high dependence on service providers when it comes to program change management. The program change management policy was inadequately designed due to a lack of management oversight	Management to make sure that they make available information to AG when requested. Management will review policies and procedures and keep them up to date.	30/Jun/22	Acting ICT Manager	Not resolved - We agree with the finding. We will follow change management process as required.	Evidence not provided
11	Information Technology	Workstations configuration settings of inactivity timeout is inadequate	Management did not consider the risk of delaying activation of lock screen facility when computers were not in use hence it was delayed by 10min	ICT has set the inactivity timeout to 10 minutes	15/Aug/21	Acting ICT Manager	Resolved	Screenshot of server

12	Information Technology	The suppliers' payment file was not encrypted	The Solar application did not have encryption capability.	BCX submitted a quotation to Acting CFO and Manager Reporting on encryption of banking files	15/Aug/21	Acting ICT Manager	Not resolved	Evidence not provided
13	Information Technology	VIP System limitation	System is not set to reflect the required date fields, system administrators might not be able to timely identify fraudulently created accounts and cannot review when last user's last log in to the system (more especially users who are not supposed to access the system). Furthermore, system administrators would not disabled accounts of terminated employees timely	The VIP system cannot be configured to show field that AG is looking for. The system is too old. Management approved that we upgrade VIP to SAGE 300 which is capable to produce reports with required or customised field.	30/Jun/22	Acting ICT Manager	Not resolved - The current VIP system is too old and cannot produce reports that show reports that AG is looking for. We are currently having discussions with SAGE to explore the Cloud Services solution of the system.	Evidence not provided
14	Information Technology	Program Change Management policy not approved	The review of policies was reportedly not performed due inadequate number of personnel in the unit.	Program Change Management policy was reviewed and ready to serve in the next management meeting	30/Jun/22	Acting ICT Manager	Not resolved -ICT Program Change Management policy was presented to management on the 6 April 2022.	Draft policy
15	Information Technology	Outdated Antivirus Software Installed	Delay in deploying updates to the clients bt Antivirus management server	The latest antivirus updates are deployed on all laptops, desktops, and servers on the municipal network	30/Nov/21	Acting ICT Manager	Resolved	Screenshot of server
16	Information Technology	Firewall was not made redundant or backed up	The Municipality did not have budget for back up firewall	The backup firewall to be procured	30/Jun/23	Acting ICT Manager	Not Resolved	Evidence not provided
17	Information Technology	Firewall administrative activities and traffic rules logs were not reviewed	There is lack formal processes in place to review and monitor firewall rule traffic and firewall administrative activities.	The formal processes are established to perform the monitoring and reviewing of firewall rule traffic and the firewall administrative activities	8/Feb/22	Acting ICT Manager	Resolved	Logs review forms
18	Information Technology	Inadequate Incident Management	The Incident management policy not developed.	Incident Management Policy to be developed. The Municipality never had such policy.	30/Nov/22	Acting ICT Manager	Not Resolved	Evidence not provided

19	Information Technology	Inadequate patch management	Lack of formal procedure to record patch	ICT Management should ensure that the deployment of patches are actively monitored to ensure that all the devices connected to the municipality's network were adequately updated with the latest critical updates.	8/Feb/22	Acting ICT Manager	Resolved	Patch management form
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Internal Audit

Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Responsible Official/Person	Portfolio of Evidence	Progress
Internal Audit	Matters not affecting the auditor's report	Audit Committee has only four members	New	The municipal council did not exercise oversight to ensure that the audit committee comprises of five independent members as per the charter.	1. The fifth member was appointed starting from 01 November 2021 however the other member has resigned as at 05th January 2022.2 The item for resignation of the AC members will serve in the special council in March 2022 and a request for advertisement for a member with Technical expertise (Engineer)3. The fifth member to be appointed by June 2022.4 Review the Audit Committee Charter on the composition	01-Apr-22	30-May-22	Acting Chief Audit Executive	1. Appointment letter 2. Council Resolution	Council meeting of the 30th March 2022 has approved the recruitment of the fifth Audit Committee member and furthermore approve the appointment of chairperson of the Audit Committee and Performance Audit Committee. Once the Council resolutions are provided memo will be signed off for recruitment
Internal Audit	Matters not affecting the auditor's report	Audit committee did not advise management on matters relating to accounting policies	Recurring	Audit committee did not promote accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment including financial and performance reporting and compliance with laws and regulations	Draft budget related Policies will be presented to Audit Committee before approval by council for inputs and advises	01-May-22	Annually	Acting Chief Audit Executive	1. Agenda and Minutes for the Audit Committee Meeting 2. Audit Committee Report to Council	Special Audit Committee Meeting is planned for the 12 May 2022. Draft IDP and Organisational structure for 2022/2023 are submitted to IA for review
Internal Audit	Matters not affecting the auditor's report	Audit Committee was not involved in the development and approval of the combined assurance plan.	Recurring	The audit committee did not promote accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment including financial and performance reporting and compliance with laws and regulations.	Combined Assurance Policy Framework and Plan will be presented to Audit Committee on the 30th June 2022 for approval	01-Apr-22	30-Jul-22	Acting Chief Audit Executive and Chief Risk Officer	1. Agenda and Minutes for the Audit Committee Meeting 2. Signed Combined Assurance Policy Framework and Plan	Draft Combined Assurance Policy Framework is developed .Combined assurance Plan to be developed by end of May 2022

Internal Audit	Matters not affecting the auditor's report	The audit committee did not review and advise management on setting KPIs.	Recurring	The audit committee did not promote accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment including financial and performance reporting and compliance with laws and regulations.	01-Apr-22	Annually	Acting Chief Audit Executive	1. Agenda and Minutes for the Audit Committee Meeting 2. Audit Committee report to council	Special Audit Committee Meeting is planned for the 12 May 2022. Draft IDP and Organisational structure for 2022/2023 are submitted to IA for review
Internal Audit	Matters not affecting the auditor's report	Audit committee didn't have access to the financial records and other relevant information. The audit committee did not meet with internal audit separately	New	The audit committee did not review and monitor compliance with applicable laws and regulations.	01-Apr-22	Ongoing	Acting Chief Audit Executive	2. Agenda and Minutes for the Audit Committee Meeting	Quarterly Financial Reports are submitted to Audit Committee for review
Internal Audit	Matters not affecting the auditor's report	The audit committee didn't ensure that there is functioning internal control that identifies internal control deficiencies and recommends corrective action effectively.	Recurring	Audit committee didn't ensure that there is functioning internal control that identifies internal control deficiencies and recommends corrective action effectively.	18-Mar-22	Ongoing	Acting Chief Audit Executive	1. Agenda and Minutes for the Audit Committee Meeting.	The Acting CAE met with the Audit Committee separately on the 18 March 2022. And they will meet as and when
Internal Audit	Matters not affecting the auditor's report	Internal audit plan was not approved prior to the start of the financial year.	New	Audit committee didn't ensure that there is functioning internal control that identifies internal control deficiencies and recommends corrective action effectively.	30-Jun-22	Ongoing	Acting Chief Audit Executive	2. Agenda and Minutes for the Audit Committee Meeting. Signed Internal Audit Plan for 2022-2023 and IA and RM Policies	Internal Audit plans for 2022-2023 will be presented to Audit Committee in June 2022
Internal Audit	Matters not affecting the auditor's report	Internal Audit - Non Compliance	Recurring	The internal audit function did not implement and monitor controls to ensure that they advise the accounting officer and report to the audit committee on internal controls and compliance with the MFMA and the Division of Revenue Act.	01-Apr-22	30-Jun-22	Acting Chief Audit Executive	2. Agenda and Minutes for the Audit Committee Meeting	Awaiting appointment from SCM to conduct Financial Audits

Internal Audit	Matters not affecting the auditor's report	External Quality Review	Recurring	The Chief Audit Executive did not execute her duties to ensure that the external quality review is conducted for the internal audit unit.	1. External quality review to be conducted in 2022-2023 Financial Year. 2. Internal Audit File for five years should be ready for appraisal. 3. Appoint service provider to conduct the external quality review in 2022-2023. Submit the quality review report to management, audit committee and municipal council	01-Jul-22	30-Jun-23	Acting Chief Audit Executive	1. Signed external Quality review certificate 2. Council Resolution	1. Searching Files for the previous five years
Internal Audit	Matters not affecting the auditor's report	No Training was conducted during the year for Internal Audit and the membership of the unit is not up to date with the Institute for Internal Auditors of South Africa	New	The CAFE did not execute her responsibility to ensure that the Internal Audit members have appropriate required technical training and proficiency in auditing.	1. Trainings will be conducted in the fourth quarter 2021-2022 FY 2. Auditors will be advised to be up to date with the Institutes of IIA	01-Apr-22	30-Jun-22	Acting Chief Audit Executive	1. Certificate of attendance 2. IIA membership updated	1. Memo written for requesting training awaiting for signatures before submission to HRD
Internal Audit	Matters not affecting the auditor's report	Internal Audit - Feasibility and Cost-effectiveness of outsourcing the Internal Audit Services was not conducted.	Recurring	Accounting Officer did not ensure that the feasibility and/or cost-effectiveness assessment for outsourcing financial audits was performed.	1. Item will be developed and submitted to council indicating the amount spend on consultants and the amount the municipality would have spend if employed the in-house as well as the capacity challenges 2. Calculate the expenditure cost spend in internal audit consultants for the 2020/21 financial year.	01-Apr-22	30-Jun-22	Acting Chief Audit Executive	Council resolution	No progress is made
	Matters not affecting the auditor's report	Risk management committee not effective	New		1. Appoint the Chairperson for the Risk Management Committee 2. Convene the Risk Management Meetings	01-Apr-22	30-Jun-22	Chief Risk Officer	Risk Committee Chairperson Appointment letter and Agenda and Minutes for Risk Management Committees	Risk Management Chairperson is appointed

PMS											
Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Responsible	Progress	Narrative	
1	Performance Management	Matters affecting the auditor's report	Reported achievements were not consistent with the planned and reported indicator and target	Recurring	The reported achievements differed from the planned indicators and target	A thorough review of the Performance report versus SDBIP will be done through a workshop with all managers to ensure consistency of planned targets and indicators against the reported achievement SDBIP and the Annual Performance Report	16/May/22	20/Jun/22	Manager PMS	Resolved	we have been provided with Attendance register and quarter 3 reports as evidence
2	Performance Management	Matters affecting the auditor's report	Reported indicator and/or target were not consistent or complete when compared with planned indicators and or target	Recurring	The reported achievements differed from the planned indicators and target	The development of the technical indicator description manual that clearly defines the targets measured in numbers are clearly stating the means of verification in terms of targets measured in numbers	16/May/22	20/Jun/22	Manager PMS	Resolved	we have been provided with Attendance register and quarter 3 reports as evidence To be
3	Performance Management	Matters affecting the auditor's report	Performance indicators were not verifiable	Recurring	The supporting evidence provided materially differed from the reported achievement	The development of the technical indicator description manual that clearly defines the targets measured in numbers are clearly stating the means of verification in terms of targets measured in numbers	16/May/22	20/Jun/22	Manager PMS	Resolved	PMS has started monitoring the submitted POE against the reported achievements to internal audit for review
4	Performance Management	Matters affecting the auditor's report	Reported achievement did not agree with the evidence provided, i.e not accurate	Recurring	The achievement reported in Annual Performance Report materially differed from the supporting evidence provided for the indicators listed	Monthly and quarterly performance reports together with portfolio of evidence will be collected and submitted to internal audit for review	16/May/22	20/Jun/22	Manager PMS	In progress	PMS has started monitoring the submitted POE against the reported achievements

5	Performance Management	Matters affecting the auditor's report	Reported achievement did not agree with the evidence provided, i.e Not valid	Recurring	The achievement reported in the Annual Performance report materially differed from the supporting evidence provided for the indicators listed below	Review of portfolio of evidence files quarterly and annually to verify the evidence against reported information	16/May/22	20/Jun/22	Manager PMS	In progress	PMS has started monitoring the submitted POE against the reported achievements
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AUDIT FINDING NO	Category of finding	Description of Finding	Finding Status	ROOT CAUSE	AUCTION PLAN DESCRIPTION	Start Date	COMPLETION DATE	RESPONSIBLE OFFICIAL/PERSON	PROGRESS DATE	POE
1	HR Supply Chain Management - Appointment of officials without the required qualifications	Contrary to the above, we noted that Mailula MW was appointed as a Procurement officer- Demand and performance without the relevant qualifications. The job specification indicated that the qualifications should be National Diploma in Supply chain or Accounting however Mailula MW was appointed with Bachelor of Arts (Human and social studies). Upon follow up of prior year audit findings we noted through inspection of the training committee minutes that the employee had not been taken to training to obtain the necessary qualification. A similar finding was raised in the prior year	Recurring	Non- compliance with the municipal regulation and MIFMA. Finance and performance management The accounting officer did not implement and monitor controls to ensure the municipality appoints officials who have the required qualifications as per the job specification.	The employee was placed in Planning Department	01-Apr-22	30-Jun-22	Acting Director Corporate Services	Done	Placement letter
2	Employee related cost - Non-compliance Performance Agreement	In terms of the Performance Management Framework Policy 2020/2021, chapter 4, paragraph 5, page 28 stated that "Employment of the Municipal Manager and Managers reporting to the Municipal Manager is further subject to the signing of a Performance Agreement within sixty (60) calendar days after assumption of duty and annually within one (1) month after commencement of the new	Recurring	Non- compliance with the policy. The accounting officer did not monitor controls to ensure that performance agreements are signed within sixty (60) calendar days after assumption of duty and annually within one (1) month after commencement of	Ensure that all employees up to Level 5 sign Performance Agreement	02-Apr-22	June 2023	Senior Individual Performance Officer	June 2022	Signed Performance Agreement
3	Employee related cost - Leave not approved on time	In terms of the Leave Policy, paragraph 7.5 states the following: 7.5 Application for Leave: 7.5.1 An employee shall apply for leave in the format required by the employer (electronic medium and on hard copy in instances where there are technical problems with the Employee Self Service System). 7.5.2 The employer shall not unreasonably withhold approval/granting of leave. 7.5.3 All forms of leave will be applied for in advance, and in exceptional cases (sick leave	Recurring	Non- compliance with leave policy. The accounting officer did not implement and monitor controls to ensure that leave days are captured and approved before the employee goes on leave.	Enforce compliance by Managers and Supervisors. Managers should ensure that leaves are approved on time. ICT to assist with the system to ensure compliance.	01-Apr-22	June 2023	All Managers	Continuous reporting on Leave.	Updated ESS system

4	Matters affecting the auditor's report	COMAF 72 - Salary payment after termination	In terms of section 62(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) states the following: "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure— (c) That the municipality has and maintains effective, efficient and transparent systems (f) of financial and risk management and	Recurring	Management did not adequately review VIP payroll report to ensure that employees who were terminated during the year were not paid after they were terminated	Improvement of the system to ensure proper internal control	01-Apr-22	June 2023	ICT Manager	Dec 2022	Activation of the system.
		In terms of section 62(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) states the following: "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure— (c) That the municipality has and maintains effective, efficient and transparent systems (f) of financial and risk management and	New	No controls around the terminations of employees from the payroll system.	1. Controls to be strengthened around the payroll system/HR on the terminations and appointments of new officials. 2. A debt to be raised for the full amount to be recovered.		01-Apr-22	30-Jun-22	CFO/Expenditure Manager		

Supply Chain Management										
Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Responsible Official/Person	Progress	Narrative to Progress
Expenditure	Matters affecting the auditor's report	COMAF 98 - Water losses - Differences identified	Recurring	The inputs to the calculation of the material water losses were not adequately reviewed and there also no controls to ensure that there is a complete list of how water produced will be distributed to certain areas for free (unbilled).	<p>1. The correct calculation of the water losses will be applied for the combined water losses as at end of June 2020. All inputs will be considered in the calculation of the water losses.</p> <p>2. A complete list of how produced water is to be distributed will be kept and maintained through out the year.</p> <p>3. The 2019/20 annual financial statements will be adjusted and corrected accordingly.</p>	01-Apr-22	30-Jun-22	CFO/Expenditure Manager/WS	In progress	In progress

Sekhukhune Development Agency

Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Responsible Official/ Person	Progress	Narrative to Progress
1 Annual Financial Statements	Restatement of corresponding figures	As disclosed in note 24 the annual financial statements, the corresponding figures for the financial year ended 30 June 2021 have been restated as a result of errors in the financial statements of the municipal entity for the year ended 30 June 2020 discovered in the current year.	Recurring	SDA currently does not have its own financial system in place hence it relay on SDM to run its day to day financial affairs	To acquire financial system	01-Apr-22	30-Jun-22	ACEO	A meeting between BCX, ACFO, Manager Expenditure -Mr. Mohlamme, was held on 30 March 2022 to discuss the implementation of the financial system to launch on 1st July 2022. Quote from BCX received	BCX assured SDA that the quote will be obtained and emailed to both ACEO and ACFO upon receipt the ACFO must then officially give the BCX mandate to work on the system. Awaiting feeding from ACFO regarding the BCX quotation received
2 Expenditure Management	Irregular expenditure	As disclosed in note 28 of the annual financial statements, irregular expenditure to the amount of R465 000 was incurred as a result of non-compliance with procurement processes and non-compliance with recruitment processes	Recurring	Administrative processes were not followed REMCO & Board resolution to effect the promotion, SCM processes & approvals for all SDA matters by CEO	Report to parent municipality in line with MFMA sec 102	01-Apr-22	30-Jun-22	ACEO	Non-compliance with the recruitment process- Awaiting investigation report from SDM head of legal. Non-compliance with SCM process- ACEO to take full account and involvement on all SDA procurement process. This to include inspection of documentation received from Bidders so that SDA may be satisfied with the submissions	On non-compliance with Recruitment processes, the case is still under investigation therefore soon as SDA receives the report will be implemented accordingly. Non compliance with SCM processes will be resolved by ensuring that CEO takes full account and involvement on all matters related to SDA procurement. This to include inspection of documentation received from Bidders so that SDA may be satisfied with the submissions

Item No: ICT

Component	Finding	Root Cause	Action Plan Description	Target Date	Responsible Official/Person	Progress to Date	POE
1 Information Technology	The position of ICT manager was still filled by an acting incumbent	Management did not prioritize the appointment of the IT manager hence the position remained vacant for a long time.	The Acting Manager HR Mr Chitware wrote a memo to request the recruitment and appointment of the ICT Manager and made commitment that the post should be filled by 30 June 2021.	30/Jun/22	Acting ICT Manager	The advert closed on 20 October 2021. 2. The Shortlisting was conducted on 20 January 2022. 3. The interviews were conducted on 19 February 2022. 4. The process is currently at the Vetting Stage.	We could not validate the progress due to non-submission of POE
2 Information Technology	ICT policies and procedure manuals were not reviewed	The review of policies was reportedly not performed due inadequate number of personell in the unit.	The ICT policies was reviewed and procedure manuals and ready served in the next management meeting awaiting Council approval	30/Jun/22	Acting ICT Manager	Not resolved -ICT policies and procedure manuals were presented to management on the 6 April 2022.	Draft Polies
3 Information Technology	Inadequate design of the ICT security policy	The inadequate design of the policy was due to management oversight.	The ICT security policy was developed and ready served in the next management meeting awaiting Council approval	30/Jun/22	Acting ICT Manager	Not resolved -ICT Security policy was presented to management on the 6 April 2022.	Draft Policy
4 Information Technology	Lack of a security awareness training program	Face to face awareness campaign was reportedly not conducted due to Covid regulations	The Acting Manager ICT and Information Officer will make sure that awareness is conducted.	30/Jun/22	Acting ICT Manager	Resolved	Banners and circulars
5 Information Technology	Firewall policy not approved and comprehensive	The review of policies was reportedly not performed due inadequate number of personell in the unit.	The Firewall policy was reviewed and procedure manuals and ready to serve in the next management meeting	30/Jun/22	Acting ICT Manager	Not resolved -ICT Firewall policy presented to management on the 6 April 2022.	Draft Policies
6 Information Technology	User access management policy was not reviewed	The review of policies was reportedly not performed due inadequate number of personell in the unit.	ICT User access management policy was presented to management and awaiting Council approval	15/Aug/21	Acting ICT Manager	Not resolved -ICT User access management policy was presented to management on the 6 April 2022.	Draft Policies

7	Information Technology	Deficiencies in the management of user access to the VIP system	Deficiencies in user account management were a result of non-compliance with controls in the policy, or controls that are not adequately defined due to the lack of periodic reviews of the policy.	Management will monitor implementation of the policy and review it periodically to address emerging risks	15/Aug/21	Acting ICT Manager	Resolved	User Access forms
8	Information Technology	The data backup process was not adequately implemented	Compliance with the formal data backup process was not monitored to ensure compliance and to identify and address deviations in time.	Management to make sure that backups are done properly and perform backup restoration.	15/Aug/21	Acting ICT Manager	Resolved	Backups and test results
9	Information Technology	Disaster recovery and business continuity plan had not been developed	Overdependence on service providers may have been the reason the municipality did not see anything wrong with appointing service providers to set up a disaster recovery site without a plan approved by municipal leadership.	ICT will only develop Disaster Recovery Plan and the institution particularly Risk Management Unit will develop Business Continuity Plan.	30/Jun/23	Acting ICT Manager	Not resolved - ICT will only develop Disaster Recovery Plan and Business Continuity Plan in 2022/2023	Evidence not provided
10	Information Technology	Inadequate change management process	Failure to submit audit evidence of changes deployed in Solar and VIP production was due to the municipality's high dependence on service providers when it comes to program change management. The program change management policy was inadequately designed due to a lack of management oversight	Management to make sure that they make available information to AG when requested. Management will review policies and procedures and keep them up to date.	30/Jun/22	Acting ICT Manager	Not resolved - We agree with the finding. We will follow change management process as required.	Evidence not provided
11	Information Technology	Workstations configuration settings of inactivity timeout is inadequate	Management did not consider the risk of delaying activation of lock screen facility when computers were not in use hence it was delayed by 10min	ICT has set the inactivity timeout to 10 minutes	15/Aug/21	Acting ICT Manager	Resolved	Screenshot of server

12	Information Technology	The suppliers' payment file was not encrypted	The Solar application did not have encryption capability.	BCX submitted a quotation to Acting CFO and Manager Reporting on encryption of banking files	15/Aug/21	Acting ICT Manager	Not resolved	Evidence not provided
13	Information Technology	VIP System limitation	System is not set to reflect the required date fields, system administrators might not be able to timeously identify fraudulently created accounts and cannot review when last user's last log in to the system (more especially users who are not supposed to access the system). Furthermore, system administrators would not disabled accounts of terminated employees timeously	The VIP system cannot be configured to show field that AG is looking for. The system is too old. Management approved that we upgrade VIP to SAGE 300 which is capable to produce reports with required or customised field.	30/Jun/22	Acting ICT Manager	Not resolved - The current VIP system is too old and cannot produce reports that show reports that AG is looking for. We are currently having discussions with SAGE to explore the Cloud Services solution of the system.	Evidence not provided
14	Information Technology	Program Change Management policy not approved	The review of policies was reportedly not performed due inadequate number of personnel in the unit.	Program Change Management policy was reviewed and ready to serve in the next management meeting	30/Jun/22	Acting ICT Manager	Not resolved - ICT Program Change Management policy was presented to management on the 6 April 2022.	Draft policy
15	Information Technology	Outdated Antivirus Software Installed	Delay in deploying updates to the clients bt Antivirus management server	The latest antivirus updates are deployed on all laptops, desktops, and servers on the municipal network	30/Nov/21	Acting ICT Manager	Resolved	Screenshot of server
16	Information Technology	Firewall was not made redundant or backed up	The Municipality did not have budget for back up firewall	The backup firewall to be procured	30/Jun/23	Acting ICT Manager	Not Resolved	Evidence not provided
17	Information Technology	Firewall administrative activities and traffic rules logs were not reviewed	There is lack formal processes in place to review and monitor firewall rule traffic and firewall administrative activities.	The formal processes are established to perform the monitoring and reviewing of firewall rule traffic and the firewall administrative activities	8/Feb/22	Acting ICT Manager	Resolved	Logs review forms
18	Information Technology	Inadequate Incident Management	The Incident management policy not developed.	Incident Management Policy to be developed. The Municipality never had such policy.	30/Nov/22	Acting ICT Manager	Not Resolved	Evidence not provided

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19 Information Technology	Inadequate patch management	Lack of formal procedure to record patch management	ICT Management should ensure that the deployment of patches are actively monitored to ensure that all the devices connected to the municipality's network were adequately updated with the latest critical updates.	8/Feb/22	Acting ICT Manager	Resolved	Patch management form
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Commitments										
Audit Findings	Category of Finding	Description of Finding	Finding status	Root Cause	Action Plan Description	Start Date	Completion Date	Responsible Official/Person	Progress	Narrative to Progress
1	Commitments affecting the auditor's report	COMAF 69 - Commitments incorrectly disclosed.	New	The review of the annual financial statements was not adequately done to ensure that they are fairly presented and that they comply with the GRAP and MIFMA disclosure requirements before submission for audit purposes.	<p>1. Monthly reconciliation of the commitment register will be prepared and reviewed to ensure completeness of the amounts disclosed in the register for audit purposes.</p> <p>2. The annual financial statements will be thoroughly reviewed to ensure that amounts disclosed are complete and accurate for audit purposes.</p> <p>3. The 2020/21 annual financial statements will be adjusted and corrected accordingly.</p>	01-Apr-22	30-Jun-22	CFO/Asset Manager	In progress	AFS and monthly commitment register