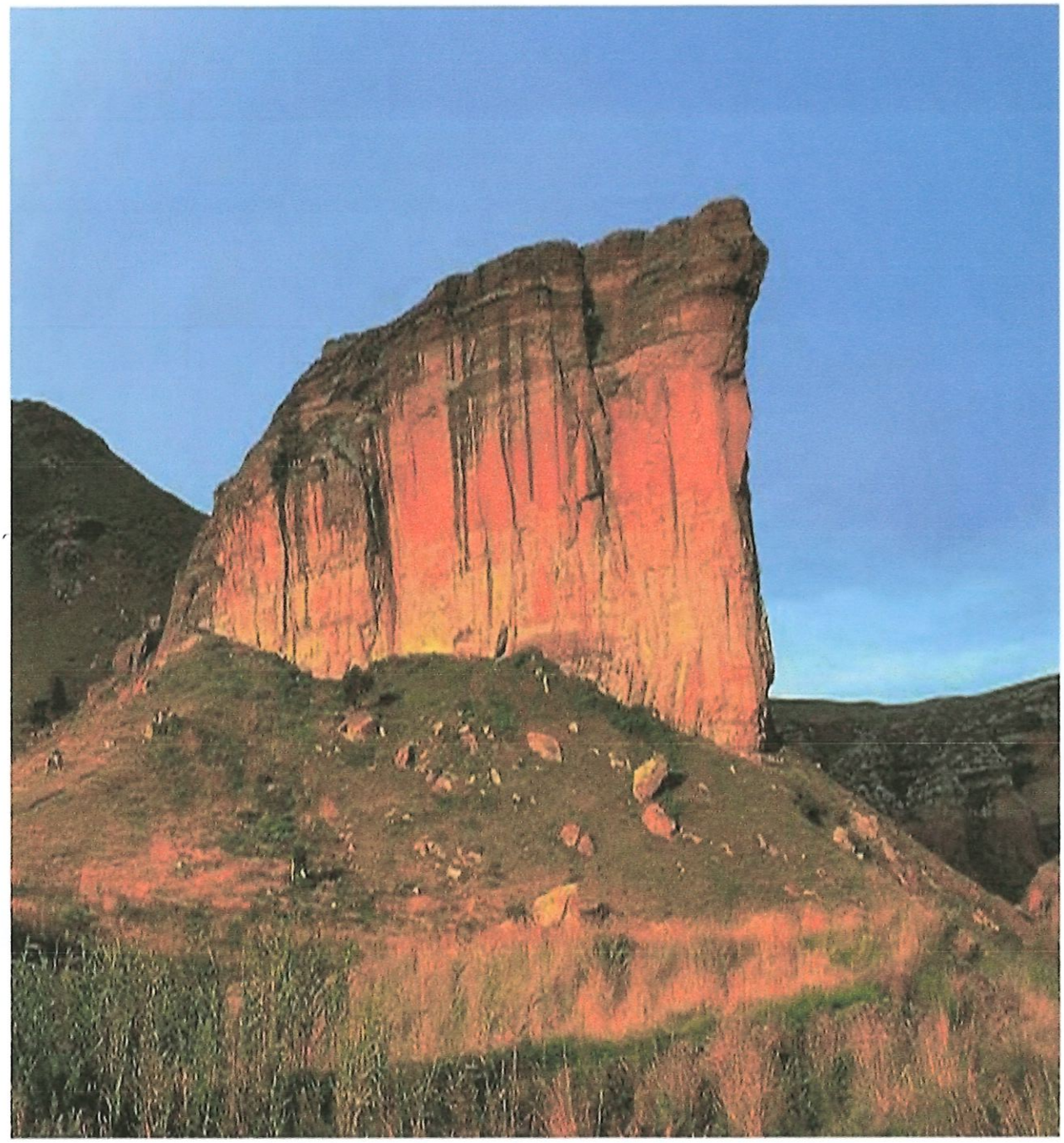
THABO MOFUTSANYANA *District Municipality*



FINAL ANNUAL REPORT: 2021 / 2022 FINANCIAL YEAR

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CHAPTER 1

FOREWORD BY THE EXECUTIVE MAYOR

In presenting yet another annual report, we take delight in our achievements as Thabo Mofutsanyana District Municipality. We present this report having achieved yet another unqualified and our pursuit being to ultimately reach a milestone of a clean audit.

This annual report presents all our efforts in fulfilling the mandate of electorate and the local government election manifesto of 2011. At the same time, we also acknowledge our shortcomings in meeting some of the needs of our community and also interventions that we envisage to implement in order to address those deficiencies.

All our achievements as outlined in this report are attributed to the collective efforts of Councillors, Mayoral Committee, managements & officials, Local Municipalities, traditional leaders, government departments and community-based organisations.

As we have already reached half-way mark in this current term of local government, we are quite certain that we still on the right track in bringing a meaningful change to our communities. We have endeavoured to stick to the electorate mandate and build on the successes of our precursors.

Political commitment to address many challenges faced by our communities is a driving force behind our tireless work of working for the betterment of our communities.

Local government and communities face major challenges, which are reducing unemployment, more access to better quality basic services, overcoming the legacy of apartheid spatial development, strengthening community participation, and building effective, accountable and clean local government.

The second half of the year review, which overlap to 2022, has been a historic period in the history of our country. We are so much delighted as district municipality to have been part of this change that has taken South Africa by storm since the first democratic elections in 1994. We can also attest that South Africa of today is a better place than it was before 1994. It is this South Africa that also gave birth to a new dispensation of local government, of which Thabo Mofutsanyana became part of.

Indeed, the developments in our country presents a good story to tell.

In realising our mission of continuously improving and developing living conditions of our communities, the municipality 's Integrated Development Plan (IDP) has been and will continue to be the guiding tool. It contains the following priorities: Sustainable infrastructures, Local Economic Development, Job creation and Tourism, Agriculture and Rural Development, Social Development, Sports, Arts and Culture, Good Governance and Community Participation as well as financial viability.

We have also endeavoured to align our budgets with our priorities and ensured that we are much prudent with spending of the very limited financial resources at our disposal.

With these limited financial resources, we have reached various communities in the six local municipalities through various projects and programmes ranging from infrastructure to local economic development.

A special word of appreciation to the Speaker, Chief Whip, all Councillors, Members of Mayoral Committee, Municipal Manager Ms Takatso Lebenya, the management and staff of Thabo Mofutsanyana District Municipality for a job well done.

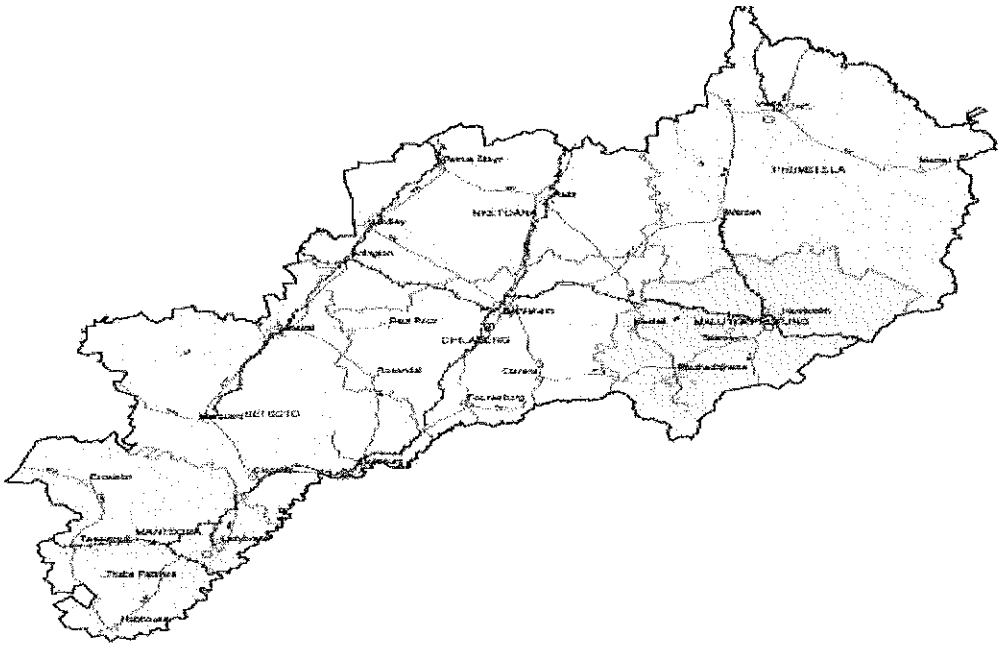
Let's grow Thabo Mofutsanyana District Municipality forward.

Cllr. Conny Msibi
Executive Mayor

OVERVIEW OF THE MUNICIPALITY

Thabo Mofutsanyana shares its boundaries with Fezile Dabi District Municipality, Lejweleputswa District to its west and Mangaung metro to its south west. To its south east, Thabo Mofutsanyana shares boundary with the province of KwaZulu-Natal and Mpumalanga to its north east. The District shares border with Lesotho to its south.

The total population of Thabo Mofutsanyane District Municipality is 739 305 in 2019 an increase from 736 812 in 2018. The District has been growing at a rate of 0.5% per annum, which is lower than the provincial (0,6%) and national rate (1,5%). Thabo Mofutsanyana District Municipality (DC19) was established in 28 September 2000.



Other borders are with the Kingdom of Lesotho in the south east, Kwa-Zulu Natal Province in the east and Mpumalanga Province in the north east.Topographically the district is bordered for most of its eastern border by the Maluti and Drakensberg mountains. Hydro logically the district is located between the Vaal River to the north, and Orange river to the south, with rivers within the district draining towards these rivers.

Thabo Mofutsanyana consists of six local municipal areas, with Setsoto and Mantsopa forming the south western section, Dihlabeng the south middle section, Nketoana the north middle section, Maluti a Phofung the south eastern section and Phumelela the north eastern section of the district. The district includes the former homelands of QwaQwa.

The table below identifies twenty-six urban centres for the Thabo Mofutsanyana District, grouped per its respective local municipality:

Urban centres located within Thabo Mofutsanyana District Municipality

MANTSOPA	SETSOTO	DIHLABENG	NKETOANA	MALUTI A PHOFUNG	PHUMELELA
Hobhouse	Clocolan	Rosendal	Lindley	Kestel	Vrede
Ladybrand	Ficksburg	Paul Roux	Arlington	Harismith	Warden
Excelsior	Marquard	Fouriesburg	Petrus steyn	Qwa-Qwa	Memel
Thaba Patchoa	Senekal	Clarens	Reitz	Tshiame	
Tweespruit		Bethlehem			

Bethlehem, Ficksburg, Harrismith, Vrede, Memel, Phuthaditjhaba, Senekal, Reitz and Ladybrand constitute the main economic centres within the district. The above identified urban centres also serve the surrounding rural areas.

Thabo-Mofutsanyana district municipality enjoys high levels of connectivity to other districts, provinces within South Africa, as well as to airports and harbours. The N3 that links the Gauteng Province with the KwaZulu Natal Province passes Warden and Harrismith in the north eastern part of the district.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY POPULATION AND ENVIRONMENTAL OVERVIEW

DEMOGRAPHICS

Thabo Mofutsanyana District Municipality has a population size of 736238 according to census results of 2011 and made up of 197018 households with average household size of 3.4 and lastly with 77.3% of formal dwellings.

Local Municipalities	Census 2011			CS 2016		
	Total Population	Households	Average household size	Total Population	Households	Average Households Size
Thabo Mofutsanyane	**736238**	**217884**	**3.4**	**779600**	**246171**	**3.2**
Setsoto	112597	33687	**3.3**	117632	37388	**3.1**
Dihlabeng	128704	38593	**3.3**	140044	46857	**3.0**
Nketoana	60324	17318	**3.5**	64893	19664	**3.3**
Maluti a Phofung	335784	100228	**3.4**	353452	110725	**3.2**
Phumelela	47772	12888	**3.7**	50054	14586	**3.4**
Mantsopa	51056	15170	**3.4**	53525	16951	**3.2**

ata source: Statistics South Africa, Census 2011 and Community Survey 2016 (Census 2011 and CS 2016 is aligned 11 municipal boundaries)

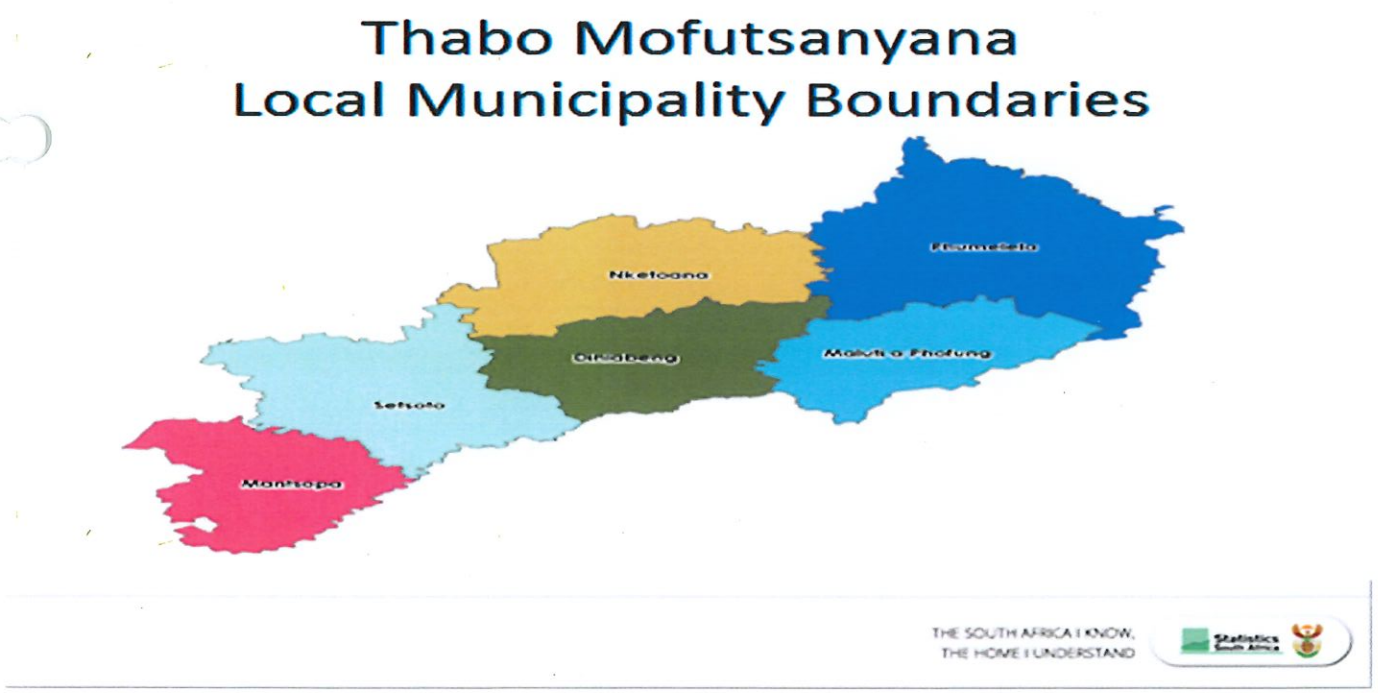
able above indicates the total population, number of households as well as the average household ze in Thabo Mofutsanyana District municipality between the years 2011 and 2016. Even though the tal population of Thabo Mofutsanyane DM as well as the number of households has increased, the verage household size has slightly decreased from 3.4 in 2011 to 3.2 in 2016, implies that the number people per household has been decreasing. At local level the household size profile revealed that antsopa LM had the highest average household size (3.4) in 2016 and Dihlabeng LM had the lowest verage households (3.0) in 2016.

ible: Distribution of households by main type of dwelling and municipality

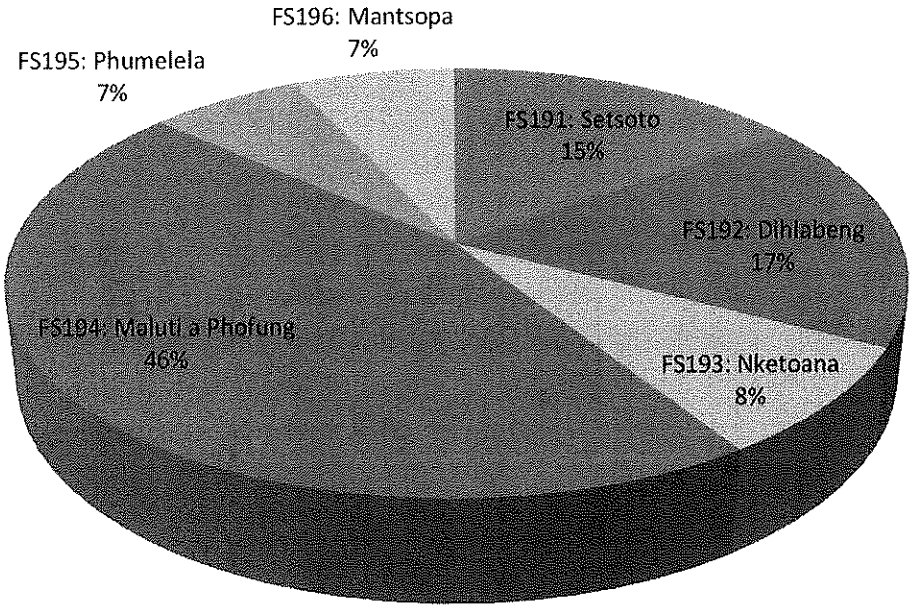
Type of main dwelling and Census 2011 and CS 2016	DC19: Thabo Mofutsanyana	FS191: Setsoto	FS192: Dihlabeng	FS193: Nketoana	FS194: Maluti a Phofung	FS195: Phumelela	FS196: Mantsopa
2011							
Formal dwelling	168378	23646	29599	12735	80585	9407	12406
Traditional dwelling	14858	911	1897	655	9676	1269	450
Informal dwelling	33258	8954	6904	3879	9159	2136	2226
Other	1390	176	192	50	808	77	87
CS 2016							
Formal dwelling	191252	28564	37542	15823	84978	10157	14189
Traditional Dwelling	12134	373	1214	368	9294	642	244
Informal dwelling	39019	8211	7445	3412	15058	2707	2187
Other	3765	240	656	61	1395	1081	332

a source: Statistics South Africa, Census 1996, 2001, 2011 and Community Survey 2016 (Census 2011 and CS 2016 is ned with 2011 municipal boundaries)

Table above presents results on housing at Thabo Mofutsanyana district and its local municipalities. Maluti a phofung recorded the highest proportion of households residing in formal dwellings in 2016 followed by Dihlabeng LM (37542) and Setsoto LM (28564) and Phumelela LM (10 157) had the lowest proportion of households residing in formal dwellings. In informal dwelling, there was a sign of increase in local municipalities between the 2011 and 2016 except in Nketoane and Mantsopa LM. The highest number of traditional dwellings were found in Maluti a Phofung (9 294) in 2016 followed by Dihlabeng LM (1 214).



DC 19: Thabo Mofutsanyana
Population: 2011



CHAPTER 2

Governance

Introduction

All spheres of government must provide effective , transparent , accountable and coherent governance for the Republic to secure the well-being of its people and the progressive realization of their rights to a healthy environment ,water ,food ,housing ,sanitation ,refuse collection ,health care services education and social security.

Evaluating the ongoing effectiveness of public officials or public bodies ensures that they perform to their full potential, providing value for money in the provision of public services, instilling confidence in the government and being responsive to the community they are meant to be serving.

Component A: Governance Structures

Political Governance Structure

Thabo Mofutsanyana District Municipality identifies that good governance is a key priority in the district. To achieve good governance Thabo Mofutsanyana District Municipality has highlighted some deficiencies which has been subsequently addressed by on -going basis in terms of capacity building programmes.

Introduction of the Political Governance

The Thabo Mofutsanyana has an Executive Mayoral system which allows for the exercise of executive authority through an Executive Mayor in whom the executive leadership of the Municipality is vested and whom is assisted by the Mayoral committee. There is an Audit Committee that provides opinions and recommendation on financial processes and performance and submits a report for

published in accordance with MFMA guidance.

COUNCILORS

The Thabo Mofutsanyana District Municipality has 32 Councilors affiliated to different Political parties, 13 of which are directly employed by District Municipality and 19 of which are secondly employed from local municipalities within the ambit of Thabo Mofutsanyana. There are six mayoral committees which are -: Corporate Services; Finance; Infrastructure; IDP & Performance, Agriculture & Rural development and Disaster management & Municipal health

Thabo Mofutsanyana District Municipality Political Leadership



Executive Mayor	Council Speaker	Council Whip	MPAC Chairperson,
Cllr. Conny Msibi	Cllr Thabo Mokoena	Cllr Lindiwe Makhalema	Cllr Setshoana Chabeli

Members of Mayoral Committee



Cllr Mosia Mokuane	Cllr Thandi Masiteng	Cllr Malefu Vilakazi
Finance	Corporate Services	Community Services



Cllr Anna Fume	Cllr Sykia Vizagie	Cllr Thembinkosi Mahlambi
IDP & PMS, SPLUMA and Batho Pele	Local Economic Development, SMME Development & Tourism	Infrastructure & Transport

POLITICAL DECISION – MAKING

All decisions are made by the Council, the Executive Mayor in consultation with the Mayoral Committee, or senior officials in terms of authority delegated by legislation of authority. Council has

delegated a lot of authority to the Executive Mayor. The Mayoral committee also makes recommendations to Council on matters which have not been delegated to it.

As the executive authority of the council, the Executive Mayor provides political guidance over the policy, Budget and financial affairs of the Municipality. The Speaker oversees the legislative arm of the municipal Council. This means that the speaker guards the integrity of the legislative process and plays an important role in the oversight that the council must exercise over the actions of the executive. The speaker is also responsible to ensure that the Municipality fulfills its public participation responsibilities. decisions made by council are implemented.

ADMINISTRATIVE GOVERNANCE STRUCTURE

The Municipal Manager is the Accounting Officer of the Municipality as portrayed in the Municipal Finance Management Act and provides guidance and ensures compliance with all other legislation applicable to local government, to political structures, political office bearers, officials of the Municipality and any entity under the sole or shared control of the Municipality

There are various departments within the institution. The departments are aligned in terms of the development priorities of the municipality. There are also some functions entrusted to the office of the Municipal Manager. Office of the Municipal Manager is the driving force behind the Thabo Mutsanyana district municipality's administration and integrates the different components of the Municipality into its strategic and Operational plans.

THABO MOFUTSANYANA District Municipality

TMDM MANAGEMENT



Me.T.P.M

Municipal



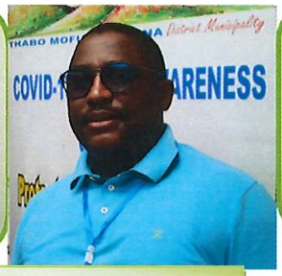
Me. N.L Gqoli

Chief Financial



Mr. S.K Khote

Director Corporate Services



Mr. M.S

Director Community Services



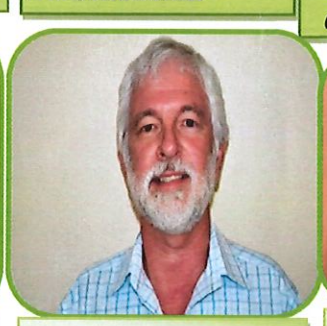
Mr. M.S

Supply Chain Manager



Me. T.A Mlotha

Manager LED & Tourism



Mr. P.G Swart

Manager Environmental Health Services



Mr. T.L Khubeka

Security Manager



Mr. J.W Nhlapo

Internal Audit



Mr. L.W Moshwaliba

Agriculture & Rural Development Manager



M.M.P

Risk Officer



Mr. M.J Mokoena

Manager Fire & Disaster



Mr. M.D Mhlahlo

Budget Manager



Me. D.M

Communications Manager



Me. M.E Ngobese

Human Resources Manager

The Municipal Manager is responsible for these departments namely; Finance and corporate service, infrastructure Services and Planning Community services, ICT Agriculture development and Economic Development. The Municipal Manager of the Thabo Mofutsanyana has direct responsibility for the following areas:

- Capacity building
- Intergovernmental relations: and Performance management

COMPONENT B: INTERGOVERNMENTAL RELATIONS

MSA Section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in section 41 of the constitution.

Thabo Mofutsanyana recognizes the importance of intergovernmental relations to improve service delivery to communities. Success in delivering government services to the nation requires an approach in which the three spheres of government work in partnership in terms of the principles of co-operative government and intergovernmental relations.

DISTRICT INTERGOVERNMENTAL STRUCTURES

In order to comply with legislative requirements and fulfill its obligations, in terms of co-operative governance and intergovernmental relations the Thabo Mofutsanyana district Municipality has established several internal structures and systems;

An intergovernmental Fora which complies in all respects with the requirements of the Intergovernmental Relations Framework Act,2005 (Act 13 of 2005).

- The Thabo Mofutsanyana District Mayor's forum

A few technical support structures in terms of the Act, for example.

- Municipal Managers' forum
- District communicators forum
- District water Forum
- District Energy Forum
- District IDP Managers Forum
- District HR Managers Forum
- District Batho Pele Coordinators Forum

- District LED Managers Forum

We also envisage to entrench other forums or structures such as:

- District CFO's Forum
- District PMS Managers Forum

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION·

The function of Public Participation resides mainly in the office of the speaker. However, these exercises are sometimes carried out by the by departments or cross departmental task teams, depending on the nature of the information to be disseminated. One example is the exercise to obtain public input on the Annual Reports.

In addition to public meetings, the Thabo Mofutsanyana District has a communications division which supplies its communities with information concerning all matters relating to the district Municipality

OFFICE OF THE SPEAKER

The office of the speaker helps mostly during the municipal road shows with coordination of the community public participation; Mobilize the involvement of all stakeholders in the IDP Process. Coordinate the involvement of Councillors Ward Committees to participate in the IDP Program. All council sittings are coordinated by the office of the speaker.

INTERNSHIP PROGRAMME

The MFMIP provides interns preferably recruited from previously disadvantaged backgrounds with a logical training sequence founded on the knowledge they acquired from tertiary institutions. Thabo Mofutsanyana District Municipality had appointed 6(six) interns during the beginning of the 2021/2022 financial period, through workplace interaction with and mentoring by chief finance officers, Finance managers, other officials within the Budget and Treasury Office, supply chain and risk unit 4(four)

interns are still on the program and the other two were appointed by the district, interns benefit from the expertise and experience of the above-mentioned officials.

Capacity building is a long-term process that must be seen as an attempt to build individual, organisational, institutional environmental processes to strengthen the service delivery mandate of organisations including municipalities.

There are several opportunities presented by the Macroeconomic challenges of unemployment of graduates not able to find employment opportunities for all municipalities' consideration. Such opportunities cover the in-house development of the talent pipeline for utilisation on future municipalities capacity needs. If the MFMIP is implemented appropriately, this programme may serve as the long-lasting solution to the talent pipeline needed by the Local Government Sector in these specialised financial management areas .The MFMIP specifically, encourages municipalities to employ unemployed graduates in Accounting, Economics, Finance, Risk management and Internal Auditing, among others, over a multiyear period in line with the issued conditions.

PUBLIC MEETINGS

To ensure the involvement of community and stakeholders of the municipality, about real issues that are being experienced by the citizens. Both the Constitution of the Republic of South Africa, 1996 and the Municipal Systems Act of 2000 stipulate that one of the objectives of municipalities is "To encourage the involvement of communities and community organizations in the matters of local government". The White Paper on Local Government also put emphasis on public participation.

Thabo Mofutsanyana District Municipality held Public meetings through consultation with the community on their developmental challenges form basis for people-centered governance and bottom-up planning process.This helps to improve the relationship between council and the communities and thereby improve political accountability and transparency. Empower communities through information giving out the community feedback, which allows local leaders the opportunity to interact with communities on issues of service delivery. This provide the municipality with a mission evaluation and implementation monitoring feedback mechanism

IDP PARTICIPATION AND ALIGNMENT

The Integrated Development Plan (IDP) process is a process through which the municipalities prepare strategic development plans for a five-year period. An IDP is one of the key instruments for Thabo Mofutsanyana District Municipality to cope with its developmental role and seeks to arrive at decisions on issues such as municipal budgets, promotion of local economic development and institutional transformation in a consultative, systematic and strategic manner.

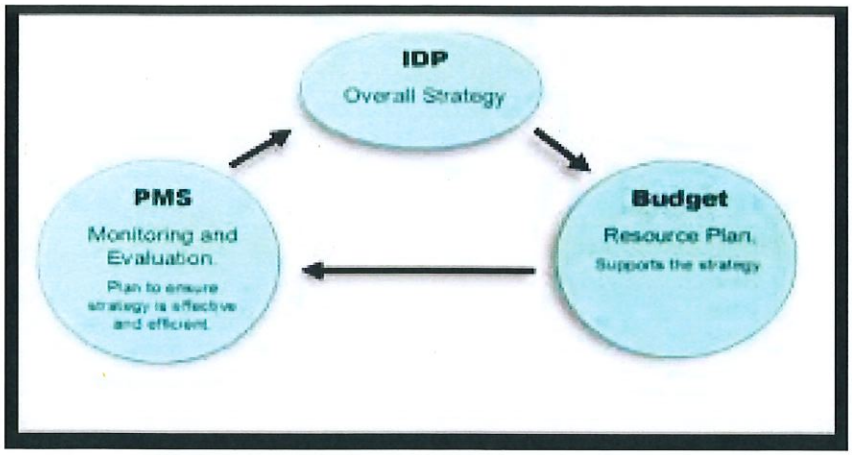
In order to ensured minimum quality standards of the IDP process and proper coordination between and within, Thabo Mofutsanyana District municipality prepared IDP process plan and formulated budget to implement the IDP. The IDP and Budget Process Plan include the following:

- A programme specifying the time frames for the different planning steps;
- Appropriate mechanisms, processes and procedures for consultation and participation of local communities, organs of state, traditional authorities and other role players in the IDP and budget formulation processes; and

Alignment between IDP, Budget and PMS

An organizational performance management system linked to the IDP was prepared. Great progress has been made with the process of aligning the IDP, Budget and Performance Management System.

The IDP, performance management systems (PMS) and budget are all components of one overall development planning and management system of the Thabo Mofutsanyana District Municipality. The Key performances Indicators were set out to accomplish the municipality's aims, The PMS enabled the municipality to check to what extent it is achieving its aims (Plans). The budget was provided and the resources that the municipality will use to achieve its plans. As indicated earlier, every attempt is made in this process plan to align the IDP and PMS formulation and/or review, and the budget preparation process. The linkages of the three processes are summarized:



COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance is the system of rules, practices and processes by which an institution is directed and controlled. Corporate Governance refers to the way in which Institutions are governed and provide the framework for attaining their objectives. It classifies the actions plans and internal controls to performance measurement and corporate disclosures.

RISK MANAGEMENT

The role of the Risk Management department is to provide the Municipality with comprehensive support for institutionalizing ERM, coaching management on principles and practices of ERM, coordinating efforts in determining the municipality's risk exposures and in the development of action plans by management for addressing such exposures.

During the financial year 2021/2022, the Municipality had a functional Risk Management Unit operation with two personnel (Risk Officer) and the Risk Manager. It has a well as a functional Risk Management Committee though it only held two meetings during the year. The municipality maintains the following approved policy documents:

- Risk Management Committee Charter;
- Risk Management Policy;
- Risk Management Strategy;
- Risk Management Implementation Plan;

- Fraud Risk Management Plan
- Whistle Blowing Policy

The Top Strategic Risks identified:

- Profound political instability in local municipalities
- Supply-chain disruption and the localisation opportunity
- Water crisis (Lack of basic services and access to water)
- Cyber threats and organisational resilience
- Unmanageable societal unrest
- Inadequate response to current and future climate change impacts
- Insufficient supply of electricity and energy price shock
- Breakdown of critical infrastructure & networks (Huge workload is hampering comprehensive service delivery)
- Natural disasters which includes fire and flooding
- Skills shortage including the ability to attract and retain top talent
- Contingent liabilities e.g. cost of litigation, contractual obligations
- Fraud and corruption
- Lack of consequence management for those who transgressed the regulations
- Failure to pay creditors as per legislative requirements (capital availability/ Credit risk)

ANTI-CORRUPTION AND FRAUD

The Risk Management Committee plays an oversight role over the function of fraud and corruption prevention in the Municipality; and reports its findings on fraud risks to the Audit Committee. The Municipality has an approved Fraud Risk Management Plan in place, and they are multidisciplinary and cross-functional. The Fraud Risk Management Plan is made up of the Whistle Blowing Policy.

SUPPLY CHAIN MANAGEMENT

BY-LAWS

No by-laws were developed during the year of 2021-2022

WEBSITES

Municipal Website and Currency of Material(Document s published on the Municipality's website
All current Budget - related Policies
Annual report for the 2020/2021
All Performance Agreements required in terms of section 57 (1) (b) of the Municipal Systems Act
All quarterly reports tabled in the Council in terms of section Section 52 (d) during the 2021 /2022 financial year
Current Annual and Adjustment budgets and all Budget -related documents

PUBLIC SATISFACTION ON MUNICIPAL SERVICES

abo Mofutsanyana District Municipality does not conduct public satisfaction surveys since it has limited powers on its functions.

ALL MUNICIPAL OVERSIGHT COMMITTEES

The Municipal Public Accounts committee is in place and functional and its shared service for Thabo Mofutsanyana district municipality and local municipality within its ambit. MPAC provide Council with comments and recommendations on the Annual Report. The MPAC reports are published in accordance with MFMA guidance. Thabo Mofutsanyana District Municipality have all legislated council committees in place, and they convene as per their schedules

CHAPTER 3

Service Delivery Performance

COMPONENT A: BASIC SERVICES

Services in The Thabo Mofutsanyana district are primarily rendered by the local Municipalities. These include water, sanitation, electricity, energy efficiency & road management system.

COMPONENT B: CIVIL AND ELECTRICAL

This department includes the following key performances areas and key performance indicators:

- Energy Efficiency Demand Side Management (EEDSM)
- Rural Road Asset Management System (RRAMS)

- Expanded Public Work Programme (EPWP)
- Establishment of District Water Sector & Energy Forums

Description of the departmental activities

The strategic objectives of the department are to:

- To ensure energy efficiency and energy saving mechanisms to public infrastructure and buildings within the District Municipality
- To ensure the overall planning on roads conditions and assessments and provides municipalities with infrastructure maintenance plans through GeoRAMS
- To ensure that a properly coordinated public transport exist in the district.

Energy Efficiency Demand Side Management (EEDSM)

The energy efficiency demand side management grant is a government programme that was established in 2009/10 as part of the South African National Government's efforts to reduce energy consumption. The grant's purpose was to support municipalities in the country in implementing energy efficiency measures in the infrastructure sector e.g. energy efficient, traffic lights, streetlights, high mast lights and building lights as well as energy efficiency in water & sewerage infrastructure. The EEDSM programme is fully financed by the National Treasury through DoRA and managed by the Department of Energy (DoE) with the strategic support and administrative management by Deutsche Fur International Zusammernarbeit (GIZ) GnbH.The energy efficiency demand side management comprises of a number of projects whose main objective is to reduce energy consumption for the municipalities and ultimately reduce electricity bills significantly.

TMDM District municipality is characterized by lack of measure and verification of electricity consumption and municipal officials are generally unaware of the impact of lighting on energy costs.

The overall purpose of the energy assessment was to:

- Assist the local municipalities to quantify their significant energy users within their processes.
- Identify potential opportunities for the reduction and more efficient use of energy within the plant.
- Assist in setting energy targets
- Assist in identifying opportunities to contribute to the overall national energy efficiency target.

The focus was on the implementation process of the EEDSM program within the Thabo Mofutsanyana District Municipality. The pre-installation data shall be compared to the post-installation data.

Energy Efficiency Project Implementation

Initially, TMDM's overall energy improvement objectives were clearly defined. TMDM has defined realistic, attainable and timely objectives within its infrastructure. Ultimately, the TMDM energy policy must be formulated in-line with ISO/DIS 50001:2017. An organization's policy is a statement that would define its intentions and principles for a resource, where the ultimate goal is to leverage that specific resource whether tangible or intangible.The current energy baseline status was then assessed and developed a current energy baseline which aided TMDM to assess their current energy use and provides a level for comparison with future improvements. A baseline and benchmark for energy usage by facilities and equipment was then established. Key activities and operations that consume the most energy or are inefficient were identified. Information from the energy audit was used to identify the most ergy-intensive or inefficient activities and operations in the facilities. The key projects that were identified include:

1. Energy Efficiency Project Implementation

1.1 Methodology

ISO 50006:2014 provides guidance to organizations on how to establish, use and maintain energy performance indicators (EnPIs) and energy baselines (EnBs) as part of the process of measuring energy performance. The overarching methodology followed by the service provider is Deming's PDCA cycle whereby the project steering committee will oversee the implementation of the EnMS, following the plan, do, check, act steps. The service provider has conducted an in-depth review of organisation to map out the institutional structure and processes related to buildings, infrastructure, and energy. Data was Collected which embrace the following elements.

- Building and energy consuming infrastructure assets, including services or function provided by the various facilities/ buildings
- Utility service provision per all building/ facility types, including utility providers, billing processes and existing metering systems
- Data capture procedures, including payment and usage (i.e. Units of measure – kwh, kva etc.), approval, and processes for identifying errors or anomalies. When considering a sub-metering strategy, the site will be broken down into the different end users of energy. This might be by area (for example, floor, zone, building, tenancy or department), by system (heating, cooling, lighting or industrial process) or both.
- Institutional structures and responsibilities for energy data management and facilities / building management

- Existing and planned programmes and projects and corresponding data requirements
- GHG emissions reporting processes

1.2 Overview of the Business Plan 2021/22

A total of 182,, units were retrofitted at a total cost of R 4 000.00

The proposed energy efficiency measures incorporated energy efficiency awareness which basically raises energy efficiency awareness throughout the municipality's area of jurisdiction. In addition, the project capacitated everyone that is using municipal infrastructure, capacity is therefore improved by exposing municipality officials on various courses around energy efficiency concept.

Energy Efficiency Project Implementation Approach

The implementation processes outlined below were followed as a guideline during the execution of the 2021-22 EEDSM project.

Adopted Implementation Plan

Activity	Output
Step 1: Appointment of service providers	• The municipality utilised the services of a Service provider that was appointed through an open tendering process to appoint an Energy Services Company (ESCO) to assist with the planning and implementation of EEDSM projects
Step 2: Energy Audits	• The appointed ESCO conducted an energy audit – during which they identified streetlights and high mast lights to be retrofitted in various local municipalities within the Thabo Mofutsanyana District Municipality
›p 3: Business Plans, Work plans and Detailed baseline Reports	• Upon conclusion of the energy audit, Business Plans, Workplans and Detailed baseline Reports were developed and submitted to the Department of Minerals Resources and Energy for approval
Step 4: Implementation	• Upon approval of Business plans the appointed electrical contractor was given permission to proceed with procurement of material and commence with retrofitting of lights
Step 5: Capacity building and training	• Municipal officials were enrolled for formal training with accredited training institutions on energy efficiency related courses

Activity	Output
Step 6: Energy Efficiency Awareness Campaign	• Energy efficiency Awareness campaigns were conducted within the municipality and surrounding areas

Project Expenditure

Name of Municipality	Allocated Budget	Selected Interventions	Total Budget Spent to Date
Thabo Mofutsanyana District Municipality	R 4 000 000	182 * 1000W HPS High Mast Retrofit to 400W LED	R 4 000 000
		Capacity Building and Training	
		Energy Efficiency Awareness Campaign	
Maluti-A-Phofung Local Municipality	R 3 000 000	307 * 400W HPS High Mast Retrofit to 200W LED	R 3000 000
		Capacity Building and Training	
		Energy Efficiency Awareness Campaign	
Setsoto Local Municipality	R 3000 000	136 * 1000W HPS High Mast Retrofit to 400W LED	R 3 000 000
		Capacity Building and Training	
		Energy Efficiency Awareness Campaign	
TOTAL	**R 10 000 000**		**R 10 000 000**

Energy Efficiency Measures Implemented

High Mast retrofits

Area/Location	Existing Technology	Qty	Existing Power Rating /Unit (KW)	Proposed Technology	Proposed Power Rating/Unit (KW)
Phumelela LM _ **TMDM**	1000W HPS Floodlight	24	1,000	400W LED Floodlight	0,4
Dihlabeng LM _ **TMDM**	1000W HPS Floodlight	30	1,000	400W LED Floodlight	0,4
Nketoane LM _ **TMDM**	1000W HPS Floodlight	37	1,000	400W LED Floodlight	0,4
Bethlehem Township, Dihlabeng Local Municipality _ **TMDM**	1000W HPS Floodlight	51	1,000	400W LED Floodlight	0,4
Warden Township, Phumelela Local Municipality _ **TMDM**	1000W HPS Floodlight	40	1,000	400W LED Floodlight	0,4
Clocolan _ **SETSOTO LOCAL MUNICIPALITY**	1000W HPS Floodlight	38	1,000	400W LED Floodlight	0,4
[illegible]sburg _ **SETSOTO LOCAL MUNICIPALITY**	1000W HPS Floodlight	38	1,000	400W LED Floodlight	0,4
Marquard **SETSOTO LOCAL MUNICIPALITY**	1000W HPS Floodlight	36	1,000	400W LED Floodlight	0,4
Senekal **SETSOTO LOCAL MUNICIPALITY**	1000W HPS Floodlight	24	1,000	400W LED Floodlight	0,4
Kestel _ **MALUTI-A-PHOFUNG LOCAL MUNICIPALITY**	400W HPS Floodlight	36	0,400	200W LED Floodlight	0,2
Harismith _ **MALUTI-A-PHOFUNG LOCAL MUNICIPALITY**	400W HPS Floodlight	64	0,400	200W LED Floodlight	0,2
Qwaqwa _ **MALUTI-A-PHOFUNG LOCAL [illegible]UNICIPALITY**	400W HPS Floodlight	208	0,400	200W LED Floodlight	0,2

Capacity Building and Training

Item No.	Training Type	Course Description	Participant (Full Names)	Municipality	Completion Status
1	Formal Training	Energy Performance Certificate	Mr TE Hlongwane	Thabo Mofutsanyana	completed
2	Formal Training	Energy Performance Certificate	Mr S Ntombela	Thabo Mofutsanyana	completed

3	Formal Training	Energy Performance Certificate	Mr MB Mphahlele	Thabo Mofutsanyana	completed
4	Formal Training	Certified Lighting Efficiency Professional	Mr Phankgela Stephen Mahlatsi	Maluti-A-Phofung	completed
5	Formal Training	Certified Lighting Efficiency Professional	Mr Mpho John Moropoli	Maluti-A-Phofung	completed
6	Formal Training	SAPVIA PV Green card installer Training	Mr Wessels de Villiers	Setsoto	Training due in September
7	Formal Training	SAPVIA PV Green card installer Training	I M Chabeli	Setsoto	Training due in September

Energy Efficiency Awareness Plan	Target Audience	Expected Output	Completion Status
POSTERS:	municipal employees and general public	To raise awareness on Energy Efficiency with the messaging directed at the municipal officials as to how they can contribute to energy efficiency.	**Completed**

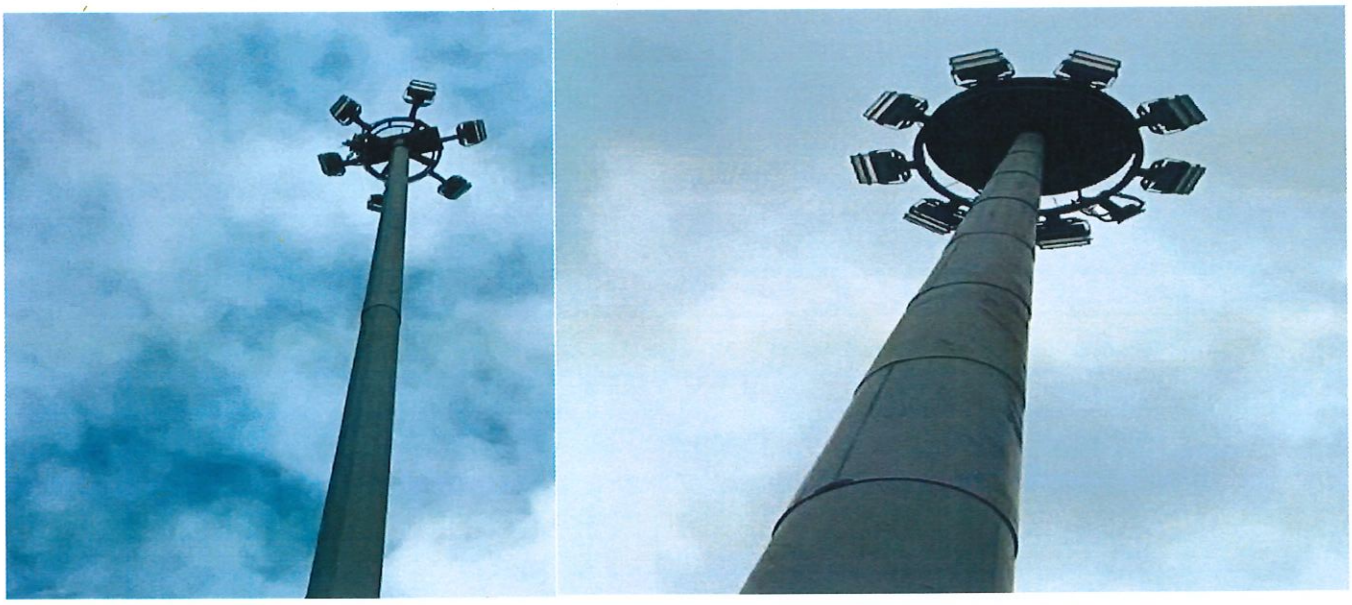
Energy Efficiency Awareness Campaign

High Mast retrofit: System mapping

1.3 Jobs Created

Through the implementation of the EEDSM the municipality working with the service provider has been able to employ 10(Ten) Electrical Technicians.

EEDSM pictures of High mast retrofits in Bethlehem, Fouriesburg, Warden & Lindley

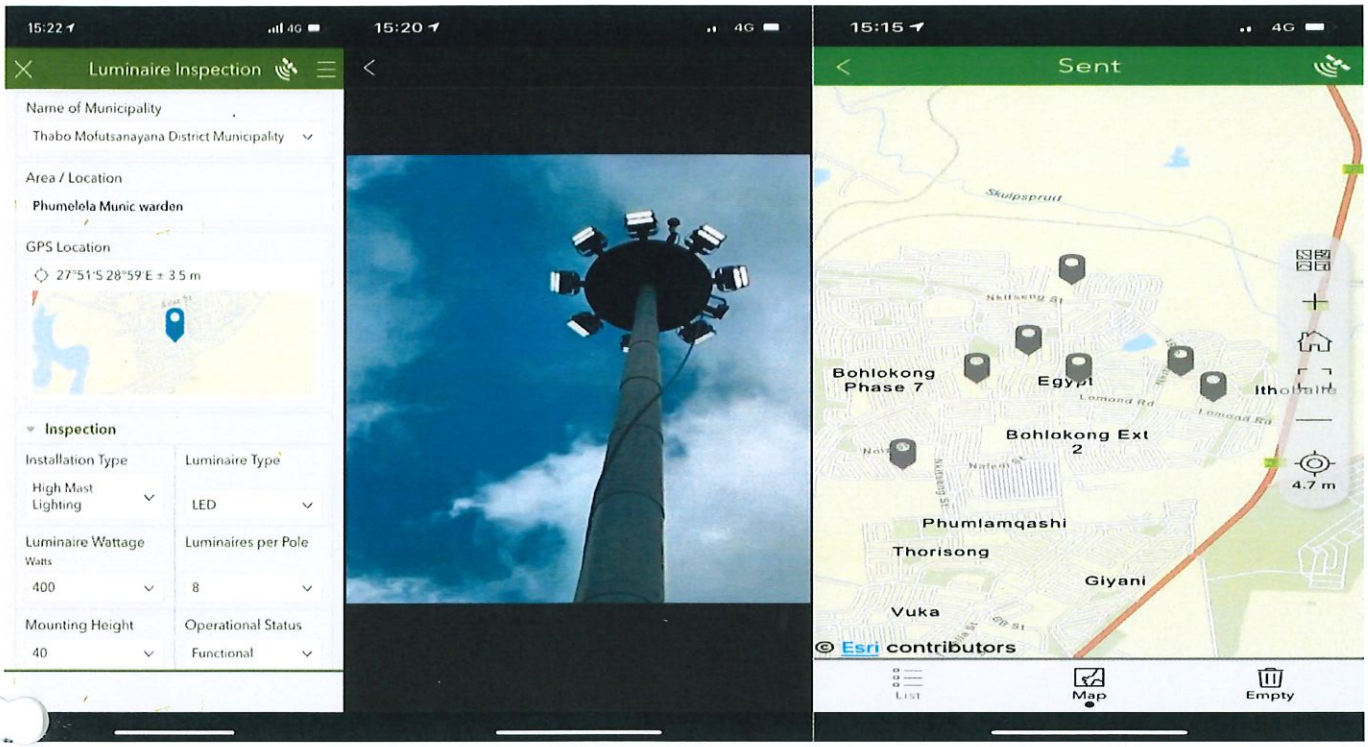












Rural Road Asset Management System (RRAMS)
The RRAMS programme has spent amount of R 1 515 797.55 in 2021/22.

RISFSA classification in Thabo Mofutsanyana DM in kilometers

Extent of roads network per RISFSA classification(km)							
Municipality/Authority	Class 01	Class 02	Class03	Class 04	Class05	Class 06	Totals
Dihlabeng	0	0	3	302.68	149.73	106	558.41
Malut-A-Phofung	0	0	3.09	267.35	204.61	1443.49	1918.05
Mantsopa	0	0	6.99	108.66	131.47	76	323.12
Nketoana	0	0	1.33	14.88	117.66	79	319.87
Setsoto	0	0	9.61	162.44	305.13	93	570.18
Phumelela	0	0	16.8	105.72	69.97	69	261.49
Total			**37.82**	**1068.73**	**978.57**	**1866**	**3951.12**
SANRAL	536.2	0	0	0	0	0	0
FS DPRT	0	2094.9	0	0	0	0	0

3.3 Data collection, roads conditions and visual assessment of flexible and interlocked block paved road network per each local municipality.

Table 1: Dihlabeng LM Assessments (100%)				
Dihlabeng Local Municipality				
Town	**Flexible (Km)**	**Interlocking Block (Km)**	**Totals**	**Subtotal**
	Actual Assessments	Actual Assessments	Total Actual Assessments	
Bethlehem	88.46	0	88.46	156.261
Bohlokong	39.869	27.932	67.801	
[illegible]uriesburg	15.223	0	15.233	30.032
Mashaeng	6.149	8.65	14.799	
Clarens	7.667	0.053	7.72	
Kgubetswana	3.567	7.148	10.715	18.435
Paul Roux	3.773	0	3.773	15.869
Fateng tse Ntsho	0	12.096	12.096	
Paul Roux	3.773	12.096	15.869	7.54
Rosendal	1.79	5.750	7.54	
[illegible]tal	**166.509**	**61.629**	**228.137**	**228.137**

Table2: Nketoana LM Assessments (100%)				
Nketoana Local Municipality				
Town	**Flexible (Km)**	**Interlocking Block (Km)**	**Totals**	**Subtotal**
	Actual Assessments	Actual Assessments	Total Actual Assessments	
Reitz	32.167	0	32.167	62.801

Petsana	16.515	14.119	30.634	
Petrus Steyn	8.845	0	8.845	22.09
Mamafubedu	2.754	10.491	11.025	
Lindley	7.735	0	3.873	18.76
Ntha	0.873	13.065	14.337	
Arlington	3.873	0	3.873	18.21
Leratswana	1.272	13.065	14.337	
Total	**74.036**	**47.825**	**121.861**	**121.861**

Table3: Phumelela LM Assessments (100%)				
Phumelela Local Municipality				
wn	**Flexible (Km)**	**Interlocking Block (Km)**	**Totals**	**Subtotal**
	Actual Assessments	Actual Assessments	Total Actual Assessments	
Memel	3.102	0.346	3.448	10.688
Zamani	3.548	3.692	7.24	
Vrede	31.335	1.657	32.992	55.34
Thembalihle	1.555	20.793	22.348	
Warden	12.31	0	12.31	24.7
Ezenzeleni	0	12.39	12.39	
Total	**51.85**	**38.878**	**90.728**	**90.728**

Table4: Setsoto LM Assessments (100%)				
Setsoto Local Municipality				
Town	**Flexible (Km)**	**Interlocking Block (Km)**	**Totals**	**Subtotal**
	Actual Assessments	Actual Assessments	Total Actual Assessments	
Senekal	25.169	0	25.169	44.91

Matwabeng	6.42	13.321	19.741	
Marquard	7.171	0	1.171	19.373
Moemaneneg	0.672	11.53	12.202	
Clocolan	8.17	0	8.17	15.72
Hlohlolwane	2	5.55	7.55	
Ficksburg	53.858	0	53.858	79.23
Meqheleng	14.109	11.263	25.372	
Total	**117.569**	**41.664**	**159.233**	**159.233**

Table5: Mantsopa LM Assessments (100%)

Mantsopa Local Municipality				
Town	**Flexible (Km)**	**Interlocking Block (Km)**	**Totals**	**Subtotal**
	Actual Assessments	Actual Assessments	Total Actual Assessments	
ThabaPhatchoa	0.075	0	0.075	1.182
ThabaPhatswa	0	1.107	1.107	
Excelsior	4.308	0	4.308	13.458
Mahlatswetsa	1.379	7.771	9.15	
Tweespruit	5.986	0	5.986	12.765
Borwa	1.925	4.854	6.779	
Hobhouse	1.87	0	1.87	6.949
Ladybrand	26.667	5.719	32.386	40.737
Manyatseng	0.782	7.569	8.351	
Total	**166.5**	**28.653**	**75.091**	**75.091**

Table6: Maluti-A-Phofung LM Assessments (100%)				
Maluti-A-Phofung Local Municipality				
Town	Flexible (Km)	Interlocking Block (Km)	Totals	Subtotal
	Actual Assessments	Actual Assessments	Total Actual Assessments	
Phuthaditjhaba	24.471	57.372	81.843	104.863
Namahadi	0	7.753	7.753	
Makwane	0	3.625	3.625	
Bolata	1.405	2.826	4,231	
Monotsha	0	1.157	1.157	
Tsheseng	0	6.254	6.254	
Harrismith	86.221	32.857	119.078	119.078
Kestel	5.05	136.598	29.804	29.804
Total	**117.147**	**136.598**	**253.745**	**253.745**

The EPWP Expenditure for 2021/22 financial year

The EPWP incentive grant from National Department of Public Works was R 5 548 000.00. Employment generated through the EPWP incentive grant programme and registered reported the SETA graduate programme on the EPWP reporting system under social sector with sub programme as youth development and EPWP demographics are as follows:

EPWP Demographics, Performance and Achievements (2021/22)

Adults(M)	Adults(F)	Youth(M)	Youth(F)	Totals
40	52	44	109	245
Grant Allocation		**Total Expenditure**		
R 5 548 000.00		**R 5 548 000.00**		

The District Forums or Committees

The District Municipality has established the water sector and energy committees in order to coordinate those forums and consolidate the information.

The Water Sector Committee

The water sector committee was established with the intention to provide a platform for the water sector dialogue involving all water sector partners. To provide water sector collaboration and effective management of water institutions and the water business. To ensure that the water sector stakeholders play their role in the business in an informed and organized manner. To ensure integrated planning and the development of the water sector. The District Municipality council sitting of February 2022 has approved the water summit resolutions and developed action plan to monitor the progress on the water summit resolutions.

e District Energy Forum.

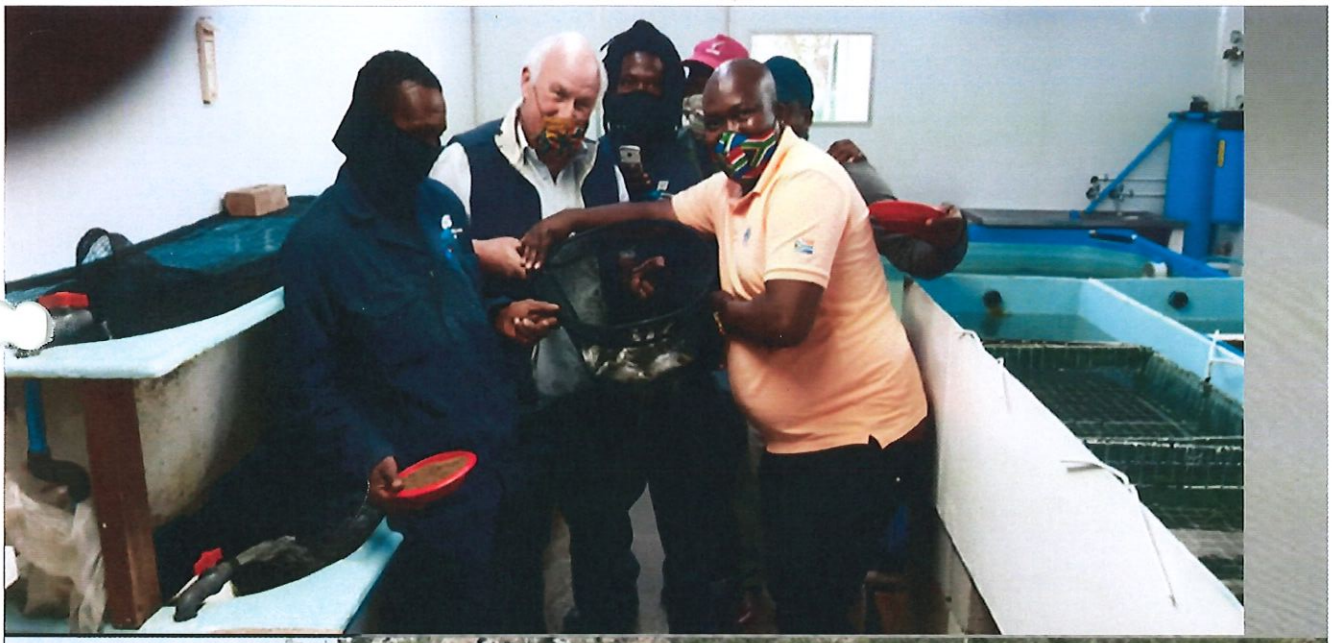
The district energy committee was established with the intention to provide an enabling platform for the energy efficiency and alternative source of energy. The platform was provided for the energy sector dialogue involving all the energy sector partners and local municipalities. The District Municipality has managed to hold four meetings in the calendar year.

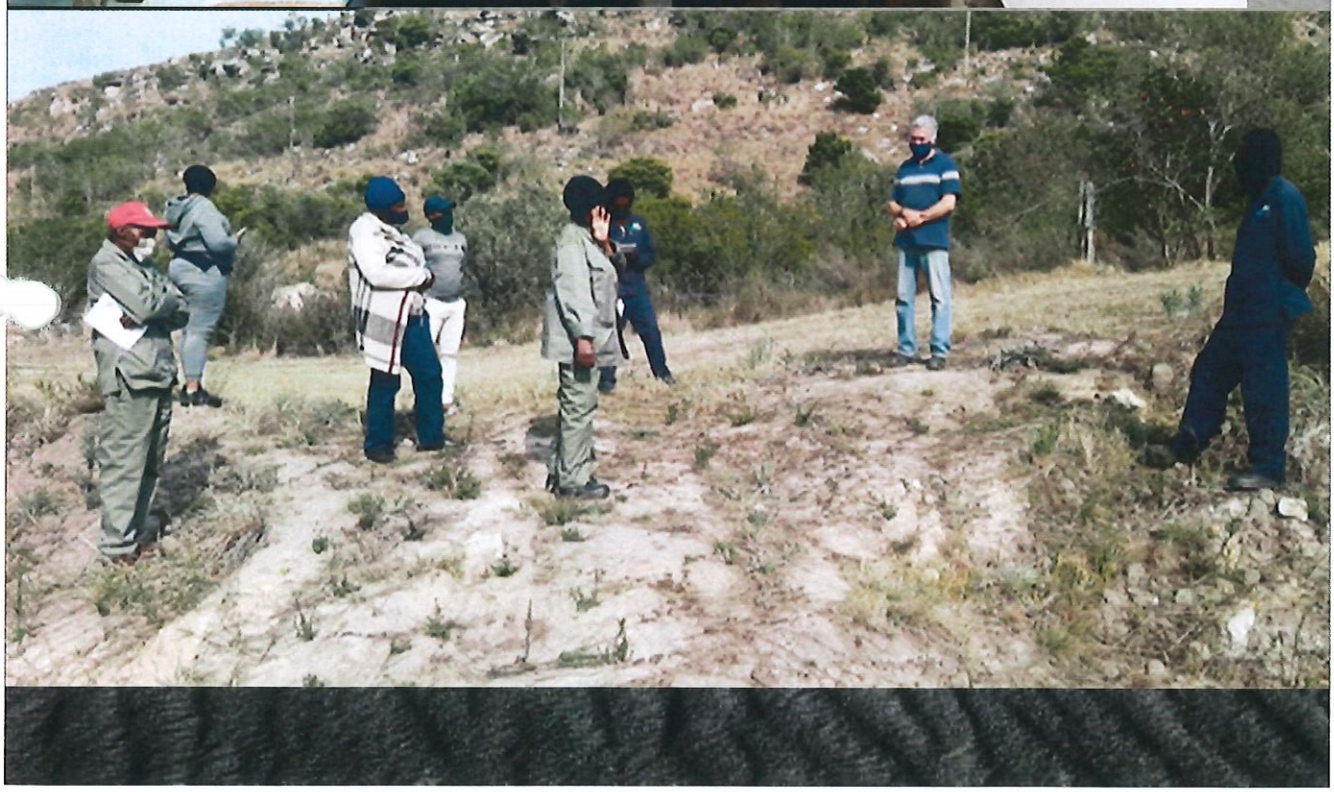
COMPONENT C: LOCAL ECONOMIC DEVELOPMENT

Despite the limited budget allocated, the unit continued to support SMME's in the district working in partnership with local economic development stakeholders in the district. Partners such as SEDA, Department of Small Business Development and DESTEA have been working with the district municipality to support emerging business sector in the district.

e to the unexpected suspension of procurement processes by National Treasury, the unit could not procure more equipment for SMMEs, but the same assistance will be extended in the new financial year.

ranges from skills development to extension services and training. In partnership with the office of the Executive Mayor over 150 farmers were trained in Phumelela and Mantsopa local municipalities.The unit established a food garden project as part of poverty alleviation initiative, of which almost 10 community-based organisations and centres benefited from the product produced from the project







Picture: Brangus beginner course, Helpmekaar farm

1. **Farmer Support Program**

The smallholder farmers applied to the district municipality to be assisted with tools of trade and the successful ones were provided with tools of trade including the following:

- **Donated vegetable to Limakatso Disabled Centre**
- **Donated vegetable to Leratong Childcare Centre**

Message

We wish the farmers luck in your admirable efforts to improve your land and boost agricultural output.

Saying and repeating that resource scarcity is the biggest barrier to agricultural development's momentum has become customary. But in our minds, this fact permeates omnipotently.

No matter how much research or development we can accomplish on a district-level by ourselves, it is never enough. We in our part of the world, proud of having fostered all previous and contemporary civilizations and cultures, must work together in a spirit of true collaboration to confront and resolve the issues that are impeding agricultural progress.

Message by Manager:

Agriculture & Rural

Development

LW Moshwaliba





Picture: Donated vegetables to Leratong Childcare Centre, Phuthaditjhaba

2. Training of Smallholder Farmers



Picture: Training of smallholder farmers Warden

By supporting the development of skills in the agricultural sector, the district municipality reaffirms its intention to "pursue the enormous potential of agriculture to promote industrialization, to create employment, which will help transform our economy" through the modernization of agricultural production and the creation of a sizable pool of skills in this field. Farmers were trained on the following points by the municipality in order to create a significant pool of skills in the agriculture industry:

Trainings	**Partners**	**No of Farmers**	**Municipality/Area**
Trained farmers on Aquaculture	TMDM	09	MaP
Trained farmers on Broiler production	TMDM	120	Warden
Trained farmers on piggery production	TMDM	120	Warden
Trained farmers on Poultry production	CC Chickens	12	MaP

Training of farmers on Brangus beginner course	Brangus Stud	13	DLM
Training of farmers on rabbit production	SEDA	13	DLM

3. Exhibitions / Show





Picture: Nampo Harvest Day, Bothaville

The district municipality allows the farmers to attend various shows/exhibitions to network and discuss issues with other role players in the agricultural industry; this idea gives the farmers the chance to personally experience the newest technology and products on offer and gives farmers the chance to learn from experts. The shows/exhibition that the municipality assist farmers to attend are as follows:

- The municipality paid for 46 students studying agriculture and 26 farmers to attend NAMPO Harvest Day. A well-known networking and discussion event for African agriculture is called Nampo Harvest Day. On a single plot of land, producers and other agricultural stakeholders can see firsthand the newest farming products and technologies. Additionally, it gives farmers the chance to get knowledge from experts in their own agricultural fields through discussions, exhibitions, and debate panels.Farmers of fruits and vegetables had the chance to attend Bloemfontein's Fresh Produce Market thanks to the Municipal unit of agriculture and rural development. The aim was to provide farmers with more information about the methods for selling to the fresh produce market, the fruits and vegetables that are in demand so they can plan their planting accordingly, the marketing channels, the quality of

- the product, and the price. The public market for fresh produce is a foundational element of local economic growth and food security. With a revenue of R17 billion, the fresh produce market in South Africa sold 3.4 million tons of fresh fruits and vegetables in 2019.
- The Unit of Agriculture and Rural Development hosted a farmer's day on the 18th of March 2022, Fateng tse Ntsho Community Hall, Paul Roux. Stakeholders involved; OVK, DARD (Veterinary), DARD (Extension services), SAPS (Stock theft), DRDLR (Land reform).
- The Unit afforded farmers an opportunity to attend Sernick farmer's day in Edenville, on the 04th of February 2022.
- The unit of Agriculture and Rural Development hosted yet another successful farmer's day on the 04th of March 2022, Bohlokong New Hall, Bethlehem. Stakeholders involved, Eskom, SAPS, AFGRI, VKB, QPro feeds, Bonsmara SA, Makholokoeng FPSU, DARD, Sernick, AFASA and Brangus Stud.

4. Agri-Park



Picture: Agri-park 3D modelling

Agri-park is a networked innovation system of Agro-production, processing, logistics, marketing, training and extension services, located in a District Municipality. The Agri-park comprises of three different but interconnected basic components:

- The Farmer Production Support Unit (FPSU) – it's a unit that links farmers with markets. FPSU does primary collection, some storage, processing for local market and extension services including mechanisation.
- The Agri-Hub – a production, equipment hires, processing, packaging, logistics, innovation and training unit.
- The Rural Urban Market Centre (RUMC)- linking and contracting rural, urban and international markets based on seasonal trends. Provides market intelligence and information feedback to the AH and FPSU using latest information and communication technologies.

The progress up to so far is as follows:

- Construction of Ficksburg FPSU
- Construction of Makholokoeng Mechanisation Centre (Implements store) and construction of weighbridge R4 914 112.34



Picture: Makholokoeng FPSU tools of trade

In Conclusion

The district unit recognizes that the Free State is a farming province and that there are numerous private and public agricultural organizations and businesses that can help new and small farmers. In light of this, the district has had discussions and developed positive relationships with AVCASA, MSD Animal Health, AfriVet, AFASA, LIMA, Talitha, OBP, NERPO, QPro Feeds, AFGR, VKB, Makholokoeng FPSU, SAPPO, Wesgrow, CCS, MPO, SAPS, Sernick, Bonsmara SA, Unisa, CUT, Maluti TVET, MUT, DALRRD, Brangus Stud, OVK, SE

The group has also kept up the tradition of presiding over the Agriculture and Rural Development Forum meetings, which are held four times a year to discuss and resolve various issues facing the region's farming communities. The Forum has meetings with local agricultural stakeholders.

COMPONENT D: ENVIRONMENTAL PROTECTION

The unit has also facilitated sustainability of investment in the district whilst preserving environment, by ensure full compliance of industries with environmental management regulations. Environmental authorizations were issued to Engen Depot in Bethlehem and Econ Oil Energy amongst others.

District municipality is also participating in a pilot programme of Integrated Environmental Management Framework which is aimed at reducing the period it is normally taken to issue environmental impact assessments and authorizations. In partnership with department of environmental affairs and fisheries we have undertaken numerous waste management programmes to ensure that our communities are clean and healthy.

COMPONENT E: HEALTH

The unit continues to promote healthy communities through regular inspections and testing of water regularly performed by the unit throughout the district. Of all the targets set by the unit, two thirds of the targets were achieved which means more communities were reached.

COMPONENT F: SECURITY AND SAFETY

The District Municipality have a new laboratory building in Kestel; then security department have managed to secure the same site with fitted alarms and remote gate also managed to deploy warm bodies especially at night to reinforce security. Thabo Mofutsanyana District Municipality further parted skills to six EPWP workers and promoted four security personnel to supervisors

COMPONENT G: Disaster Management

The emergency unit trained community organisations on first aid, and this programme was implemented in partnership with SANTAM.

Our partnership with SANTAM has supported the district municipality immensely as the unit managed to procure rescue equipment to be used during disaster and emergencies. System such as GIS and communication equipment were sourced to build better capacity of the unit.The unit responded well during flash floods which hit the areas of Maluti a Phofung, SETSOTO and Mantsopa. The district municipality is not fully performing fire services functions due to budget limitations as the function is currently not supported by the provincial government and not funding is given to the district municipality to perform these functions accordingly.

COMPONENT H: SPORTS AND RECREATION

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

COMPONENT J: EXECUTIVE AND COUNCIL

Thabo Mofutsanyana District Municipality's new council inaugural council meeting was held in December 2021, upon her election the Executive Mayor announced her Mayoral Committee. She and her MAYCO were hands-on in all processes leading to finalization of the IDP/Budget. The Executive Mayor led a couple of Mayoral forums, in pursuit of establishing good governance among municipalities in the district. Also held meetings with stakeholders on transversal issues and partnership with Houses of Traditional Healers. Together with the Bokoena Ba Mopeli Foundation on SMME support and educational programs were forged.




PHUMELELA



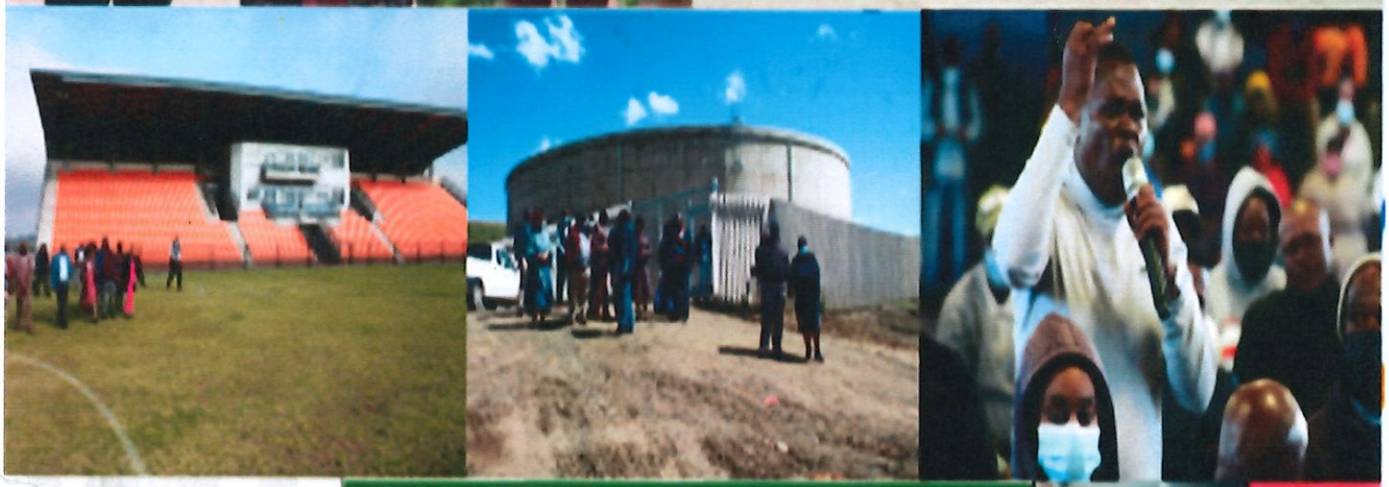
Component K: Communications

The unit managed to be creative by applying 4ir concept. the social media platform was used effectively and managed to coordinate the local municipalities to regularly update their social media platforms. The district communicators forum seat regularly and communications support were given and generation of posters and videography. The municipal events were supported with branding and photographic. The live streaming and out based media were used.

The local municipality social media platforms were updated effectively. The status of communication within the district is ok because there is only one local municipality. Phumelela Local municipality is the only municipality without communicator, but the district is giving communication support to the municipality. Nketoane Local Municipality Advertised the communications officer post. District mmunicator's forum is functional continuously giving the internal committee support that is risk and audit Continuously supporting the district development model committees.

Pre-Presidential Imbizo Build Up Programme



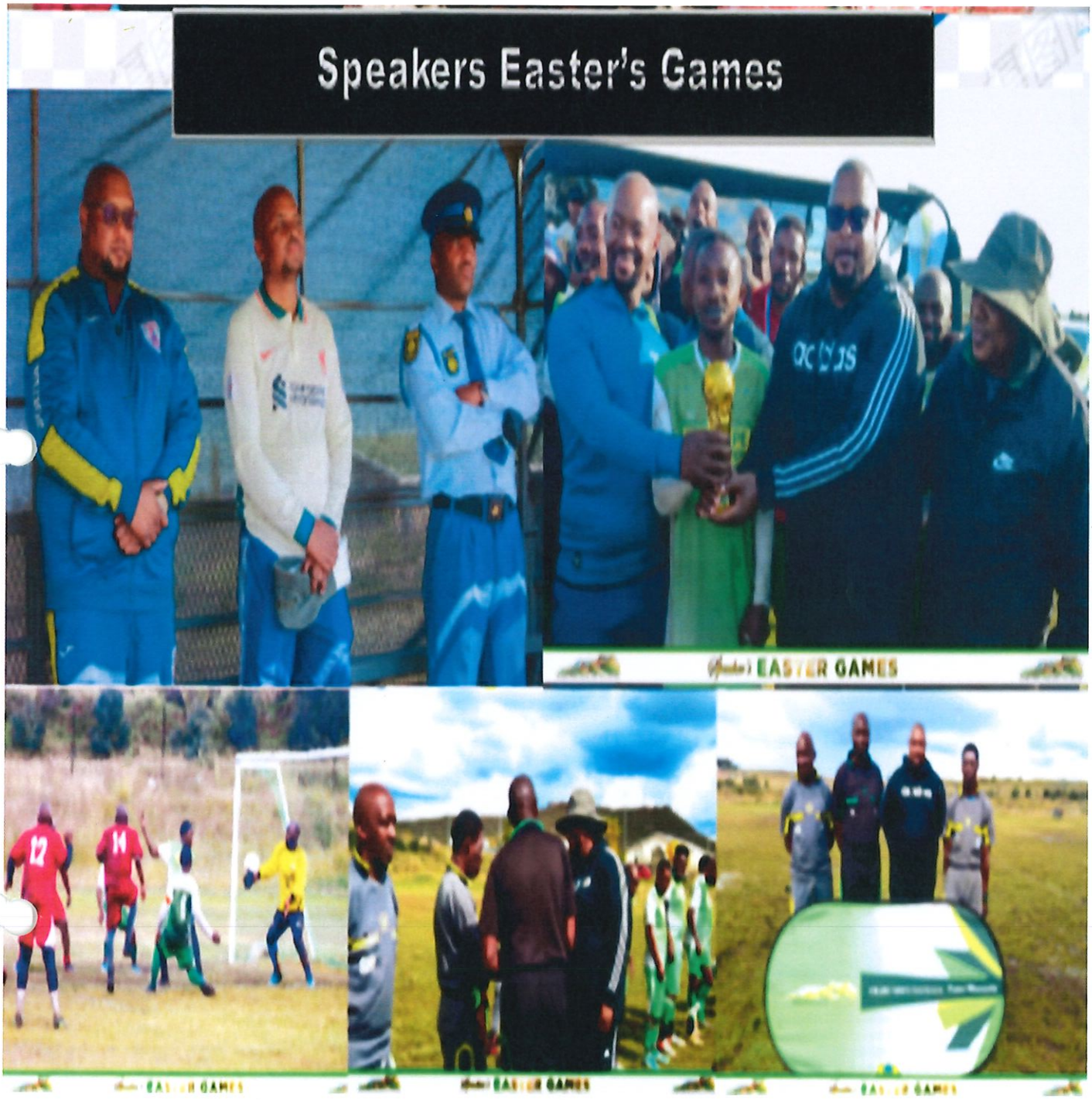


TMDM Executive Mayor on QwaQwa Radio



THABO MOFUTSANYANA DISTRICT MUNICIPALITY 2022/23 BUDGET VOTE

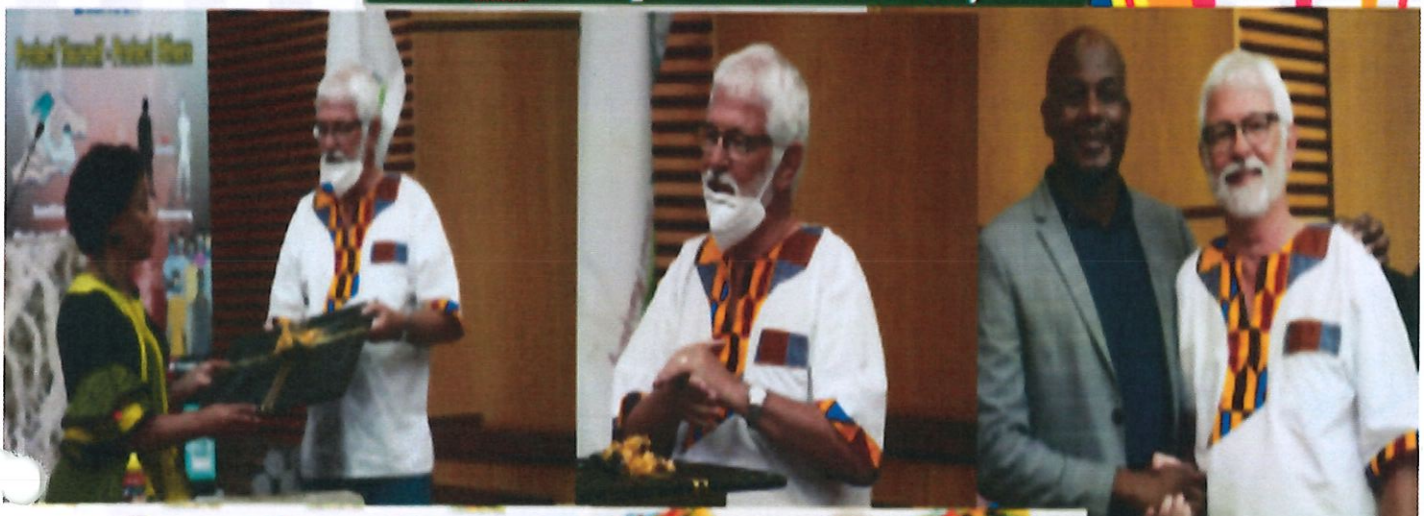



Speakers Easter's Games
EASTER GAMES

Portfolio Committee on Co-operative Governance and Traditional Affairs

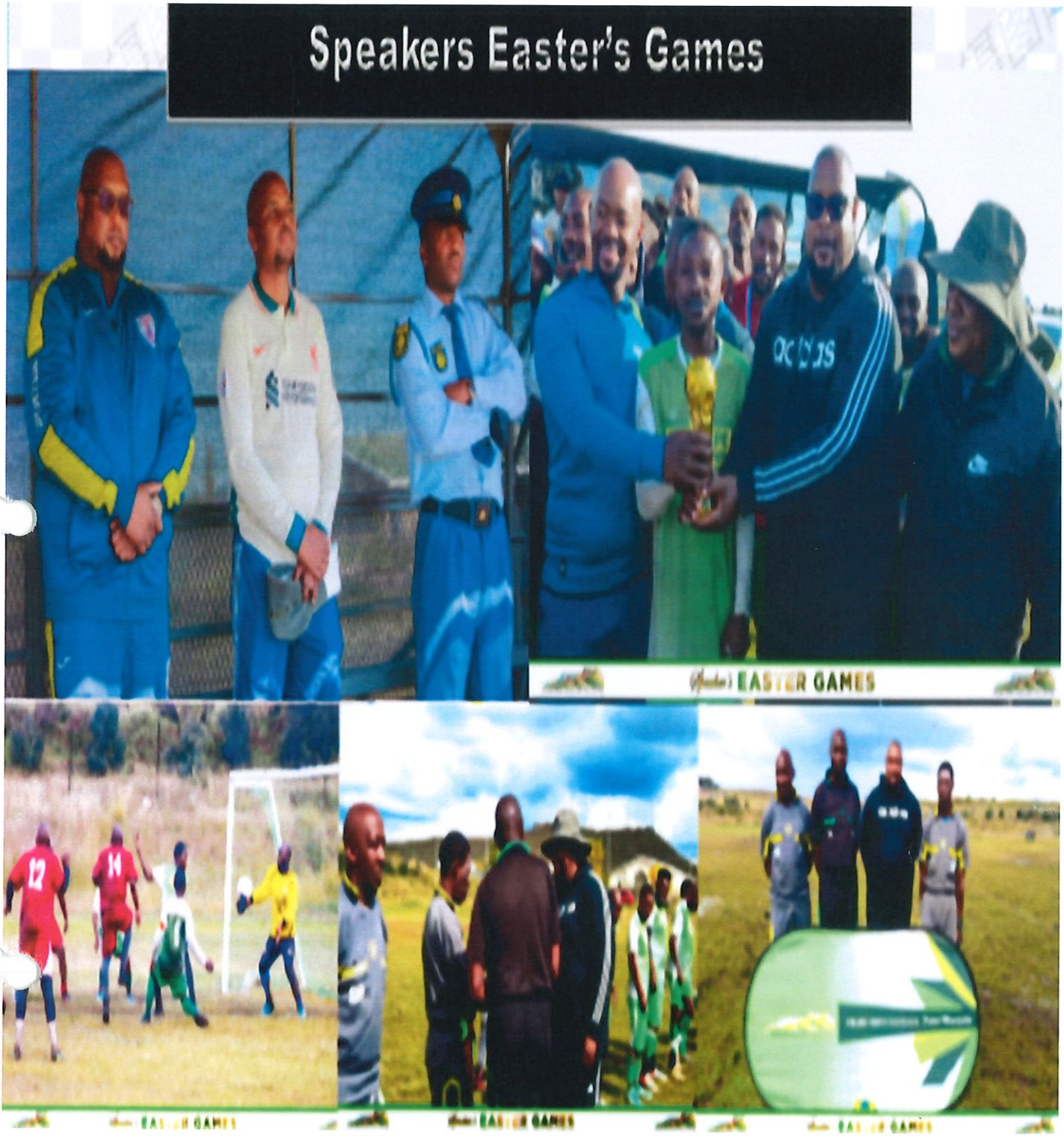


EHP Manager Farewell Ceremony





Speakers Easter's Games



Mayoral Outreach Programmes

Back to School Campaigns

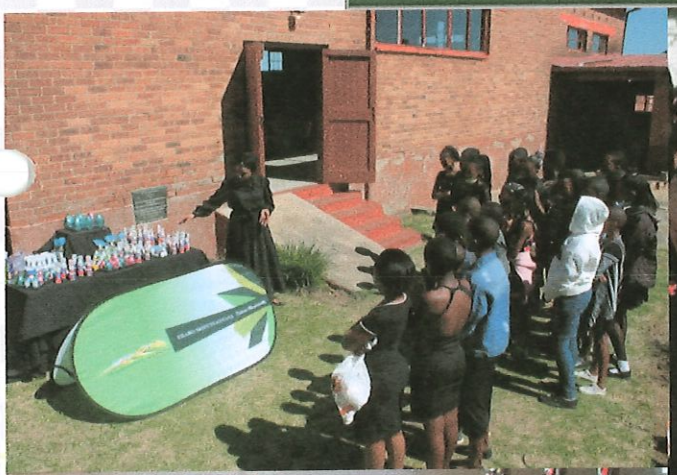








Executive Mayor Easter Holiday Church Visit



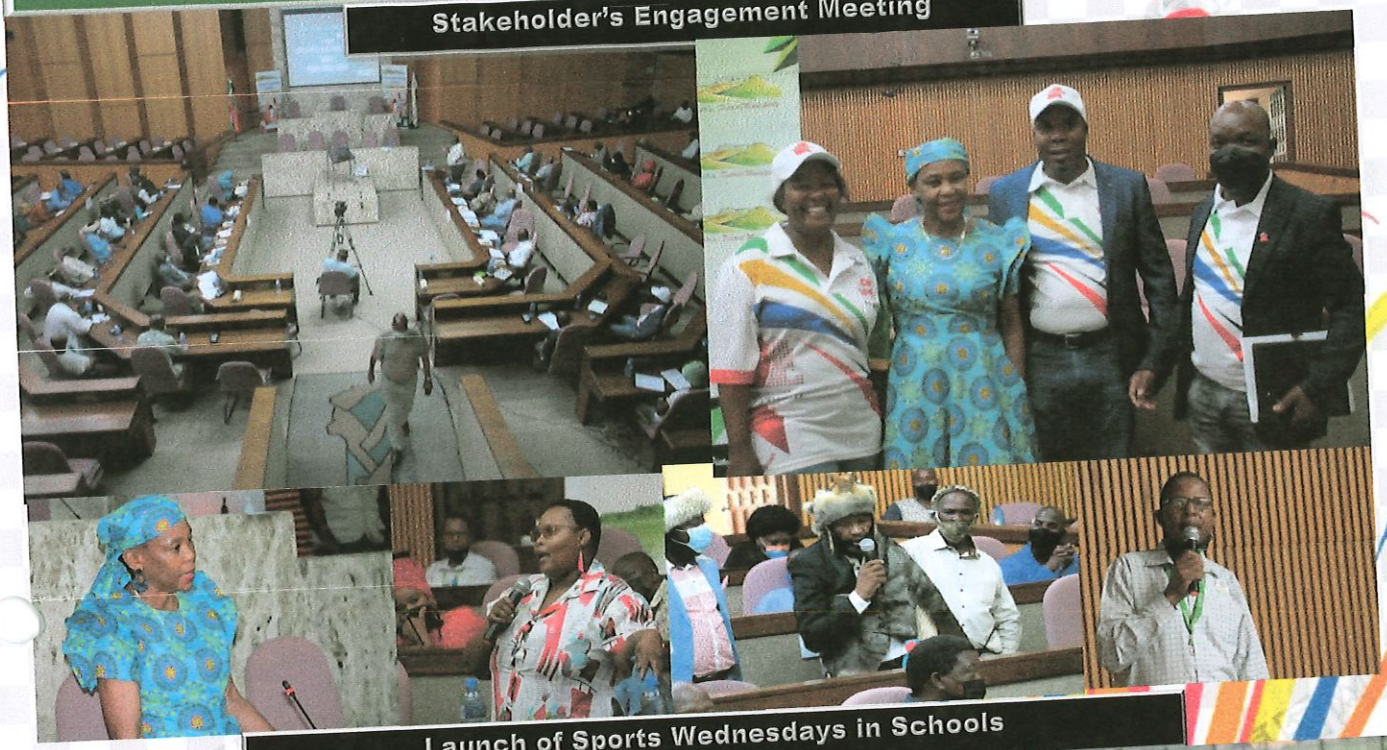






Mayoral Outreach Programmes

Stakeholder's Engagement Meeting

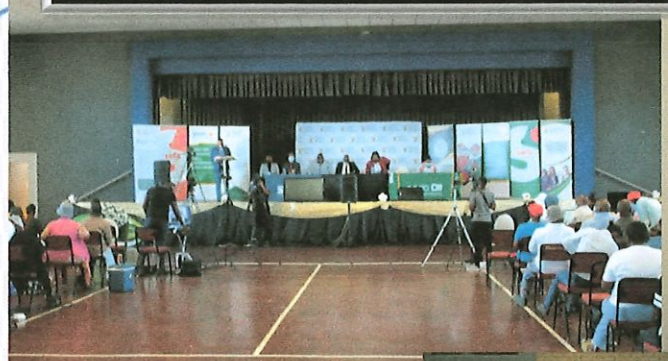


Launch of Sports Wednesdays in Schools



Mayoral Outreach Programmes

UNLOCKING OPPORTUNITIES FOR SMMEs and CO-OPERATIVES ROADSHOW







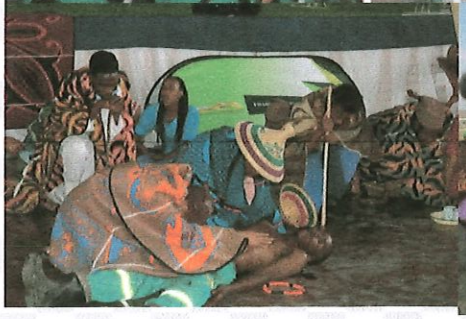
TMDM Executive Mayor partners with Bakoena Royal Council






Mayoral Imbizo Celebrating and Honouring Traditional Leadership







Component K : Organisational Performance Scorecard

This componennt includes Annual Performance Scorecard Report for the current year.

Thabo Mofutsanyana District Municipality 2021/2022 Annual Performance Report

KPA	Strategic Objective	Measurable Objective	KPI	Budget	Frequency	Ref No.	Baseline	2021/2022 Annual Target	First Quarter Actual Target	Second Quarter Actual Target	Third Quarter Actual Target	Fourth Quarter Actual Target	ANNUAL REPORT	Evidence to be provided	Evidence Retrieved	SCORE/RANGE	Comment	Reason for Deviation	Remedial Action	KPI NO.
KPA 1: BASIC SERVICE DELIVERY																				
	Infrastructure & Transport Services																			
	Infrastructure		Resources Allocated for 2021 - 2022 SDBIP per Quarter						20%	35%	20%	25%	100%							
	To promote accessibility, mobility and safe integrated road infrastructure network	Development of Rural Road Asset Management System	100 % Development of Rural Road Asset Management System -The extend & conditions of the road network & RRAMS System Implementation on the 30th June 2022	R2.458	Q	Infr 01	100% Completion	100% Completion Assessments of Pavement management& Conditions	Pavement management reports & Conditions	Pavement Management Road & Conditions	Bridge& Major Culvert report	Production of RAMS evaluation Report	100% Completion Assessments of Pavement management& Conditions	Monthly expenditure, Quarterly and Grant evaluation Reports	Monthly expenditure, Quarterly and Grant evaluation Reports		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	1
			Number of meetings with Province (Dept. of Police, Roads & Transports) and the 6 Local Municipalities on the 30 June 2022	OPEX	Q	Infr 02	09 Meetings	12 Meetings	No Meetings	02 Meetings	02 Meeting	3 Meetings	07 Meetings were held	Invitation, Agenda, Attendance Register & Approved signed Minutes of Meeting	Invitation, Agenda, Attendance Register & Approved signed Minutes of Meeting		Partially	The PSC meeting scheduled for October was postponed due unforeseen circumstances.	The PSC meeting scheduled was amended in the third quarter	2
	To promote energy efficiency and energy management in public infrastructure & buildings	Implementation of energy efficiency and demand side management	100% Retrofitting of high mast & street lights with LED tubes on the 30th June 2022	R4.000.000	Q	Infr 03	100% Retrofitting of high mast & street lights	100% Retrofitting of high mast & street lights with LED tubes	20% Retrofitting of high mast & street lights	30% Retrofitting of high mast & street lights	100% Retrofitting of high mast & street lights with LED tubes	100% Retrofitting of high mast & street lights	100% Retrofitting of high mast & street lights with LED tubes	Monthly progress & Quarterly Grant evaluation reports	Monthly progress & Quarterly Grant evaluation reports		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	3
	To Ensure Public Participation of Stakeholder in Water Management and Sanitation Provision		Number of District Water and sanitation forum on the 30th June 2022	OPEX	Q	Infr 04	4 Fora	4 Fora	1 Forum	1 Forum	1 Forum	1 Forum was held	04 For a held on the 30th June 2022	Invitation, Agenda, Attendance Register & Approved signed Minutes of Meeting	Invitation, Agenda, Attendance Register & Approved signed Minutes of Meeting		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	4
	To Ensure Public Participation of Stakeholder in electricity and distribution Provision to the communities		Number of District Energy Forum on the 30th June 2022	OPEX	Q	Infr 05	4 Fora	4 Fora	1 Forum	1 Forum	1 Forum	1 Forum was held	04 Fora held on the 30th June	Invitation, Agenda, Attendance Register & Approved signed Minutes of Meeting	Invitation, Agenda, Attendance Register & Approved signed Minutes of Meeting		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	5
			Monthly progress Reports sent to the Municipal Manager On the 07th of every month	OPEX	M	Infr 06	10 Monthly progress Reports	12 Monthly progress Reports sent to the Municipal Manager on the 07th of every month	No Reports for the 1st quarter	3 Monthly Expenditure Reports	3 Monthly Expenditure Reports	3 Monthly Expenditure Reports were sent to Municipal Manager very month	09 Monthly Progress Reports were sent to Municipal Manager on the 7th of every month	Monthly reports. Quarterly Grant Evaluations Reports and mail delivery book	Monthly reports. Quarterly Grant Evaluations Reports and mail delivery book		Partially Achieved	The DMRE requested the DM to revise the initial B/P of R4m to offset the previous financial year shortfall with R 2m	The initial B/P was revised to R2m allocation as requested and implementation commenced in the second quarter with the R2m.	6
	COMMUNITY SERVICES																			
	Social Development																			
	Sports																			
	Provide a variety Sport and Recreation Facilities for staff and Communities	To ensure that sport is promoted in all Communities	Number of OR Tambo games Meeting attended on the 30th June 2022	OPEX	Q	Spt 01	01 Meeting	4 OR Tambo Games Meeting	No Meetings were held	No Meetings were held	0 Meeting	No Meeting held	0 OR Tambo games meeting attended on the 30th June 2022	Invitation, Report and Attendance Register	Not applicable because this indicator is not Achieved		Not Achieved	The OR Tambo games were suspended provincially due to COVID-19 restrictions	The OR Tambo games meetings will resume when restrictions are removed and games are to be hosted	7
			Hosting of the District OR TAMBO Games 2021/2022 on the 30th September 2021 and selection of team to represent the district at the provincial OR Tambo games	Opex	Y	Spt 02	29-Sep-19	Hosting of the District 2021/2022 OR Tambo games on the 30th September 2021	No games were held	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	2021/2022 District OR Tambo Games were not hosted on the 30th September 2021 and selection of team to represent the District at the provincial OR Tambo games was not done.	Invitation, Report and Attendance Register	Not applicable because this indicator is not targeted for this quarter		Not Achieved	The OR Tambo games were suspended provincially due to COVID-19 restrictions	The OR Tambo games will be held when restrictions are lifted	8
			Delivering district team to Provincial OR Tambo games on the 30th October 2021	Opex	Y	Spt 03	30-Oct-19	Delivering District team to the provincial games on the 30th October 2021	Not targeted for this quarter	No teams were delivered	Not targeted for this quarter	Not targeted for this quarter	District team was not delivered to provincial OR Tambo games on the 30th October 2021	Request MEMO, Proof of Payments, Photos	Not applicable because this indicator is not Achieved		Not Achieved	The OR Tambo games were suspended provincially due to COVID-19 restrictions	The OR Tambo games will be held when restrictions are lifted	9
		To Promote the indigenous games to our communities	Hosting of Rural Sports Games on the 30th June 2022	Opex	Y	Spt 04	Not Realised	Hosting of Rural Sports Games on the 30th June 2022	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Rural Sports Games were hosted on 23 the October 2021	Rural Sports Games were hosted on the 23rd October 2021	Invitation, Report and Attendance Register	Invitation, Report and Attendance Register		Achieved	Not applicable because this indicator is Achieved	Not applicable because this indicator is Achieved	10
			Hosting Indigenous games on the 30th September 2021	Opex	Y	Spt 05	Not Realised	Hosting Indigenous games on the 30th September 2021	No games were held	Not targeted for this quarter	Not targeted for this quarter	Indigenous games were hosted on the 04th June 2022	Indigenous games were hosted on the 4th June 2022	Invitation, Report and Attendance Register	Invitation, Report and Attendance Register		Achieved	Not applicable because this indicator is Achieved	Not applicable because this indicator is Achieved	11
	Arts & Culture																			
	Promoting Community Participation in the Golden Economy(Arts and Culture)	To Provide exit opportunities for Arts and Culture Practioners in Thabo Mofutsanyana District	Number of Arts & Culture Fors held on the 31st September 2022	OPEX	Q	AC 01	Not Realised	2 Arts & Culture Fors to be held on the 31st September 2021	NO Forum held	Not targeted for this quarter	01 Forum held	01 Forum held	02 Fora were held on the 30th June 2022	Invitation, Report ,and Attendance Register	Invitation, Report ,and Attendance Register		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	12
			Number of Writing and Poetry workshop held on the 31st March 2022	R45.000	Y	AC 02	Not Realised	1 Writing poetry workshop to be held on the 31st March 2022	Not targeted for this quarter	Not targeted for this quarter	1 Writing poetry workshop held on the 18 February 2022	Not targeted for this quarter	1 Writing poetry workshop held on the 18th February 2022	Invitation, Report ,and Attendance Register	Invitation, Report ,and Attendance Register		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	13
	Ensuring safe traditional Circumcisions for promotion of Healthy life styles	Promote Healthy and Safe Circumcision of Initiates	Number of Initiation Schools Workshop held with Government departments (SAPS & Health) and Initiation Schools Leaders on the 30th June 2022	R80.000	Q	AC 03	01 Workshop	3 Initiation Schools Workshop to be held with Government departments (SAPS & Health) and Initiation Schools Leaders on the 30th June 2022	Not targeted for this quarter	2 Workshops	Not targeted for this quarter	1 Workshop	03 Initiation Schools Workshop held with Government departments (SAPS & Health) and Initiation Schools Leaders on the 30th June 2022.	Invitation, Report ,and Attendance Register	Invitations, Reports, and Attendance Registers		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	14
	Promoting social Cohesion & heritage through recognition of liberation stalwart	Changed and Renamed Buildings and Routes	Number of Municipal Buildings renamed on the 30th June 2022	OPEX	Y	AC 04	New	04 Municipal Buildings renamed on the 30th June 2022	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Municipal Buildings were not renamed	Municipal buildings were not renamed on the 30th June 2022	Images of Name Plates & Council Resolutions	Not applicable because this indicator is not Achieved		Not Achieved	Report was tabled to council but due to LG 21 elections the process was put on ice	Program will be implemented in the new financial year.	15
			Number Liberation Heritage Routes re-established on the 30th June 2022	OPEX	Q	AC 05	New	1 Liberation Heritage Routes re-established on the 30th June 2022	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Liberation Heritage Routes were not re-established	Liberation Heritage Routes were not re-established on the 30th June 2022	Council Resolutions, Pictures & Report on route established	Not applicable because this indicator is not Achieved		Not Achieved	This target was not allocated budget and Opex was not sufficient to implement a project of this magnitude	To be deferred to 2023/24 financial year, and be implemented through external funding sources.	16
	MUNICIPAL HEALTH & EMERGENCY SERVICES																			
	Emergency Services																			
	To Improve the District Disaster Management Centre	Develop Information Management and Emergency Communication Software	Developing IM & EC Software on the 28th February 2022	R354.915	Y	ES 01	New	Developing IM & EC Software on the 28th February 2022	Not targeted for this quarter	Not targeted for this quarter	No service provider was Appointed	Not targeted for this quarter	IM & EC software was not developed on the 28th February 2022	Closing Certificate	Not applicable because this indicator is not Achieved		Not Achieved	The request for procurement was done. However the moratorium to hold back all tenders was put by Treasury and the items wait for the moratorium to be uplifted	The item is still in procurement processes waiting for the moratorium to be uplifted. For contingency, the item is also prioritised for next financial year	17

BASIC SERVICE DELIVERY	To educate community on disaster management and fire services related matters	To host Disaster Risk Reduction Day on the 30 October 2021	Host Disaster Risk Reduction International Day on the 30th October 2021	OPEX	Y	ES02	23-Oct-19	1 Disaster Risk [illegible] on International Day e 31st October 2021	Not targeted for this quarter	NO DRR day information submitted	Not targeted for this quarter	Not targeted for this quarter	Disaster Risk Reduction International Day was hosted on the 24th November 2021	Invitation; Attendance Register; Pictures & Report the Event	[illegible]ttendance Register; Report of the Event		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	18
	To educate community on disaster management and fire services related matters	To conduct safety awareness campaigns to the community	Number of Safety Awareness conducted on the 30th June 2022	OPEX	Q	ES03	04 Safety Awareness's Campaigns	4 Safety Awareness's Campaigns to be conducted on the 30th June 2022	No Awareness Campaign held	1 Awareness Campaign	1 Awareness Campaign	1 Awareness Campaign	03 Safety awareness campaigns conducted on the 30th June 2022	Invitations, Attendance Register Pictures & Report	Invitations, Attendance Register Pictures & Report		Partially Achieved	Only three safety awareness were done. During the first quarter the country were on lock down due to Covid-19 Regulations restrictions	Means will be improvised to conduct awareness outside physical contact when there are restrictions prohibiting physical contact in future	19
	To improve the municipal emergency services (Disaster Management and Fire Services) operations.	To hold quarterly stakeholders meeting	Number of stakeholder meetings held on the 30th June 2022	OPEX	Q	ES04	03 Stakeholders meetings	4 stakeholders meetings to be held on the 30th June 2022	1 stakeholders meeting	1 stakeholders meeting	1 stakeholders meeting	1 stakeholders meeting	04 stakeholders meetings held on the 30th June 2022	Invitation, Attendance Register & Approved signed Minutes of Meeting	Invitation, Attendance Register & Approved signed Minutes of Meeting		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	20
	Municipal Health																		
	To provide Municipal Health Services effectively and equitably in the Thabo Mofutsanyana District	Food control	Number of Monthly reports indicating the status of food selling outlets in compliance with relevant legislation on the 30th June 2022.	OPEX	M	MHS01	New	12 Monthly reports per Local municipality	3 Monthly reports per Local Municipality	3 Monthly reports per Local Municipality	3 Monthly reports per Local Municipality	3 Monthly reports per Local Municipality	12 Monthly reports indicating number of food selling outlets complying with relevant legislation on the 30th June 2022	Monthly reports indicating number of food selling outlets complying with relevant legislation.	Monthly reports indicating number of food selling outlets complying with relevant legislation.		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	21
			Number of Monthly reports indicating Food samples taken in various towns across the 6 Local Municipalities in the district on the 30th June 2022.	R 186.000	M	MHS02	New	12 Monthly reports per Local Municipality	3 Monthly reports per Local Municipality	3 Monthly reports per Local Municipality	3 Monthly reports per Local Municipality	3 Monthly reports per Local Municipality	12 Monthly reports indicating the status of food samples taken in various towns across the 6 Local Municipalities in the district on the 30th June 2022	Monthly reports indicating the status of food samples taken in various towns across the 6 Local Municipalities in the district	Monthly reports indicating the status of food samples taken in various towns across the 6 Local Municipalities in the district		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	22
		Water Quality monitoring	Number of monthly water quality reports indicating the status of water in various towns across the 6 local municipalities in the district on the 30th June 2022.		M	MHS03	New	12 Monthly Water Quality reports per Local Municipality	3 Monthly Water Quality reports per Local Municipality	3 Monthly Water Quality reports per Local Municipality	3 Monthly Water Quality reports per Local Municipality	3 Monthly Water Quality reports per Local Municipality	12 monthly water quality reports indicating the status of water in various towns across the 6 local municipalities in the district on the 30th June 2022.	Monthly Water Quality reports indicating the statue of water in various towns across the 6 local municipalities in the district	Monthly Water Quality reports indicating the status of water in various towns across the 6 local municipalities in the district		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	23
		Environmental health awareness	Number of awareness campaigns conducted in respect of Municipal Health Services across 6 Local Municipalities in the district on the 30 June 2022.	OPEX	Q	MHS04	New	4 quarterly reports indicating awareness campaigns conducted per Local Municipality	1 Quarterly report indicating awareness campaign conducted per Local Municipality (Health & Hygiene)	1 Quarterly report indicating awareness campaign conducted per Local Municipality (Health & Hygiene)	1 Quarterly report indicating awareness campaign conducted per Local Municipality	1 Quarterly report indicating awareness campaign conducted per Local Municipality	04 Quarterly reports indicating awareness campaigns conducted in respect of Municipal Health Services across 3 Local Municipalities in the district	Quarterly reports indicating awareness campaigns conducted in respect of Municipal Health Services across 6 Local Municipalities in the district	Quarterly reports indicating awareness campaigns conducted in respect of Municipal Health Services across 6 Local Municipalities in the district		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	24
		Air Quality Licenses issued and audited	Number of Air Quality Management reports generated on the 30th June 2022.	OPEX	Q	MHS05	New	4 Quarterly Air Quality Management reports per Local Municipality	NO Air Quality Management report indicating Licenses issued per Local Municipality issued	NO Air Quality Management report indicating Licenses issued per Local Municipality issued	1 Quarterly Air Quality Management report per Local Municipality	NO Air Quality Management report indicating Licenses issued per Local Municipality issued	01 Air Quality Management report generated on the 30th June 2022	Quarterly Air Quality Management reports indicating services rendered in various towns across the 6 local municipalities in the district	Quarterly Air Quality Management reports indicating services rendered in various towns across the 6 local municipalities in the district		Partially Achieved	This target is dependent on received applications from external stakeholders.	Target must be removed from the SDBIP	25
		Waste management monitoring	Number of environmental services reports with specific focus on waste management activities performed in various areas across the 6 local municipalities in the district on the 30 June 2022.	OPEX	Q	MHS06	New	4 Quarterly Environmental services reports per Local Municipality	01 Environmental services report Submitted	No Environmental services report Submitted	1 Quarterly Environmental services report per Local Municipality	1 Quarterly Environmental services report per Local Municipality	03 Quarterly Environmental Services reports with specific focus on waste management activities performed in 3 local municipalities in the district on the 30th June 2022	Quarterly Environmental services reports with specific focus on waste management activities performed in various areas across the 6 local municipalities in the district.	Quarterly Environmental services reports with specific focus on waste management activities performed in various areas across the 6 local municipalities in the district.		Partially Achieved	Only One report can be generated per municipality per quarter, and for the two remaining quarters no reports were received as the reports were not done centrally due to no availability of local partners	Quarterly environmental services will be coordinated through the district forum.	26
		Waste management campaigns	Number of Reports on waste management awareness campaigns conducted in various areas across the 6 local municipalities in the district on the 30 June 2022..	OPEX	Q	MHS07	New	4 Quarterly reports on waste management awareness campaigns conducted per Local Municipality	01 waste management awareness campaign conducted	NO waste management awareness campaign conducted	0 Quarterly report on waste management awareness campaign conducted	No Quarterly report on waste management awareness campaign conducted	01 Quarterly report on waste management awareness campaign conducted in various areas across the 3 local municipalities in the district	Quarterly reports on waste management awareness campaigns conducted in various areas across the 6 local municipalities in the district	Quarterly reports on waste management awareness campaigns conducted in various areas across the 6 local municipalities in the district		Partially Achieved	Programmes were halted due to LG elections, most local municipality were no longer participating in the planning meetings. Limited financial resources also impacted on future programmes	Programmes will henceforth be coordinated through District IGR forums to secure greater participation of stakeholders and mitigate against lack of resources	27
	COVID-19 CHAMPIONS																		
	To improve the municipal emergency services (Covid-19) operations.	Rapid response to COVID-19	Number of Public Awareness Campaigns on COVID-19 conducted on the 30th June 2022	OPEX	M	MC 001	6 Awareness Programmes	12 Public Awareness Campaigns on COVID-19 to be conducted on the 30th June 2022	3 Awareness Campaigns	3 Awareness Campaigns	3 Awareness Campaigns	3 Awareness Campaigns	12 Public Awareness Campaigns on COVID-19 conducted on the 30th June 2022	Reports & Images	Reports & Images		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	28
		To hold quarterly committee meetings	Number of Covid-19 Committee meetings held on the 30th June 2022	OPEX	Q	MC 003	New	4 Covid-19 Committee meetings to be held on the 30th June 2022	No meetings held	No meetings	1 Committee meeting held	03 Committee meeting	04 Covid-19 Committee meetings held on the 30th June 2022	Invitation, Attendance Register & Approved signed Minutes of Meeting	Invitation, Attendance Register & Approved signed Minutes of Meeting		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	29
	To provide a comprehensive Municipal Health and Environmental Management Service to the Community of Thabo Mofutsanyana District Municipality	Establishment of District Crematorium Centre	Establishment of District Crematorium on the 30th June 2022	R2.500.000	Y	MC 002	Not Realised	Establishment of the District Crematorium on the 30th June 2021	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	No Crematorium Established	District Crematorium was not established on the 30th June 2022	Reports & Images	Not applicable because this indicator is not Achieved		Not Achieved	The establishment of crematorium couldn't realized due to unavailability of funds	The project will only be achieved once the budget is sourced - but it will be removed from SDBIP until funds are sourced	30
	Transversal Issues																		
	HIV/AIDS Programmes																		
		To develop, coordinate and implement a coordinated and coherent Health, HIV/AIDS programme in line with National and Provincial Strategic plans	Number of District AIDS Council Sittings done with Local Municipalities on the 30th June 2022	R 100.000	Q	HAP 01	New	04 District AIDS Council Sittings to be held on the 30th June 2022	No DAC sitting	No report submitted	District Aids Council did not sit	District Aids Council did not sit	0 District AIDS Council sittings done with locals on the 30th June 2022	Invitation, Attendance Register & Approved signed Minutes of Meeting	Not applicable because this indicator is not Achieved		Not Achieved	PCA asked all the DAC establishment be done after July when the Provincial High Plannery had sited	the sitting will be done in the next financial year	31
			Number of Trainings of Working Group Team on their NSP framework held on the 31st July 2021		Q	HAP 02	New	1 Training session of Working Group Team on their NSP framework held on the 31st July 2021	No training was held	Not targeted for this quarter	Not applicable because this indicator is not targeted for this quarter	Not targeted for this quarter	0 Training session of working group team on their NSP Framework held on the 31 July 2021	Report; Attendance Register and Invitation	Not applicable because this indicator is not Achieved		Not Achieved	The NSP Framework had not been formulated by end of financial year.	workshops will be held in the next financial year, once Policy is approved.	32
			Number of Community Outreach Programmes with DOH and DSD Conducted on the 30th September 2021		Q	HAP 03	New	03 Community Outreach programmes to be conducted on the 30th September 2021	No Community Outreach was Conducted	Not targeted for this quarter	Not applicable because this indicator is not targeted for this quarter	Not targeted for this quarter	0 Community outreach programme with DOH and DSD conducted on the 30th September 2021	Report; Attendance Register, Invitation and Photos	Not applicable because this indicator is not Achieved		Not Achieved	DOH could not come back to us with a date	workshops will be held in the next financial year, once Policy is approved.	33
			Number of Meetings with Traditional Leaders and Healers held on the 30th June 2022.		Q	HAP 06	New	02 Meetings with Traditional Leaders and Healers to be held on the 30th June 2022	No Meeting with Traditional Leaders and Healers was held	No report submitted	Meetings with Traditional Leaders and healers on the 20th March 2022	Not targeted for this quarter	0 Meeting with Traditional Leaders and Healers held on the 30th June 2022	Invitation, Attendance Register & Signed Report of Meeting	Not applicable because this indicator is not Achieved		Not Achieved	Traditional leaders were not available, they had other engagements	meeting will be held in the next financial year, once Policy is approved.	34
			Number of Training sessions of all Stakeholders conducted on the 30th June 2022		Q	HAP 07	New	02 Training sessions for all Stakeholders to be conducted on the 30th June 2022	No Training of all Stakeholders held	No report submitted	Training of all stakeholders was not held	01 Training for all Stakeholders	01 Training sessions of all Stakeholders held on the 30th June 2022	Report; Attendance Register & Invitation	Report; Attendance Register & Invitation		Partially Achieved	Other stakeholders had different commitments	training will be held in the next financial year, once Policy is approved.	35

			District AIDS Day celebration held on the 30th Dec 2021		Y	HAP 08	New	AIDS Day celebration held on the30th Dec 2021	Not targeted for this quarter	No report submitted	Not applicable because this indicator is not targeted for this quarter	Not targeted for this quarter	District AIDS Day celebration was not held 1st December 2021	Invitation, Photos , Signed Reports and attendance register	Not applicable because this indicator is not Achieved		Not Achieved	No officials were on the office on that day	celebration will be held in the next financial year, once Policy is approved.	36
			Gender & Disability Programmes																
	Corporate Governance, Good Governance and Community Participation	Promote Public Participation of Women, Children and People living with Disabilities	Number of awareness campaigns conducted for old aged people and people with disability on the 31st December 2021	R 150,000	Y	GDP 01	1.Awareness campaign	4 Awareness campaigns to be conducted on the 31st December 2021	Awareness campaign not held	No report submitted	0 Awareness Campaign	No Awareness Campaigns were held	0 Awareness campaign conducted for old aged people and people with disability on the 31st December 2021	Attendance Register & Pictures	Not applicable because this indicator is not Achieved		Not Achieved	Bad weather condition on the day of the campaign	Campaign will be held in the next financial year, once Policy is approved.	37
			Number of Empowerment dialogues for men and boy child conducted on the 30th June 2022		Y	GDP 02	New	4 Empowerment Dialogues to be conducted on the 30th June 2022	Dialogue not held	No report submitted	Not applicable because this indicator is not targeted for this quarter	1 Dialogue dialogues for men and boy child was conducted	01 Empowerment dialogues for men and boy child conducted on the 30th June 2022	Attendance Register, Report & Pictures	Attendance Register, Report & Pictures		Partially Achieved	Some of the boy child were not available because of covid 19 cases	Empowerment dialogue will be held in the next financial year, once Policy is approved.	38
			Number of Gender and Disability District Forum Held on the 30th June 2022		Y	GDP 03	2 Fora	03 Gender and Disability District Forum to be held on the 30th June 2022	Not targeted for this quarter	No report submitted	Not applicable because this indicator is not targeted for this quarter	No District Gender & Disability Fora were held	0 Gender and Disability district fora held on the 30th June 2022	Invitation; Attendance Register& Minutes	Not applicable because this indicator is not Achieved		Not Achieved	Complications with venue booking (double bookings)	District forum will be held in the next financial year, once Policy is approved.	39
			Number of GBV workshop conducted for children and women on the 30th June 2022		Y	GDP 04	New	4 GBV workshops to be conducted for children and women on the 30th June 2022	Workshop not held	No report submitted	Not applicable because this indicator is not targeted for this quarter	01 Workshop was held	01 GBV Workshop conducted for children and women held on the 30th June 2022	Invitation, Agenda, Attendance Register	Invitation, Agenda, Attendance Register		Partially Achieved	Bad weather condition on the last day of the workshop	Workshop will be held in the next financial year, once Policy is approved.	40
			Youth Development Programmes																
		Alignment of programmes for all Youth Development Officers in the District Youth Forums	Number of district Youth Development Officers Fora held on the 30th June 2022	Opex	Q	YDP 01	Not Realised	04 district Youth Development Officers Fora to be held on the 30th June 2022	NO Meeting was held	No report submitted	2 District Youth Development officers Meetings held	No Meeting held	2 District Youth Development Officers fora held on the 30th June 2022	Invitation, Agenda, Attendance Register & Signed Minutes of Meetings	Not applicable because this indicator is not Achieved		Partially Achieved	Other YDO's did not RSVP to the invite, meeting could not form a quorum	meeting will be held in the next financial year, once Policy is approved.	41
		Youth Enterprise Development	Assisting Youth SMMEs with start up capacity on the 30th June 2022	R 67,433	Y	YDP 02	Not Realised	Financial Assistance for Youth SMMEs on the 30th June 2022	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Youth SMMEs were not Assisted Financially	Financial assistance for Youth SMMEs was not done on the 30th June 2022	Comprehensive Report, List of Youth SMMEs assisted, Photos	Not applicable because this indicator is not Achieved		Not Achieved	Due to restrictions of Procurement Regulations by Minister of finance the KPI was reviewed	The assistance of youth SMMEs will be realized next financial year as the minister of finance has given approval to continue with the procurement processed.	42
		Ensuring that Young people register and remain in schools	Number of Back to school Campaigns conducted on the 31st March 2022	R 111,438	Y	YDP 03	Not Realised	6 Back to school Campaigns to be conducted on the 31st March 2022	Not targeted for this quarter	Not targeted for this quarter	5 Back to school Campaigns were conducted in March	Not targeted for this quarter	5 Back to school campaigns conducted on the 31st March 2022	Attendance Register , Photos and Report	Photos		Partially Achieved	The school did not respond to district's request to visit their school .	More Campaigns will be conducted in the ensuing financial year	43
		Youth Development Roadshows	Number of awareness campaigns conducted on the 30th June		Q	YDP 04	New	4 awareness campaigns to be conducted on the 30th June	Awareness campaign not held	No report submitted	Not targeted for this quarter	1 awareness campaigns conducted on the 16 June 2022	01 awareness campaign conducted on the 16th June 2022 .	Attendance Register , Photos and Report	Attendance Register , Photos and Report		Partially Achieved	The school did not respond to district's request to visit their school .	Awareness campaigns will be held in the next financial year, once Policy is approved.	44
			Number of career exhibitions conducted on the 30th June 2022		Y	YDP 06	New	1 Career exhibition to be conducted on the 30th June 2022	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Career exhibition was not conducted	0 Career exhibition conducted on the 30th June 2022	Invitation, Agenda, Attendance Register & report	Not applicable because this indicator is not Achieved		Not Achieved	There was no handover done nor any file for update or progress report on the planned exhibition	Career Expo to be done in the first quarter of the next financial year.	45
			Number of Youth Parliament conducted on the 30th June 2022	R 129,164	Y	YDP 05	New	1 Youth parliament to be conducted on the 30th June 2022	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	01 Youth parliament conducted on the 30th June 2022	01 Youth parliament conducted on the 30th June 2022	Attendance Register , Photos and Report	Attendance Register , Photos and Report		Achieved	Not applicable because this indicator is Achieved	Not applicable because this indicator is Achieved	46
		Mainstreaming youth Owned SMMEs in Agricultural Sector	Number of Youth Development Workshops hosted on the 30th June 2022		Y	YDP 07	New	1 Youth Development Workshop to be hosted on the 30th June 2022	Workshop not held	Not targeted for this quarter	Not targeted for this quarter	01 Youth Development Workshop hosted on the 30th June 2022	01 Youth Development Workshop hosted on the 30th June 2022	Attendance Register, Proof of Payment, Report & Pictures	Attendance Register, Report & Pictures		Partially Achieved	Bad weather conditions(rainy) on the day of the event .	Workshop will be held in the next financial year, once Policy is approved.	47
KPA 2 : LOCAL ECONOMIC DEVELOPMENT																			
			Local Economic Development & Tourism																
			Local Economic Development & Tourism																
	SMMEs Development	PROCUREMENT OF EQUIPMENT (as per needs of smmes)	Procurement of tools of trade for SMMEs on the 30th June 2022	R 500 000	Y	LED 01	Not Realised	Procurement of tools of trade for SMMEs on the 30th June 2022	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Procurement of tools was not done	Procurement of tools of trade foe SMMEs was not done on the 30th June 2022	Report, Acknowledgment of goods by the beneficiary & photos	Memo requesting Procurement Processes		Partially Achieved	The intended KPI couldn't realized due to restrictions of Procurement Regulations by Minister of finance	The procurement of tools will be realized in the next financial Year, and procurement will be done on quarterly basis	48
			Review of District LED Strategy on the 30th June 2022	R 500 000	Y	LED 02	New	Review of District LED Strategy on the 30th June 2022	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	LED Strategy not Reviewed	Review of LED Strategy was not done on the 30th June 2022	Copy of reviewed LED Strategy	Not applicable because this indicator is not Achieved		Not Achieved	The intended KPI couldn't realized due to unavailability of funds	The review of LED Strategy will be realized in the next financial Year through support of CDGTA	49
			Tourism																
	MARKETING & PROMOTION	Printing of Accommodation and Tourism Destination Guide	Update database of accommodation and tourism destination guide with contact details on the 30th June 2022 .	opex	Y	TRSM 01	New	Updating database on the 30th June 2022 .	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Data base updated	Database of accommodation and tourism destination guide with contact details was updated on the 30th June 2022 .	Printed Booklet	Printed Booklet on updates about Eagle route		Achieved	Not applicable because this indicator is Achieved	Not applicable because this indicator is Achieved	50
		Assessment & Quality Assurance	Grade facilities fates as per hospitality rates on the 30th June 2022.	opex	Y	TRSM 02	New	Grading facilities on the 30th June 2022.	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Facilities not Graded	Facilities were not graded, they were only capacitated with quality assurance	Assessment forms & Report	Grading workshop information & Attendance Register		Partially Achieved	Target is dependent on Grading SA to be fully achieved .	Target will be removed in the SDBIP since it is nor in full control of the municipality	51
	Tourism Development	Capacity Building	Train Tour Operators about Tourism packages on the 31st March 2022	opex	Y	TRSM 03	New	Train Tour Operators about Tourism packages on the 31st March 2022	Not targeted for this quarter	Not targeted for this quarter	Tour operators were trained about Tourism packages	Not targeted for this quarter	Tour operators were trained about Tourism packages on the 10th November 2021	Tourism Training Manuals packages	Tourism Training Manuals packages & Report		Achieved	Not applicable because this indicator is Achieved	Not applicable because this indicator is Achieved	52
		Destination Development	Erect signage in tourism attraction areas on the 31st March 2022	opex	Y	TRSM 04	New	Erect signage in tourism attraction areas on the 31st March 2022	Not targeted for this quarter	Not targeted for this quarter	Signage was not erected in tourism attraction areas on the 31st March 2022	Not targeted for this quarter	Signage was not erected in tourism attraction areas on the 31st March 2022	Pictures of Signage in tourism attraction areas	Pictures of Signage in tourism attraction areas		Achieved	Not applicable because this indicator is Achieved	Not applicable because this indicator is Achieved	53
		Destination Development	Profiling tourism attraction areas on the 31st March 2022	opex	Y	TRSM 05	New	Profiling tourism attraction areas on the 31st March 2022	Not targeted for this quarter	Not targeted for this quarter	Profiling of Tourism attraction areas was on May 2022 done	Not targeted for this quarter	Profiling of Tourism attraction areas was done on the 24th May 2022	Visible signage, preserve tourism destination	Visible signage, preserve tourism destination		Achieved	Not applicable because this indicator is Achieved	Not applicable because this indicator is Achieved	54
			Agriculture																
LOCAL ECONOMIC DEVELOPMENT	Create an Enabling Environment for Agri-Economic Growth & Development	Farmer Support Programme	Number of Farmers assisted with Tools of trade (Rural Community Support) on the 30th June 2022	R 534,028	Q	AGR 01	8 Rural Community Members were Assisted	Assisting 6 Farmers on the 30th June 2022	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Farmers were not Assisted with tools of trade	Farmers were not Assisted with tools of trade on the 30th June 2022	Submission request to Municipal Manager ,Proof of Purchase, Deed of Donation and Pictures	Submission request to Municipal Manager		Partially Achieved	Processes were at standstill because of constitutional judgement that concerns the validity of PPPF Act of 2000	The procurement of tools will be realized in the next financial Year	55
		Agricultural Exhibitions / Shows	Sending 13 farmers to NAMPO Day on the 30th June 2022	Opex	Y	AGR 02	farmers were not send to NAMPO	Sending 13 farmers to Nampo Day on the 30th June 2022	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	26 Farmers were send on the 22 May 2022	26 Farmers were sent Farmers NAMPO Day on the 22nd May 2022	Signed Report, attendance Register or virtual attendance register and Photos	Signed Report , attendance Register and Photos		Achieved	Not applicable because this indicator is Achieved	Not applicable because this indicator is Achieved	56
			Sending 13 farmers to an Established Fresh Produce Market on the 31st March 2022	Opex	Y	AGR 03	New	Sending farmers to an Established Fresh Produce Market on the 31st March 2022	Not targeted for this quarter	Not targeted for this quarter	farmers were send to an Established Fresh Produce Market on the 31 March 2022	Not targeted for this quarter	farmers were sent to an Established Fresh Produce Market on the 31st March 2022	Signed Report, attendance Register or virtual attendance register and Photos	Signed Report , attendance Register and Photos		Achieved	Not applicable because the indicator is achieved	Not applicable because the indicator is achieved	57
			Sending 13 farmers to Alfa workshop on the 30 Sep 2021	Opex	Y	AGR 04	farmers /learners were Send to ALFA workshop on the 30 Sep 2019	13 farmers sent to Alfa workshop on 30 Sep 2021	Farmers were not send to NAMPO	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Farmers were not Alfa workshop on 30 Sep 2021	Signed Report, attendance Register or virtual attendance register and Photos	Request Memo And E-mail canceling the workshop.(Attached an email from the event organiser.)		Partially Achieved	The municipality won't afford farmers an opportunity this year to attend Alfa Show (African Livestock Trade Fair) due to terrible effects of the pandemic.	The municipality would realise the target in 2022. The organiser anticipates the next show to be held in September 2022 in Bothaville.	58

		To Ensure Capacity Building of emerging farmers	Number of Emerging farmers trained on the following : Animal Health , Piggery Production , Poultry Production , Animal Nutrition and Vegetable Production on the 30th June 2022	R50.000	Q	AGR 05	30 Emerging farme... were trained on the 30 June 2020	...nerging farmers ...d on Animal Health , ...ery Production , Poultry Production , Animal Nutrition and Vegetable Production on the 30th June 2022	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	120 Youth farmers were trained on Piggery Production , Poultry Production and Vegetable Production on the 30 June 2022	120 Youth Emerging farmers were trained on Piggery Production , Poultry Production and Vegetable Production on the 30th June 2022	Signed Report , attendance Register and Photos	Signed Report , attendance Register and Photos		Achieved	Not applicable because this indicator is Achieved	Not applicable because this indicator is Achieved	59
		Poverty Alleviation And Job Creation																		
	Identify Projects that Create Jobs and Benefit the Community	To create jobs through Various Programmes and Projects	Number of Jobs to be created through EPWP Incentive Grant on the 30th June 2022	R5,548,000	Q	PA&JC 01	82 EPWP Participants were employed	200 EPWP Participants will be employed on the 30th June 2022	83 EPWP Employees	Not targeted for this quarter	162 EPWP Employees	Not targeted for this quarter	245 EPWP Employees were employed on the 30th June 2022	All Signed employment Contracts	Signed employment Contracts		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	60
			Monthly Expenditure Reports on EPWP Incentive Grant sent to Public Works on the 10th of every month.	Opex	M	PA&JC 02	09 Monthly Expenditure Reports on EPWP Incentive Grant	12 Monthly Expenditure Reports on EPWP Incentive Grant	3 Monthly Expenditure Reports	3 Monthly Expenditure Reports	3 Monthly Expenditure Reports	3 Monthly Expenditure Reports were sent to Public Works very month	12 Monthly Expenditure Reports on EPWP Incentive Grant sent to Public works on the 10th of every month.	Signed Monthly Reports	Signed Monthly Reports		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	61
KPA 3: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT																				
	CORPORATE SERVICES																			
		Corporate Support																		
	Create a Responsive and Accountable Administration	To support council and its committees	Submission of items from all departments to MM for Council Agenda 5 days before the Council meeting on the 30 June 2022	Opex	Q	CS 01	08 Days	Submission to MM 5 Days before the Council meeting	5 Days before Council Meeting	10 Days before Council Meeting	08 Days before Council Meeting	08 Days before the Council meeting	07 Days before Council Meeting Items from all departments were submitted to MM	Distribution List	Distribution List		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	62
			Distribution of Agenda to Council Members 2 Days before the Council meeting on the 30 June 2022	Opex	Q	CS 02	05 Days	Distribution of Agenda 2 Days Before the Council Meeting	2 Days Before the Council Meeting	03 Days Before the Council Meeting	01 Day before the Council meeting	03 Days before the Council meeting	Council Agendas were distributed within 02 Days Before the Council Meetings	Distribution List	Distribution List		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	63
			Submission of items to the Executive Mayor for MAYCO Agenda 5 days before the MAYCO meeting on the 30 June 2022	Opex	Q	CS 03	06 Days	Submission of Items to Ex-Mayor 5 Days before MAYCO Meeting	9 Days before MAYCO Meeting	MAYCO Meetings not held	06 Days before MAYCO Meeting	08 Days before MAYCO Meeting	07 Days before MAYCO Meetings items were submitted to Ex-Mayor	Distribution List	Distribution List		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	64
			Distribution of Mayco Agenda to secretaries in the office of Executive Mayor 2 days before the Mayco meeting on the 30 June 2022	Opex	Q	CS 04	05 Days	Distribution of Mayco Agenda 2 Days Before the Mayco Meeting	2 Days Before the Mayco Meeting	MAYCO Meetings not held	06 Days before MAYCO Meeting	06 Days before the Mayco meeting	Mayco Meetings Agendas were delivered 04 Days Before to secretaries in the office of Executive Mayor	Distribution List	Distribution List		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	65
		HUMAN RESOURCES																		
	Maintain the institutional Capacity to implement the IDP and accompanying programmes effectively and efficiently	To Promote Sound Human Resource Management Practices	Number of HR Portfolio Committee meetings held on the 30th June 2022	Opex	Q	HR 01	06 Meetings	8 Corporate Services Portfolio Committee Meetings	01 Meeting	No Meetings were held	2 Meetings	03 Meetings	06 Meetings held on the 30th June	Invitation; Signed minutes and attendance register.	Invitation; Signed minutes and attendance register.		Partially Achieved	Invitations were sent out, but the quorum was not reached, members struggled to connect.	Members will be encouraged to connect to virtual meetings.	66
			Number of Human Resources policies reviewed on the 30th June 2022	Opex	Q	HR 02	02 HR Policies	4 Human Resource policies reviewed	1 Policy	01 Policy	1 Policy	1 Policy	04 Policies were reviewed on the 30th June 2022	Proof of submission to Council, Human Resources Policies and Council resolution	Proof of submission to Council, Human Resources Policies and Council resolution		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	67
		Review of the Municipal Organogram in order as to ensure Alignment with IDP	Review Municipal Organogram on the 31st Marce 2022	Opex	Y	HR 03	Review Municipal Organogram not done	Review Municipal Organogram on the 31st March 2022	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Municipal Organogram was re-established on 31 May 2022	Municipal Organogram was reviewed on the 31st May 2022	Signed Organogram by Municipal Manager	Signed Organogram by Municipal Manager		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	68
		To develop Workplace skills plan and annual training report	Workplace skills plan & ATR developed and submitted to LGSETA on the 30th June 2022	Opex	Y	HR 04	30-Apr-20	Workplace skills plan & ATR developed and submitted on the 30th April 2022	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	30-Apr-22	Workplace skills plan & ATR was developed and submitted on the 30th April 2022	Screen Print for submission to LGSETA	Screen Print for submission to LGSETA		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	69
			Number of employees trained on the 30th June 2022	R66.300	Y	HR 05	05 Employees trained	12 Employees to be trained	06 trainings were made to employees	06 trainings were made to employees	No Training was done	6 Employees	18 employees were trained on the 30th June 2022	Distribution List From the departments	Distribution List From the departments		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	70
		To create a safe and healthy working environment for staff, Councillors and community members.	Number of Occupational Health and Safety Committee Meetings held on the 30th June 2022	Opex	Y	HR 06	Not Realised	4 Occupational Health and Safety Committee Meetings to be held on the 30th June 2022	NO Meeting was held	No Meeting was held	No meeting held	No Meeting held	0 Occupational Health and Safety Committee Meetings held on the 30th June 2022	Invitation, Signed minutes and attendance register.	Not applicable because this indicator is not Achieved		Not Achieved	OHSA Committee was not established in terms OHSA, as a result did not function.	OHSA Committee will be re-established in terms of OHSA.	71
		To Maintain Sound Labour Relations	Employment Equity Report to be Submitted to the Department of Labour on the 15 Jan 2022	Opex	Y	HR 07	15-Jan-20	EE Report to be Submitted the Department of Labour on the 15th Jan 2022	Not targeted for this quarter	Not targeted for this quarter	Friday, January 14, 2022	Not targeted for this quarter	EE Report was Submitted on the 14 Jan 2022	Print screen for submission to Dept of Labour and EE Plan	Print screen for submission to Dept of Labour and EE Plan		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	72
			Number of LLF meetings held on the 30th June 2022	Opex	Q	HR 08	Meetings	03 LLF Meetings to be held on the 30th June 2022	NO Meeting was held	Meeting was held	No meeting held	01 Meeting	01 Meeting LLF Meetings held on the 30th June 2022	Invitation; Attendance Register and Signed Minutes of Meetings	Invitation; Attendance Register and Signed Minutes of Meetings		Partially Achieved	Availability of members in terms of the approved schedule of meetings is not strictly adhered to.	All members will be urged to adhere to the schedule of meetings.	73
	Communications																			
	Improve Access to Communication	Publicity through various Communications Tools	Number of Internal Newsletters Published on the 30 June 2022	OPEX	Y	COM 01	03 Newsletters	4 Internal Newsletters to be published on the 30th June 2022	1 Newsletters	1 Newsletter	01 Newsletter	1 Newsletter was published	04 Internal Newsletters were published on the 30th June 2022	Published Internal Newsletters	Published Internal Newsletters		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	74
			Number Communication Channels used on the 30th June 2022	OPEX	M	COM 02	15 Communication Channels Utilized	12 Communication Channels to be utilized on the 30 June 2022	3 Communication Channels	3 Communication Channels	07 Communication Channels	05 Communication Channels were used	18 Communication Channels were used on the 30th June 2022	Newspaper, Radio, TV, Online media, Social Media, Billboards, Website, Intranet, E-mails, Posters, Leaflets, Brochures, Audio Tapes, Video Tapes, Booklets, Promotional Materials, factsheets, events,	Posters; Facebook & WhatsApp		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	75
		Providing strategic leadership in local government communications	Number of District Communicators Fora Held on the 30th June 2022	OPEX	Q	COM 03	03 Fora	4 District Communicators fora to be held on the 30th June 2022	1 Forum	1 Forum	1 Forum	1 Forum was held	4 District Communicators Fora Held on the 30th June 2022	Attendance Register and Minutes of Meetings	Attendance Register and Minutes of Meetings		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	76
			Number of consultations with Local Municipalities communicators to advise them on communication issues on the 30th June 2022	OPEX	Q	COM 04	04 Consultations with Local Municipalities communicators	4 Consultations with Local Municipalities communicators for communication support on the 30 June 2022	No Consultation with Local Municipalities communicators was held	1 Consultation with Local Municipalities communicators was held	1 Consultation with Local Municipalities communicators	1 Consultation with Local Municipalities communicators was held	03 consultations with Local Municipalities communicators to advise them on communication issues were done on the 30th June 2022	Signed Report and Attendance register	Signed Report; Attendance register & Mantsopa LM Communication Strategy		Partially Achieved	There was no acting manager that's why the plan was not executed. This was the managers competency	There is a manager appointed now and she will make sure that all plans are executed.	77
			Number of Events based Communication Plans/Strategies in offering communication assistance to TMDM departmental events developed on the 30th June 2022	OPEX	Q	COM 05	04 Event based Communication Plan	Develop 4 Event based Communication Plans on the 30 June 2022	1 Event based Communication Plan	1 Event based Communication Plan	1 Communication Plan	1 Event based Communication Plan was developed	04 Events based Communication Plan were developed on the 30th June 2022	Signed Event based Communication plan / strategy	Signed Event based Communication plan / strategy		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	78
		Corporate Image Management and Brand Awareness	Number of brand promotion activities conducted on the 30th June 2022	OPEX	Q	COM 06	11 Branding, Promotions & Marketing	8 Branding, Promotion activities conducted on the 30th June 2022	5 Branding, Promotions	2 Branding, Promotions	2 Branding, Promotions	09 Branding, Promotion activities were conducted	18 Branding, Promotions activities conducted on the 2022	Pictures and Signed Report	Pictures and Signed Report		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	79
			Number of Campaign and key messaging advertorials developed on the 30th June 2022	R212,787	Q	COM 07	10 key messages advertorials	2 key messages advertorials to be developed on the 30th June 2022	Not targeted for this quarter	1 key messaging advertorial	Not targeted for this quarter	1 key messaging advertorial	02 campaign and key messaging advertorial developed on the 30th June 2022	Newspaper advertorials, broadcast advertorials	broadcasted Christmas Message from Ex-Mayor		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	80

		Provision of photographic services to TMDM departments	Number of TMDM events provided with photographic services on the 30th June 2022	OPEX	Q	COM 08	16 TMDM ev provided wi photographic servic	JDM events to be d with photographic ces on the 30th June 2022	4 TMDM events provided with photographic services	4 TMDM events provided with photographic services	3 TMDM events provided with photographic services	07 TMDM events were provided with photographic services	18 TMDM events provided with photographic services on the 30th June 2022	Requisition forms from department asking for photographic services, repor and pictures	forms from t asking for phic services, report and pictures		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	81
		Media Engagement	Monthly Media Monitoring and Analysis Report Produced 10 Days after the end of the month and be submitted to the Municipal Manager and Executive Mayor on the 30 June 2022	OPEX	Q	COM 09	21 Days after the end of the quarter	4 Quarterly Media Monitoring and Analysis report submitted to the Municipal Manager and Executive mayor 10 Days after the end of each month	08 Days after the end of the quarter	08 Quarterly Media Monitoring and Analysis report submitted to the Municipal Manager and Executive mayor	07 Days before and of the quarter	04 Days before the end of the quarter Quarterly Media Monitoring and Analysis report submitted to the Municipal Manager and Executive	03 Quarterly Media Monitoring and Analysis report produced and submitted 06 days after end of the month to the Municipal Manager and Executive mayor on the 30th June 2022	Signed Report and Submission Register	Signed Report and Submission Register		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	82
			Number of Media Statements /Advisories /Announcements/Oped/Articles released on the 30th June 2022	OPEX	Q	COM 10	4 Media Statements Released	4 Media Statements to be Released on the 30th June 2022	NO media Statement was released	1 media Statement was released	01 Media Statement	02 Media Statement were released	04 media Statement released on the 30th June 2022	Media Statements, Advisories, Articles and Announcements	Media Statements, Advisories, Articles and Announcements		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	83
			Number of Media Engagement Activities undertaken (Media House Visits, Briefing Sessions, Networking Sessions, Talk Shows, Dialogues, Media Support, Media Tours and Media Recognition Programmes) on the 30th June 2022	OPEX	Q	COM 11	04 Media engagement session held	4 Media engagement sessions held on the 30th June 2022	01 Media engagement sessions	01 Media engagement sessions	01 Media engagement sessions	01 Media engagement session was undertaken	04 Media engagement activities undertaken on the 30th June 2022	Attendance Register or Confirmation Letters and Signed Report	Attendance Register and Signed Report		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	84
												Information Technology								
	Safe IT Systems are in place	Ensure secure ICT environment	Number of IT security reports Compiled on the 30 June 2022	OPEX	M	ICT 01	06 Security Reports	12 IT Security Reports to be compiled on the 30th June 2022	NO security report Submitted	3 Security Reports	3 Security Reports	03 Security Reports were Compiled	09 ICT Security Reports were compiled on the 30th June 2022	Monthly System generated reports of Security systems(Firewall/Antivirus)	Monthly System generated reports of Security systems(Firewall/Antivirus)		Partially Achieved	Systems upgrades caused delays in reporting turnaround.	Systems upgraded to ensure reports a generated on time.	85
		Functional Disaster recovery solution	Implementation of Disaster Recovery Plan on the 30th June 2022	OPEX	Q	ICT 02	Not Realised	Implementation of Disaster Recovery Plan on the 30th June 2022	No tests was Submitted	Test Disaster recovery system	Test Disaster recovery system	Test Disaster recovery system functioned	03 Tests Disaster recovery system	System reports/ Replication Reports	System reports/ Replication Reports		Partially Achieved	Systems upgrades caused delays in reporting turnaround.	Systems upgraded to ensure reports a generated on time.	86
		Ensure Compliance with section 75 of MFMA	100% of Website Update Requests Carried out within a Day on the 30 June 2022	OPEX	M	ICT 03	100% Website Update Requests	100% Website Update Requests carried out within a day on the 30th June 2022	NO updates was submitted	0% Website Update Requests		100% Website update requests were arrived out	0% Website Update Requests carried out on the 30th June 2022	Sign Off Form	Sign Off Form		Partially Achieved	Non-submission of requests from user departments	Engaged user departments to ensure requests are submitted for uploading	87
		Ensure that IT Meetings are held	Number of ICT steering committee meetings Coordinated quarterly on the 30th June 2022	OPEX	Q	ICT 04	1 Meeting	04 ICT steering committee meetings to be coordinated quarterly on the 30th June 2022	NO Meeting was held	No Meeting was held	No meeting held	No Meeting held	0 ICT steering committee meeting conducted on the 30th June 2022	Invitation, Agenda, Attendance Register and Minutes	Not applicable because this indicator is not Achieved		Not Achieved	The unit could not finalise the reports for the committee meeting on time due to tight operational schedule.	Adequate staffing of the ICT unit will asset in ensuring the meetings convened in the ensuing year	88
												Security								
	Ensure the Effective Security Plans and Policies are adhered	Ensure timeous submission of Reports	Number Of Quarterly Sectional Reports Submitted to the MM within 10 Days After the end of the Quarter	OPEX	Q	SS 01	1 Quarterly Sectional Reports Submitted to the Municipal Manager 10 Days After the end of the Quarter	04 Quarterly Sectional Reports Submitted to the Municipal Manager 10 Days After the end of the Quarter	08 Days After the end of the Quarter	10 Days After the end of the Quarter	08 Days After the end of the Quarter	06 Days After the end of the Quarter Sectional Report was Submitted to the Municipal Manager	04 Quarterly Sectional Reports Submitted to the Municipal Manager 08 Days After the end of the Quarter	Copy of Signed Delivery Note	Copy of Signed Delivery Note		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	89
			100% reporting of Fraud and theft cases to Municipal Manager	OPEX	Q	SS 02	100% Reduction of theft and fraudulent activities	100% Reduction of theft and fraudulent activities	No Activity was submitted	No Activity was reported	No Fraud and theft cases reported	No Fraud and theft cases reported	No Activity was reported	Copy of signed Register with case number	Not applicable because this indicator is not Achieved		Not Achieved	Due to covid 19 regulations there were less movements as most staff members were working from home	Hence there were no cases Opened	90
		Ensure timeous recordings on movement of municipal assets	100% recording of Movement of Municipal assets to Municipal Manager	OPEX	Q	SS 03	Quarterly Records of Movement of Municipal assets	100% recording of Movement of Municipal assets to Municipal Manager	1 Record book	1 Record book	1 Record book	1 Record book of Movement of Municipal assets to Municipal Manager	03 Record of Movement of Municipal assets to Municipal Manager	Occurrence book and signed Report	Occurrence book and signed Report		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	91
KPA 4: MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT																				
												FINANCE								
												PAYMENTS								
		To Facilitate Payments	Payment of Creditors within 30 Days of Receipt of Invoice	OPEX	M	FIN 01	Only 97% of creditors were payed within 30 days	100% Payment of Creditors within 30 days of receipt of invoice	44% Payment of Creditors	63.92 Payment of Creditors	79% Payment of creditors	55% Payment of Creditors within 30 Days of Receipt of Invoice	60% of creditors payment were done within 30 days	Creditors Ageing Analysis Report	Creditors Ageing Analysis Report		Partially Achieved	Creditors are paid with in 30 days however the system generated age listing indicates long outstanding creditors under investigation .	Finance is currently busy with mid-year financial statements during creditors audit file workings all creditors long outstanding will be revisited and written off if no evidence exist that creditor is still owed.	92
			Preparation of Creditors Reconciliation within 10 working Days After the end of the Month	OPEX	M	FIN 02	NEW	Preparation of Creditors Reconciliation within 10 working Days After the end of the Month	No Creditors Recons were submitted	No Creditors Recons were submitted	Preparation of creditors Reconciliation was not done	No Preparation of Creditors Reconciliation done	Preparation of Creditors Reconciliation within 10 working Days After the end of the Month was not done	Preparation Date of the Recon	Not applicable because this indicator is not Achieved		Not Achieved	Creditors reconciliations are done for service providers that municipality trades with on a monthly, the is a currently a challenge getting supplier statements from creditors.	The creditors officer has identified key personnel from our creditors, that can assist finance get statements in time in order to complete reconciliations timeously	93
			Preparation of Cashbooks within 10 working Days After the end of the Month	OPEX	M	FIN 03	Preparation of Cashbooks 09 Days After the end of the Month	Preparation of Cashbooks 10 Days After the end of the Month	05 days After the end of the Month	05 days After the end of the Month	02 days After the end of the Month	07 days After the end of the quarter	Cashbooks were prepared within 03 days After the end of the Month	Last Transaction Date in the Cashbook	Last Transaction Date in the Cashbook		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	94
			Preparation of VAT Reconciliation after Submission of VAT Return within 10 working days After Submissions of Returns	OPEX	M	FIN 04	Preparation of VAT Reconciliation 08 Days After Submissions of Returns	Preparation of VAT Reconciliation 10 Days After Submissions of Returns	18 Days After Submissions of Returns	10 Days After Submissions of Returns	04 days After Submissions of Returns Reconciliation was prepared	07 days After Submissions of Returns Reconciliation was prepared	Reconciliations and reconciliations were prepared 09 Days After Submissions of Returns	Vat Return Submission Date and the Preparation of Recon	Vat Return Submission Date and the Preparation of Recon		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	95
			Submission of VAT Returns within 30 Days After the end of the Month	OPEX	M	FIN 05	Submission of VAT Returns 28 Days After the end of the Month	Submission of VAT Returns 30 Days After the end of the Month	30 Days After the end of the Month	30 Days After the end of the Month	28 Days After the end of the Month	30 Days After the end of the Month	Submission of VAT Returns done within 30 Days After the end of the Month	Submission Date (Easy File)	Submission Date (Easy File)		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	96
			Reconciliation between Payroll and General Ledger within 10 working days After the end of the Month	OPEX	M	FIN 06	Reconciliation between Payroll and General Ledger 08 Days After the end of the Month	Reconciliation between Payroll and General Ledger 10 Days After the end of the Month	06 Days After the end of the Month	09 Days After the end of the Month	06 Days After the end of the Month reconciliation between Payroll and General Ledger was prepared	08 Days After the end of the Month reconciliation between Payroll and General Ledger was prepared	Reconciliation between Payroll and General Ledger within 7 working days After the end of the Month	Preparation Date between ledger & Payroll	Preparation Date between ledger & Payroll		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	97
			Payment of salaries & allowances 25 Days After the beginning of each month	OPEX	M	FIN 07	Payment of salaries & allowances 23 Days After the beginning of each month	Payment of salaries & allowances 25 Days After the beginning of each month	23 Days After the beginning of each month	20 Days After the beginning of each month	Payment of salaries & allowances done 24 Days After the beginning of each month	Payment of salaries & allowances 22 Days After the beginning of each month was made	Payment of salaries & allowances done 22 Days After the beginning of each month	Bank Statement (Proof)	Bank Statement (Proof)		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	98
		Prepare Staff Benefits Expenditure	Prepare quarterly expenditure report on staff benefits On the 30th June 2022	OPEX	Q	FIN 08	4 expenditure report on staff benefits	Prepare quarterly 4 expenditure on staff benefits	1 expenditure on staff benefits	1 expenditure on staff benefits	1 expenditure on staff benefits	1 expenditure on staff benefits was prepared	4 quarterly expenditure report on staff benefits prepared On the 30th June 2022	Prepared Signed Report	Prepared Signed Report		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	99
												BUDGETING & REPORTING								
			Submit the Review of Budget & Tariffs Annually on 31 Jan 2022	OPEX	Y	FIN 09	31-Jan-20	Submit the Review of Budget on 31 Jan 2022	Not targeted for this quarter	Not targeted for this quarter	Reviewed Budget and Tariffs were submitted to council on the 31st January 2022	Not targeted for this quarter	Reviewed Budget and Tariffs were submitted to council on the 31st January 2022	Signed Acknowledgement and Council Resolution	Signed Acknowledgement and Council Resolution		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	100

MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT	Effectively Manage the finances of the District and Development of necessary measures for full Accountability and Reporting	To Facilitate Budgeting	Submission of income and expenditure report within 10 working days after the end of the month (Section 71 Report)	OPEX	M	FIN 10	Submission of Income and Expenditure - 10 Days after the end of the month	Submission of Income and Expenditure report 10 Days after the end of the month	10 days after the end of the month	10 days after the end of the month	10 days after the end of the month	10 days after the end of the month Income and Expenditure report was submitted	Income and Expenditure reports submitted 10 days after the end of the month	Signed Section 71 Report	on 71 Report		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	101
			Submissions of Annual Financial statement to Office of the Auditor General on the 31st August 2021	APS	Y	FIN 11	Annual Financial statement Submitted on 31 Aug 2019	Submissions of Annual Financial statement on the 31st Aug 2021	Submissions of Annual Financial statement on the 01st Sep 2021	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Annual Financial statement submitted to Auditor General on the 1st Sep 2021	Signed Receipt Form/Date Stamp on e-mail	Date Stamp on e-mail		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	102
			Compile Budget time table and submit to Council on the 31st Aug 2021	BUDGET	Y	FIN 12	Budget time table Compiled on 31 Aug 2019	Compile Budget time table and submit to Council on the 31st Aug 2021	Compile Budget time table and submit to Council on the 30 Jul 2021	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Budget time table compiled and submitted to Council on the 30th Jul 2021	Internal Mail Register & Council Resolution	Internal Mail Register & Council Resolution		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	103
			Submission of draft budget and tariffs to council for tabling on the 31st March 2022	BUDGET	Y	FIN 13	31-Mar-20	Submission of draft budget on the 31st March 2022	Not targeted for this quarter	Not targeted for this quarter	Draft Budget and Tariffs was submitted to council on the 31st March 2022	Not targeted for this quarter	Draft Budget and Tariffs submitted to council on the 31st March 2022	Draft Budget & Council Resolution	Not applicable because this indicator is not targeted for this quarter		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	104
			Submission of budget on the 31st May 2022 to council for approval	BUDGET	Y	FIN 14	31-May-20	Submission of budget on the 31st May 2022	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Submission of budget on the 31st May 2022	budget Submitted to council for approval on the 31st May 2022	Final Budget & Council Resolution	Not applicable because this indicator is not targeted for this quarter		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	105
			Number of Investments Reconciliation (Internet On Investment)prepared on the 30th June 2022	OPEX	M	FIN 15	12 Monthly reports	12 investment reports prepared on the 30th June 2022	3 Monthly Reports	3 Monthly Reports	3 Monthly Reports	3 Monthly Reports	12 Investments Reports prepared on the 30th June 2022	Signed Monthly Report	Signed Monthly Report		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	106
			Number of Grants Register (FMG;EPWP;RRAMS;EEDSM & EQUITABLE SHARE)prepared on the 30th June 2022	OPEX	M	FIN 16	12 Monthly Registers	12 grants registers prepared on the 30th June 2022	3 Monthly Registers	3 Monthly Registers	3 Monthly Registers	3 Monthly Reports	12 Grant registers prepared on the 30th June 2022	Signed Monthly Registers	Signed Monthly Registers		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	107
			Preparation of bank reconciliation within 10 working Days after end of each month	OPEX	M	FIN 17	09 Days After end of Month	10 Days after the end of the month	05 Days after the end of the month	08 Days after the end of the month	03 Days after the end of the month	07 Days after the end of the month bank reconciliation was prepared	12 Bank reconciliations prepared within 05 Days after the end of the month	Signed Reconciliation	Signed Reconciliation		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	108
												SUPPLY CHAIN MANAGEMENT							
		Procurement of Goods & Services	Monthly reporting of all tenders awarded within 10 working Days After the end of the Month	OPEX	Q	FIN 18	10 Days	Monthly report of all tenders awarded 10 Days after the end of the month	05 Days after the end of the Quarter	10 Days after the end of the Quarter	05 Days after the end of the Quarter	05 Days after the end of the Quarter	08 Days after the end of the Quarter reports of all tenders awarded were prepared	Signed Suppliers Report	Signed Suppliers Report		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	109
		Ensure Strict Internal Controls	SCM Implementation Report (Sec63(2)) on SCM Policies to the Council on the 30 June 2021	OPEX	Q	FIN 19	New	4 Quarterly report on implementation of SCM Policy.	1 Implementation on SCM Policy Quarterly Reports	SCM Policy Quarterly Reports	1 Implementation on SCM Policy Quarterly Reports	1 Quarterly Report was prepared	04 Quarterly report done on implementation of SCM Policy Reports.	Signed Quarterly report	Signed Quarterly report		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	110
			Prepare Deviation Register on the 30th June 2022	OPEX	Q	FIN 20	New	4 Register of Deviations on the 30th June 2022	1 Register of Deviations	Register of Deviations	1 Register of Deviations	1 Register of Deviations	04 Registers of Deviations prepared on the 30th June 2022	Signed Quarterly report	Signed Quarterly report		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	111
			Prepare Fruitless& Wasteful Expenditure Register on the 30th June 2022	OPEX	Q	FIN 22	New	4 Register of fruitless & wasteful Expenditure to be prepared on the 30th June 2022	1 Register of fruitless & wasteful Expenditure	Register of fruitless & wasteful Expenditure	1 Register of fruitless & wasteful Expenditure	1 Register of fruitless & wasteful Expenditure	04 Registers of fruitless & wasteful Expenditure on the 30th June2022	Signed Quarterly report	Signed Quarterly report		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	112
			Prepare Unauthorised Expenditure Register on the 30th June 2022	OPEX	Q	FIN 23	New	4 Unauthorised Expenditure register to be prepared on the 30th June 2022	1 Register of Unauthorised Expenditure	Register of Unauthorised Expenditure	1 Register of Unauthorised Expenditure	1 Register of Unauthorised Expenditure	04 Unauthorised Expenditure registers prepared on the 30th June 2022	Signed Quarterly report	Signed Quarterly report		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	113
			Review the Supply Chain Management Policy in terms of Chapter 11 of the MFMA and Submit it to Council for Approval on the 31st May 2022	OPEX	Y	FIN 24	31-May-20	Review the Supply Chain Management Policy on the 31st May 2022	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Review the Supply Chain Management Policy on 31 May 2022	Review of Supply Chain Management Policy in terms of Chapter 11 of the MFMA done and submitted to council on the 31st May 2022	Reviewed SCM Policy, Draft Annual Procurement Plan and Council resolution	SCM Policy and Council resolution		Partially Achieved	Unavailability of procurement plans from the different units.	The procurement plan will be submitted once the all Organisational departments have submitted their plans to SCM unit.	114
												ASSET MANAGEMENT							
		Ensure that all Municipal Assets are safe guarded	Monthly Asset reconciliation between the GL and the Asset Register within 10 working Days After the end of the Month	CAPEX	M	FIN 25	17 Days after the end of the month	10 Days after the end of the month	05 Days after the end of the month	07 Days after the end of the month	Reconciliation between General and Asset Ledger was prepared within 06 days after the end of the month	Reconciliation between General and Asset Ledger was prepared within 06 days after the end of the month	Monthly Asset reconciliation between the GL and the Asset Register done within w05 working Days After the end of the Month	Approval Date of the Recon	Approval Date of the Recon		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	115
			Assets verification annually on the 10th July 2021	CAPEX	Y	FIN 26	verification on 01 July 2019	Assets verification on the 10 July 2021	Assets verification on the 07 July 2021	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Assets verification done on the 07 July 2021	Signed Stocktake report	Signed Stocktake report		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	116
			100% of assets insured on the 1st October 2021	OPEX	Y	FIN 27	Assets insured on the 01 Oct 2019	Assets to be insured on the 1st October 2021	Not targeted for this quarter	Assets insured on the 01 Oct 2021	Not targeted for this quarter	Not targeted for this quarter	100% of Assets insured on the 1st Oct 2021	Signed Policy Cover Acceptance & Proof of Payment	Signed Policy Cover Acceptance		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	117
KPA 5- GOOD GOVERNANCE AND PUBLIC PARTICIPATION																			
												Internal Audit							
		Ensure that Internal Audit Charter and Coverage Plan are in place	Review and Submission of Internal Audit Charter to Audit Committee on the 30 Sep 2021	OPEX	Y	IA 01	30-Jul-19	Review and Submission of Internal Audit Charter on the 30th Sep 2021	11-Aug-21	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Review and Submission of Internal Audit Charter to Audit Committee done on the 11th Aug 2021	Reviewed Internal Audit Charter, Audit Committee minutes	Reviewed Internal Audit Charter, Audit Committee minutes		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	118
			Submission of Internal Audit Charter to Council on the 31 Oct 2021	OPEX	Y	IA 02	18-Oct-19	Submission of Internal Audit Charter on the 31st Oct 2021	Not targeted for this quarter	6-Oct-21	Not targeted for this quarter	Not targeted for this quarter	Internal Audit Charter submitted to Council on the 6th Oct 2021	Signed Submission Register and Adopted Internal Audit Charter and Council resolution	Signed Submission Register and Adopted Internal Audit Charter		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	119
			Submission of Internal Audit Coverage Plan to Audit Committee on the 30 Sep 2021	OPEX	Y	IA 03	30-Jul-19	Submission of Internal Audit Coverage Plan on the 30 Sep 2021	11-Aug-21	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Internal Audit Coverage Plan submitted to Audit Committee on the 11th Aug 2021	Approved Internal Audit plans, Audit Committee minutes	Approved Internal Audit plans, Audit Committee minutes		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	120
			Submission of Internal Audit Coverage Plan to Council on the 31st Oct 2021	OPEX	Y	IA 04	18-Oct-19	Submission of Internal Audit Coverage Plan 31 Oct 2021	Not targeted for this quarter	6-Oct-21	Not targeted for this quarter	Not targeted for this quarter	Internal Audit Coverage Plan submitted to Council on the 6th October 2021	Signed Submission Register and Adopted Internal Audit plans and Council resolutions	Signed Submission Register and Adopted Internal Audit plans		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	121
			Overall Quarterly Internal Audit Reports submitted to the Municipal Manager 25days after the end of the Quarter	OPEX	Q	IA 05	Overall Quarterly Internal Audit Reports submitted 30 days After the End of the Quarter	04 Overall draft Quarterly Internal Audit Reports submitted 25 days After the End of the Quarter	30-Jun-21	5-Nov-21	24-Jan-22	5-May-22	04 Overall Quarterly Internal Audit Reports submitted to the Municipal Manager 30 days After the end of the quarter	Signed submission register, Submitted Internal Audits Overall Reports	Signed submission register, Submitted Internal Audits Overall Reports		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	122

Good Governance and Public Participation	Corporate Governance,Good Governance and Community Participation	Review of Audit Performance Charter	Review of Audit & Performance Charter on the 30th September 2021	OPEX	Y	IA 06	30-Jul-19	ew of Audit & nance Charter on 30 Sep 2021	11-Aug-21	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Review of Audit & Performance Charter done on the 11th August 2021	Reviewed Audit & Performance Committee Charter, Audit Committee minutes	udit & Performance ittee Charter, Audit Committee minutes		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	123
			Submission of Audit & Performance Charter to Council on the 31st October 2021	OPEX	Y	IA 07	18-Oct-19	Submission of Audit & Performance Charter to Council on the 31 Oct 2021	Not targeted for this quarter	6-Oct-21	Not targeted for this quarter	Not targeted for this quarter	Audit & Performance Charter submitted to council on the 6th October 2021	Signed Submission Register	Signed Submission Register		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	124
		Audit and Performance Committee	Number of ordinary audit and performance committee meetings held on the 30th June 2022	OPEX	Q	IA 08	4 Meetings	4 Ordinary Audit and Performance Committee Meetings held on the 30th June 2022	3 Meetings	02 Meetings	1 Meeting	01 Meeting was held	07 Ordinary Audit and Performance Committee Meetings held on the 30th June 2022	Invitation; Minutes of Meetings and attendance register	Invitation; Unsigned Minutes of Meetings and attendance register		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	125
		Risk Management																		
		Ensure that Strategies and plans are in place	Review of Risk Management Committee Charter, Fraud Risk Management Plan, Risk Policy and Strategy to Risk Management Committee on the 31st May 2022	OPEX	Y	RM 01	Fraud Prevention Plan/strategy, Risk Policy and Strategy and submitted to the Risk committee on the 31st May 2019	Review of Risk Management Committee Charter, Fraud Risk Management Plan, Risk Policy and Strategy to Risk Management Committee on the 31st May 2022	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Review of Risk Management Committee Charter, Fraud Risk Management Plan, Risk Policy and Strategy to Risk Management Committee on the 31st May 2022	Review of Risk Management Committee Charter, Fraud Risk Management Plan, Risk Policy and Strategy to Risk Management Committee on the 24th May 2022	Attendance register, minutes of the Risk Management Committee	Attendance register, minutes of the Risk Management Committee		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	126
			Submission of Risk Management Committee Charter, Fraud Risk Management Plan, Risk Policy and Strategy to council for approval on 30 the June 2022	OPEX	Y	RM 02	Fraud Prevention Plan, Risk Management Policy and Strategy submitted to council on the 30th May 2019	Submission of Risk Management Committee Charter Fraud Prevention Plan, Risk Management Policy and Strategy on the 30th June 2022	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Review of Risk Management Committee Charter, Fraud Risk Management Plan, Risk Policy and Strategy to Risk Management Committee on the 31st May 2022	Submission of Risk Management Committee Charter, Fraud Risk Management Plan, Risk Policy and Strategy to council for approval done on the 30th June 2022	Council resolutions	Council resolutions & Fraud Prevention Plan, Risk Management Policy and Strategy		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	127
			Number of risk maturity Reports issued by Risk Management Committee to the Accounting Officer on the 30th June 2022	OPEX	Q	RM 03	01 Risk Maturity Report Issued	4 Risk maturity Reports issued on the 30 June 2022	NO Risk maturity Report	1 Signed Risk maturity Report	1 Signed Risk maturity Report	01 Signed Risk maturity Report was issued	3 risk maturity Reports issued by Risk Management Committee to the Accounting Officer on the 30th June 2022	Risk Maturity Reports	1. Risk Maturity report submitted to the Accounting Officer 2. Risk Maturity Report submitted to the Audit and Performance		Partially Achieved	Three of the four reports were presented to the Municipal Manager and the Audit and Performance Audit Committee	Development and presentation of the four reports to the Municipal Manager and the Audit and Performance Audit Committee as per the annual target set in the SDBIP	128
			Number of risk assessment conducted on the 30th June 2021	OPEX	Q	RM 04	01 Risk Assessment Conducted	4 Risk assessment Registers on the 30 June 2022	1 Risk assessment Register	1 Risk assessment Register	Risk assessment Register	01 Risk assessment Register was conducted	3 risk assessment conducted on the 30th June 2021	Signed off risk registers and reports submitted to council structures	Unsigned risk registers and Signed reports submitted to the Risk Management Committee		Partially Achieved	Unsigned risk registers by the departmental heads	All risk registers to be signed off by the respective heads of department once reviewed and agreed upon by risk owners and the risk manager	129
		Risk Management Committee Meetings	Number of risk management Committee Meetings Held on the 30 June 2022	OPEX	Q	RM 05	01 Meetings	4 Risk management Committee Meetings on the 30 June 2022	NO Meeting was held	01 Meeting was held	1 Meeting	01 Meeting was held	01 Risk management Committee Meetings held on the 30th June 2022	Invitation; Attendance Register & Minutes of Meetings	Attendance Register & Unsigned Minutes of Meeting		Partially Achieved	The minutes of the previous minutes are signed off by the chairperson in the next meeting.	Submission of the previous (draft) meeting to PMS unit after sign off by the chairperson of the committee	130
		IDP & PMS																		
		Make the IDP a working Document for all staff	Submission of 2021/2022 IDP Process Plan to Council on the 31stb August 2021	OPEX	Y	IP 01	31-Aug-19	Submission of 2021/2022 IDP Process Plan to Council on the 31 Aug 2021	Submission of 2021/2022 IDP Process Plan to Council on the 30 July 2021	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Submission of 2021/2022 IDP Process Plan to Council done on the 30 the July 2021	Internal Mail Register & Council Resolution	Internal Mail Register & Council Resolution		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	131
			Submission of 2020/21 Draft Annual Report to AG on the 31st Aug 2021	OPEX	Y	IP 02	31-Aug-19	Submission of 2020/21 Draft Annual Report to Auditor General on the 31st Aug 2021	Submission of 2020/21 Draft Annual Report to Auditor General on the 31st Aug 2021	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Submission of 2020/21 Draft Annual Report to Auditor General done on the 31st Aug 2021	AG Acknowledgement of Receipt	AG Acknowledgement of Receipt		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	132
			Tabling of 2020/21 Draft Annual Report to Council on the 31st Jan 2022	OPEX	Y	IP 03	31-Jan-20	Tabling of 2020/21 Draft Annual Report to Council on the 31st Jan 2022	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	2020/21 Draft Annual Report tabled to Council on the 28th Jan 2022	Copy Of draft Annual Report & Council Resolution	Copy Of draft Annual Report & Council Resolution		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	133
			Submission of 2020/21 Final Annual Report to Council for Adoption on the 31st March 2022	OPEX	Y	IP 04	31-May-20	Submission of Final 2020/21 Annual Report to council on the 31st March 2022	Not targeted for this quarter	Not targeted for this quarter	Final 2020/21 Annual Report submitted to council on the 31 Mar 2022	Not targeted for this quarter	Final 2020/21 Annual Report submitted to council on the 31st Mar 2022	Copy Of Draft IDP & Council Resolution	Copy Of Draft IDP & Council Resolution		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	134
			Tabling of 2022/23 Draft IDP to Council on the 31st March 2022	OPEX	Y	IP 05	31-May-20	Tabling of 2022/23 Draft IDP on the 31 st March 2022	Not targeted for this quarter	Not targeted for this quarter	2022/23 Draft IDP was tabled on the 31 Mar 2022	Not targeted for this quarter	2022/23 Draft IDP tabled to council on the 31st March 2022	Signed Draft IDP & Council Resolutions	Signed Draft IDP & Council Resolutions		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	135
			Signing of Final 2022/2023 SDBIP 28 Days After Adoption of the Budget	OPEX	Y	IP 06	28 Days After Budget Adoption	Signing of Final 2022/2023 SDBIP 28 Days After Budget Adoption	Not targeted for this quarter	Not targeted for this quarter	Not targeted for this quarter	Signing of Final 2022/2023 SDBIP was done 14 days After Budget Adoption	Signing of Final 2022/2023 SDBIP done 14 days After Adoption of the Budget	Signed SDBIP	Signed SDBIP		Achieved	Not applicable because the KPI is achieved	Not applicable because the KPI is achieved	136
			Number of District IDP Managers Fora Held on the 30th June 2022	OPEX	Q	IP 07	01 Forum	4 District IDP Managers Fora	1 Forum	No Forum was held	0 Forum was held	1 District IDP Managers Forum Held	02 District IDP Managers Fora held on the 30th June 2022	Invitation; Attendance Register & Minutes of Meetings	Invitation; Attendance Register		Partially Achieved	The Manager was unable to record down the meeting and at same time chaired the meetings	The IDP Coordinator will have to travel together with Manager to execute the secretarial work	137

SUBMITTED BY:	
SIGNATURE :	Acting Municipal Manager 30 June 2022

SUMMARY OF THE KEY PERFORMANCE INDICATORS		TOTALS
NUMBER OF KEY PERFORMANCE INDICATORS 2021/2022	RANGE	137
ACHIEVED KEY PERFORMANCE INDICATORS		87
PARTIALLY ACHIEVED KEY PERFORMANCE INDICATORS		29
NOT ACHIEVED KEY PERFOMANCE INDICATORS		21

CHAPTER 4

ORGANIZATIONAL DEVELOPMENT

Component A: Introduction to the municipal personnel

Employees			
Description	**2020/2021**	**2021/2022**	
	Employees No	**Employees no.**	**Vacancies no.**
Office of Municipal Manager	48(1 employed on contract)	48	8
Community Services & Local Economic Development	39	43	3
Corporate Services	24	24	2
Finance	15	15	3
Political offices	11	11	0
Infrastructure	6	6	2
FMG Inters	4	4	0
Total	147	151	18
Vacancy rate 2020/2021			
Designations	**Total approved posts No.**		**Vacancies No.**
Municipal Manager	1		0
CFO	1		0
Other S57 managers (excluding Finance posts)	3		1
Senior Management levels	5		1
Total	5		1

COMPONENT B Managing the municipal workforce

Policies

HR Policies and Plans		
Name of Policy	**Reviewed**	**Date adopted by council or comment on failure to adopt**
Capacity Building Policy for Councillors	Reviewed	31 July 2021
Travel & subsistence policy	Reviewed	31 May 2022
Code of conduct for Councillors	Reviewed	12 December 2021
Standard Rules & Orders	Reviewed	12 December 2021

Injuries, sickness and suspensions

No incidents of injury on duty during the year under review.

Number on days and costs of sick leave (excl. Injuries on duty)	Total sick leave days	Proportion of sick leave without medical certificate	Employees abusing sick leave	Total employees not in post	Average sick leave per employee	Estimated cost
152	80 per 3 year cycle	0	0	0	30 days	R1 535 749,90

Number and Period of suspension	None			
Nature of Misconduct	**Date Suspensions**	**Details of disciplinary hearing**	**Details of charge**	**Date finalized**
Abscondment	No suspension as yet	No hearing set	Not yet concluded	Not yet finalised

Performance rewards

Performance awards by Gender					
Designation	Beneficiary Profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on reward year	Proportion of beneficiaries within group
None	0	0	0	0	0

Comment on Performance Awards

COMPONENT C: Capacitating the Municipal workforce

Introduction to workforce capacity

Skills development and Training

NO.	COURSE	TOTAL NO. BENEFITED
1.	SAGE	3
2.	Asset Management Master Class	3
3.	CIGAFO	5
4.	Mscoa	3

MUNICIPAL FINANCE MANAGEMENT PROGRAM: OFFICIALS

Full Qualification

Qualification	Total No. Benefited	Institution
Moloi Richard	B-TECH BUS . ADMIN	VUT
Makhethi Diphapang	N.DIP FIN .MAN	MALUTI TVET COLLEGE
Buthelezi Lerato	N6 IN FIN .MAN	MALUTI TVET COLLEGE
Mohale Mofokeng	B-TECH(MAN .SERVICES)	UJ
Tebello Ntholeng	BCom HONOURS	UNISA
Refiloe Mokoaledi	N Dip . Internal Audit	CUT
Alice Ndlebe	Bachelor of Business A	HERRIOT WATT UNIVERSITY

Skills development and related expenditure and on the financial competency regulations

Description	Total No. of employees	Total number of officials employed	Competency assessment completed	Total number of officials	Consolidated total number of officials that meet prescribed competency levels

	employed by municipality	by municipal entity		whose performance agreement comply with Regulation 16 (regulation 14 (4)(f)	Regulation 16 (regulation 14 (4)(e4)
Minimum Competency Level Regulation 16.	**152**	**N/A**	**N/A**	**4**	**4**

Total Skills Development Expenditure - R 661 781.00

Component D: Managing the workforce expenditure

Number of employees whose salaries were increased due to their positions being upgraded

- **None**

Employees whose salary levels exceed the grade determined by job evaluation

- **None**

Employees appointed to posts not approved

- **None**

Disclosure of financial interest

- **This information is contained in the financial statement**

CHAPTER 5

Financial Performance

See Statement of Financial Performance of the Annual Financial Statements

CHAPTER 6

AUDITOR GENERAL AUDIT FINDINGS OF THE PREVIOUS YEAR

Report of the auditor-general to the Free State Legislature and the council on the Thabo Mofutsanyana District Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Thabo Mofutsanyana District Municipality set out on pages to ... , which comprise of the statement of financial position as at 30 June 2021 , the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in alt material respects, the financial position of the Thabo Mofutsanyana District Municipality as at 30 June 2021 , and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the and the Division of Revenue Act 10 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 my report.

4. 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.

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

Emphasis of matters

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

Irregular expenditure

7. As disclosed in note 31 to the financial statements, the municipality incurred irregular expenditure of R16 920 949 (2020: R24 507 042) due to non-compliance with supply chain management (SCM) requirements. In addition, the full extent of irregular expenditure is in the process of being determined.

Restatement of corresponding figures

8. As disclosed in note 41 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2021.

Material uncertainty relating to claims against the municipality

9. With reference to note 25 to the financial statements, the municipality is the defendant in various claims. The municipality is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liabilities that may result were made in the financial statements.

Material impairment

10. As disclosed in notes 4 and 5 to the financial statements, receivables from exchange transactions and receivables from non-exchange transactions were impaired by R3 526 919 (2020: R3 641 796).

Other matter

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

Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Report on the audit of the annual performance report

Introduction and scope

17. 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 key performance areas (KPAs) presented in the annual performance report. performed procedures to identify material findings but not to gather evidence to express assurance.

18. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any

disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

19. 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 KPA presented in the municipality's annual performance report for the year ended 30 June 2021 :

KPA	Pages in the annual performance report
KPA 1 — basic service delivery	

20. 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.

21 . The material findings on the usefulness and reliability of the performance information of the selected KPA are as follows:

KPA 1 — basic service delivery

Various indicators

21. was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance against targets, as reported in the annual performance report. This was due to limitations placed on the scope of my work. I was unable to confirm the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported measures taken to improve performance for the indicators listed below.

Indicator description	Planned target	Reported achievement
Financial assistance for youth business initiatives on 30th June 2021	Financial assistance for 2 youth owned businesses on 30th June 2021	Financial assistance was not done to youth owned businesses on the 30th June 2021
Number of food premises inspected	1 495 food premises inspections	1 320 food premises inspected
	Dihlabeng 350 inspections	233 inspections
	Nketoana 174 inspections	61 inspections
	Phumelela 101 inspections	92 inspections
	Maluti A Phofung 400 inspections	337 inspections
Number of milk samples taken	371 milk samples	251 milk sampled
	Dihlabeng 78 samples	49 samples
	Setsoto 84 samples	65 samples
	Mantsopa 47 samples	40 samples
	Nketoana 45 samples	25 samples
	Phumelela 44 samples	21 samples
	Maluti A Phofung 73 samples	51 samples
Number of water samples taken	434 water samples	400 water sampled
	Dihlabeng 89 samples	66 samples
	Nketoana 48 samples	40 samples
	Phumelela 48 samples	32 samples

Indicator description	Planned target	Reported achievement
	Maluti A Phofung 137 samples	136 samples
Number of childcare facilities inspected	381 childcare facilities inspections	327 childcare facilities inspections
	Dihlabeng 80 inspections	36 inspections
	Nketoana 31 inspections	21 inspections
	Phumelela 30 inspections	23 inspections
	Maluti A Phofung 150 inspections	125 inspections
Number of healthcare risk waste generations inspected	87 health care risk waste generators inspections	78 health care risk waste generators inspections
	Setsoto 22 inspections	16 inspections
	Nketoana 11 inspections	4 inspections
	Phumelela 8 inspections	6 inspections
	Maluti A Phofung 13 inspections	9 inspections

Other matters

23. I draw attention to the matters below.

Achievement of planned targets

24. Refer to the annual performance report on pages to ... for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 22 of this report.

Adjustment of material misstatements

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of KPA 1 - basic service delivery. As management

subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

26. 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.

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

Annual financial statements

28. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets,current assets, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Strategic planning and performance management

29. The service delivery and budget implantation plan for the year under review did not include monthly revenue projections by source of collection and the monthly operational and capital expenditure by vote, as required by section I of the MFMA.

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

Procurement and contract management

31. Some goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 1 7(1)(a) and (c). Similar non-compliance was also reported in the prior year.

32. Some quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.

33. Some contracts were made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by SCM regulation

34. Some contracts were awarded to providers 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.

35. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders that scored the highest points in the evaluation process as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and the 2017 preferential procurement regulation 11.

36. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by the 2017 preferential procurement regulation 5(1) and 5(3).

37. Sufficient appropriate audit evidence could not be obtained that tenders that failed to achieve the minimum qualifying score for functionality were disqualified as unacceptable tender in accordance with the 2017 preferential procurement regulations.

38. Sufficient appropriate audit evidence could not be obtained that tenders that failed to achieve the minimum qualifying score for functionality were not evaluated further in accordance with the 2017 preferential procurement regulation 5(7).

39. The performance of contractors or providers was not monitored monthly, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA.

Utilisation of conditional grants

41. Performance in respect of programmes funded by the rural road asset management system (RRAMS) grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of Dora.

Consequence management

42. Unauthorised expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA.

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

44. Some fruitless and wasteful expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Asset management

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

Expenditure management

46. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The value of R16 920 949 , as disclosed in note 31, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure.

Other information

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

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

49. 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 KPA presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

50. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

51. 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 findings on the annual performance report and the findings on compliance with legislation included in this report.

52. Leadership and management did not always oversee compliance with legislation, as instances of non-compliance with applicable legislation reported in the previous year were also identified in the current year. This was due to lack of consequence management being implemented.

53. The processes followed during the preparation and review of the annual performance report and financial statements were not adequate, resulting in material misstatements being identified in the financial statements and annual performance report. This was due to lack of consequence management being implemented.

54. The municipality did not have a proper records management system in place to maintain information that supported the reported performance information In the annual performance report and the financial statements, resulting significant delays the audit of performance information and financial statements.

Auditor

Bloemfontein

November 2021

AUDITOR-GERAL

SOUTHAFRICA

Auditing to build public confidence

Annexure -- Auditor-general's responsibility for the audit

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer

- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Thabo Mofutsanyana District Municipality to continue as a going concern. If I conclude that a material

  uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

ACTION PLAN FOR THE YEAR 01 JULY 2020 AS AT 31 JUNE 2021

THABO MOFUTSANYANA District Municipality

01. Mampoi street, Old Parliament Building, Private bag x810, Witsieshoek 9870,South Africa: +27 (58)-718 1036 : +27 (58)718 1034 mmadmin@tmdm.gov.za

OFFICE OF THE MUNICIPAL MANAGER

REPORT ON ACTION PLAN TO ADDRESS AUDIT QUERIES / MATTERS ARISING FROM THE AUDIT REPORT AND MANAGEMENT REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 30 JUNE 2021-PROGRESS REPORT AS AT 30 JUNE 2022

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION	STATUS OF THE PROGRESS BY MANAGEMENT	% ACHIEVED	VERIFICATION BY INTERNAL AUDIT
MATTERS/S RAISED BY AUDITOR GENERAL ON MANAGEMENT REPORT FOR THE YEAR 30 JUNE 2021							
	Contingent liabilities						
ISS.118	CAF 108: Contingent liability: Completeness issue part 2 CAF 146: Contingent liabilities: Valuation and accuracy issues	Management agrees with audit finding, the confirmation from attorneys was inspected and there is Civil Claim for unpaid salaries amounting to R5 497 849.50, this contingent liability has been updated on the adjusted Annual Financial Statement set.	Director: Corporate Services	30 June 2022	Management submitted adjusted AFS set on 30 November 2021 the raised exception was correctly adjusted by management	100%	Confirmed with the adjusted AFS indicating the correction of contingent liability in question. Civil claim against maluti a phofung councillors amounted to R5

							adjusted AFS NOTE 25.
ISS.103	CAF 83: Contingent liabilities - Accuracy and valuation issues	Confirmation letters were sent out to legal attorneys used by the municipality. Confirmation letters received from the Malebogo Maeyane and Sibeko Attorneys confirmed	Director: Corporate Services Director: Chief Financial Officer	30 June 2022	Management submitted adjusted AFS set on 30 November 2021 the raised exception was correctly	100%	Confirmed with the adjusted AFS related to Sibeko attorney that was noted confirmed R36 423 638 and DW Wessels and

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION	STATUS OF THE PROGRESS BY MANAGEMENT	% ACHIEVED	VERIFICATION BY INTERNAL AUDIT
		claim balance was not disclosed in the AFS in full.			adjusted by management		6 others v/s TMDM the amount was adjusted from R3 500 000 to R4 4 32 501.

ISS.106	CAF 90: Contingent liability - Completeness issues	Management agrees with audit finding, municipality prepared confirmation letters earlier however lawyers did not confirm the above-mentioned case, the contingent liability disclosure will be adjusted with this amount on confirmed by Sibeko Attorneys.	Director: Corporate Services Director: Chief Financial Officer	30 June 2022	Management submitted adjusted AFS set on 30 November 2021 the raised exception was correctly adjusted by management	100%	Confirmed with the adjusted AFS that the civil claim amounting to R150 000 was adjusted.
ISS.105	CAF 98: Contingent liability - Incorrect classification of payable as contingent liability	A provision is defined as a liability of uncertain timing or amount. In this case uncertainty as to when the amount will be paid exists, but sufficient certainty should exist about the fact that there is a liability as well as the approximate amount that would have to be paid. Municipality should disclose provision of the R921 481,40 as at, 30 June 2021 if the legal advisers of the municipality are of the opinion that the claim will be successful and the amount of R921 481,40 (or any other amount estimated as reasonable by the legal advisers) represents a reasonable estimate of the amount to be paid, the municipality should recognize a	Director: Corporate Services Director: Chief Financial Officer	30 June 2022	Management submitted adjusted AFS set on 30 November 2021 the raised exception was correctly adjusted by management	100%	Confirmed with the adjusted AFS case of Sibeko Attorney and LQ Technology adjusted R200 000 and was removed.

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION	STATUS OF PROGRESS BY MANAGEMENT	% ACHIEVED	VERIFICATION BY INTERNAL AUDIT
		provision for the reasonably estimated amount. The settlement agreement dated 6 September 2021 made in the High Court of South Africa Free State division Bloemfontein was made after the annual financial statement were submitted for audit. Municipality's legal advisers on 30 June 2021 were of the opinion that it is merely possible that the claim may be successful, but not probable, the matter was treated and disclosed as a contingent liability in terms of the definition of a contingent liability, the possible obligation arises from past events (alleged breach of contract) and the existence of an obligation will only be confirmed by the occurrence or nonoccurrence of uncertain future events (outcome of claim).					

COMM. AUDIT FINDING	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION	STATUS OF THE PROGRESS BY MANAGEMENT	% ACHIEVED	VERIFICATION BY INTERNAL AUDIT
Employee costs							

ISS.135	CAF 125: Employee related cost - acting allowance limitation	Management has secondment letter of the abo nentioned official, letter covers the financial period under review.	Chief Financial Officer Director Corporate services	30 November 2021	Management s equently submitted the requested secondment letter	100%	Confirmed with approved acting allowance letter of employee no. 47127 that was request during the audit that could not submitted.
ISS.35	CAF 30: Employee related cost: Difference between final prior year amount and corresponding amount as per current financial statements.	Prior year AFS incorrectly disclosed sitting allowance of councillors' that qualify for sitting allowance in terms of determination of upper limits of salaries, allowances and benefits of different members of councils under basic salary. These amounts should appear under remuneration of councillors, therefore sitting allowance was incorrectly mapped to basic salary line in the prior year AFS these has been correctly disclosed in the current year AFS in the period under review, management will update prior year note with this correction on the adjusted set.	Chief Financial Officer Director Corporate services	30 November 2021	Management submitted adjusted AFS set on 30 November 2021 the raised exception was correctly adjusted by management	100%	Confirmed with restatement figure of employee related costs amounting to R102 940 note 41.2 on adjusted AFS. AG only concentrated on figures face of AFS than on note.

General IT controls

ISS.31	CAF 39: ISA: Internal control deficiencies identified	Management to ensure that the IT control defic ies are addressed to ensure that they do not recur	ICT Manager Financial Accounting Manager Municipal Manager Director Corporate Services	30 June 2022	Management h implemented ICT Strategy for monitoring ICT projects. Skills Development plans were submitted for trainings identified as key for upskilling the ICT staff. Budget provision has been made to fill the vacant vacancies during 2022/2023 financial year.	90%	Confirmed with approved municipal structure and budgeted figures in the approved budget for financial year 2022-2023.

ISS.64	CAF 54: ISA: Internal control deficiencies identified with IT environment	Management to implements effective processe over the implementation of the action plan to ensure that all prior year matters are adequately addressed.	ICT Manager	30 June 2022	Management is implementing processes over the action plan thus ensuring that all prior year matters are adequately addressed. The systems have been modified to generate required user access	90%	Confirmed with progress on actions related to internal controls affecting ICT
					reports. The Disaster Recovery site has been sourced and the systems are replicating daily.		
Finance							

ISS.112	CAF 101: Disclosure - Events after reporting date disclosure (outdated).	Management have updated the disclosure as follow he impact of the 2021 Local Government Elections (LGE2021) is currently nonadjusting but will have an impact in future Annual Financial Statement in that there will possibly be changes in Leadership and Leadership Structure, inevitably to affect the enabling legislations and related regulations Donated assets, both moveable and immovable, at Kgosatsana Manapo Mopeli Water Laboratory, in Kestell) A pending disposal of equipment and other assets in the near future.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management s itted adjusted AFS set on 30 November 2021 the raised exception was correctly adjusted by management	100%	Confirmed with the adjusted AFS that evets after reporting dates (from Covid 19 evets to laboratory, election events) Note 29 on adjusted AFS
ISS.114	CAF 102: Non-compliance - Unauthorised, irregular and fruitless and wasteful expenditure write-offs	Municipal Council did not approve write-off as per MPAC recommendations without considering evidence of cost measures and cost-benefit analysis to recover expenditure. There was no instance were MPAC concluded on recovery of unauthorized expenditure.	Chief Financial Officer Financial Accounting Manager SCM Manager	31 May 2022	MPAC oversight report will serve before newly appointed MPAC and thereafter will be tabled to council. This is	95%	Confirmed with the MPAC report that the investigation for UIF&W opening balance for financial year 2020/2021 that were served

		Further-more in considering the authorization of unauthorized expenditure, council must consider the following factors: (i) Has the matter been referred to Council for a determination and decision? (ii) Has the nature, extent, grounds and value of the unauthorized expenditure been submitted to Council? (iii) Has the incident been referred to a council committee for investigation and recommendations? (iv) Has it been established whether the accounting officer or official or public office bearer that made, permitted or authorized the unauthorized expenditure acted deliberately or in a negligent or grossly negligent manner? (v) Has the accounting officer informed Council, the mayor or the executive committee that a particular decision would result in an unauthorized expenditure as per section 32(3) of the MFMA?			UIF Report for 2 2020 that was an agenda item for council meeting that was scheduled to seat in October 2021		before Council however UIF&W 2020/2021 were prepared by MPAC however the Council did not sit in October 2021, but it served before special council held in February 2022. (Awaiting Council resolution to be 100%)

		(vi) Are there good grounds shown as to why ar unauthorized expenditure should be authorized? For example: • the mayor, accounting officer or official was acting in the best interests of the municipality and the local community by making and permitting unauthorized expenditure;					

		• the mayor, accounting officer or official was acting in good faith when making and permitting unauthorized expenditure; and • the municipality has not suffered any material loss as a result of the action. In these instances, the council should authorize the unauthorized expenditure. Depending on the responses received in relation to each question, municipal councils are advised to also include the element of consequence management as part of the above consideration. In this regard, municipalities are referred to the Municipal Regulations on Financial Misconduct Procedures and Criminal					

ISS.110	CAF 105: Procurement and contract management: Tax non-compliance bid - TMDM/MM/INTERNET/01/08/2020	Management will provide evidence from tax history report extracted from CSD that will indicate the winning bidder was tax compliant status at the time of awarding the bid.	Chief Financial Officer SCM Manager	30 June 2022	Management will provide evidence from tax history report extracted from CSD that will indicate the winning bidder was tax compliant status at the time of awarding the bid.	65%	(Awaiting for tax compliant proof from CSD to move it to 100%)
ISS.116	CAF 113: Budget statement - Financial statement and budget statement differences	Management implemented effective review process for the audit adjustments of the financial statements to ensure that errors are corrected	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management submitted adjusted AFS set on 30 November 2021 the raised exception was correctly adjusted by management	100%	Confirmed with the adjusted AFS the correction of differences between budget statement and actual statement.

ISS.134	CAF 124: Segment Reporting - Presentation and disclosure omissions	Management agrees with audit finding, segmer reporting disclosure of the geographical areas in which it operates that are relevant for decision-making purposes, have been updated on the adjusted annual financial statement	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management s itted adjusted AFS set on 30 November 2021 the raised exception was correctly adjusted by management	100%	Confirmed with the adjusted AFS, segment reporting was included in accounting policy however standalone note 43 was included with detailed information.
ISS.137	CAF 126: Risk management disclosure - Disclosure inconsistencies	Management made necessary adjustments and provided the proposed adjustments to the audit team for consideration on the adjusted AFS set.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management submitted adjusted AFS set on 30 November 2021 the raised exception was correctly adjusted by management	100%	Confirmed with the adjusted AFS note 27 was adjusted with additional required information.
ISS.138	CAF 127: Programmes funded by the grant not evaluated with two months after year end	Management to implement effective controls over the monitoring and evaluation of the performance of all contractors as required by the MFMA.	Chief Financial Officer Financial Accounting Manager	30 June 2022	Management to implement effective controls over the monitoring and evaluation of the performance of all	75%	The new program will be evaluated before or 31 August 2022 as it is the matter of compliance.

					contractors as required by the MFMA within two months after the end of the financial period.		Quarter 3 completed.
ISS.136	CAF 128: Remuneration of Councillors - Overpayment of councillors	Management partially agrees with audit finding, the remuneration of councilors for the period under had difference due to a resolution that was taken by the council during the pandemic when it was resolved that council would be held virtually going forward and that 3gs be given to councilors and R300 Data amount was then deducted from councilors. Other minor differences are caused by changes in medical aid scheme options, when members add members on their options.	Chief Financial Officer Financial Accounting Manager Director Corporate Services	30 November 2021	Management from November 2021 have implemented the upper limits remunerations and other benefits as indicated on the gazette, no council resolution has for example resolved that data be provided by Municipality instead of money being paid to councilors.	100%	Confirmed with management that R300 of data was replaced with 3G provided to councillors that cause the difference, however current upper limit the full package is provided including R300, No more 3G. (Awaiting for Council resolution of 3G)
Audit Committee							

ISS.2	CAF 12: EV - Planning: Deficiencies identified with the review of the functioning of the audit committee	No evidence was obtained that the committee n bers had been appointed by the council because this information was not requested however Council minutes of July 2021 and October 2021. Alternatively, the Council resolutions can be requested from Corporate Service by Internal Audit and	Internal Audit/Audit Committee	31 March 2022	The Audit C nittee members were appointed by Council, this information was not requested however Council	100%	Confirmed with Council resolution and Appointment letters

		submitted to you before Wednesday. All Au Committee members has been appointed by Council. Performance information is a standing item of every ordinary audit and performance committee meeting therefore key performance indicators are part of performance information (Quarterly AOPOs) discussed during the meetings. Please refer to all submitted Audit and Performance Committee minutes submitted. Audit Committee reports to Council includes performance information and is also submitted to Accounting Officer.			minutes of July 2 and October 2021 and the Council resolutions are available on appointment made by Council. Performance information is a standing item of every ordinary audit and performance committee meeting therefore key performance indicators are part of performance information (Quarterly AOPOs) discussed during the meetings. Please refer to all submitted Audit and	100%	Confirmed with Audit Committee Agenda

					Performance C nittee minutes submitted. Audit Committee reports to Council includes		

					performance ir. ıation and is also submitted to Accounting Officer.		
		Audit Committee reports will be submitted to Council in the next Council meeting. The Draft Audit Committee report that will be included in the draft annual report 2019/2020 during adoption is ready and can be submitted to Auditor General. The served Audit Committee report to Council will be submitted immediately after Council meeting with Council resolution.			Audit Committee report was submitted to Council on 28 January 2022. The next Audit Committee report will be submitted to Council before end of June 2022.	95%	Confirmed with Audit Committee report submitted to Council On 28 January 2022. And second Draft Audit Committee report to be submitted in the next Council.
		Audit committee assisted in reviewing the functioning and effectiveness of information technology security and control, because the ICT General Controls for financial year 2020/2021 was not part of the approved annual coverage			Audit committee assisted in reviewing the functioning and effectiveness of information technology	100%	The ICT and Risk review audit served before Audit Committee meeting held in Quarter 2 of

		internal audit plan approved by Audit Committee. I se refer to submitted Approved detailed internal audit plans (Three year and annual coverage).			security and c ol, because the ICT General Controls for financial year 2020/2021 was not part of the approved annual		financial year end.

		Audit and Performance Committee was ...perly and timely appointed in financial year 2020-2021. All issues are discharged as per Audit and Performance Committee Charter including governance structures and processes. The Risk management, IDP & PMS together with ICT are standing invitees and part of governance structure. Please refer to all agenda on submitted Audit Committee meeting for 20202021			coverage i...ial audit plan approved by Audit Committee. Please refer to submitted Approved detailed internal audit plans (Three year and annual coverage). The ict review is now part of Internal Audit plan 20212022 and has been reviewed by Audit Committee in the first quarter. Audit and Performance Committee was properly and timely appointed in financial year 2020-2021. All issues are	100%	Confirmed with Council resolution on appointment of Audit Committee members and appointment letters, and Contracts. Confirmed with Audit Committee Agenda that

					discharged as p Audit and Performance Committee Charter including governance structures and processes.		

					The Risk n gement, IDP & PMS together with ICT are standing invitees and part of governance structure. Please refer to all agenda on submitted Audit Committee meeting for 2020-2021		
ISS.141	CAF 130: Other MFMA disclosure - Inaccurate disclosure of PAYE,UIF & SDL	Management made the necessary adjustments and provided the proposed adjustments to the audit team for consideration on the adjusted AFS set.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management submitted adjusted AFS set on 30 November 2021 the raised exception was correctly adjusted by management	100%	Confirmed with the adjusted AFS that PAYE,SDL and UIF which were adjusted from R 16 848 621 TO R18 511 746 . Note 33.

	CAF 133: Irregular expenditure: VAT disclosed as irregular expenditure CAF 137: Consequence management- Investigation for UIF reported in the prior year not conducted. CAF 138: Irregular Expenditure arising from multi- year contract not complete	Disagree with the finding. MPAC investigated ıthorized. Irregular, and fruitless & wasteful expenditure in order to determine if any person was liable for the expenditure. After the investigation done, they prepared an item to Council of 28/10/2021 on the agenda as item 12.2 as MPAC Chairperson Reports under Annexure C.	Chief Financial Officer Financial Accounting Manager SCM Manager	31 March 2022	MPAC ir igated unauthorized. Irregular, and fruitless & wasteful expenditure in order to determine if any person was liable for the expenditure.	100%	Confirmed with the MPAC report that the investigation for UIF&W opening balance for financial year 2020/2021 that were served before Council however UIF&W
		Unfortunately, the Council did not take place because it did not form quorum.			After the investigation done, they prepared an item to Council of 28/10/2021 on the agenda as item 12.2 as MPAC Chairperson Reports under Annexure C. Unfortunately, the Council did not take place because it did		2020/2021 were prepared by MPAC however the Council did not sit in October 2021, but it served before special council held in February 2022. (Awaiting Council resolution to be 100%)

					not form q um.		
ISS.32	CAF 21: EV - Asset management; VAT; Consequence management: Limitation of Scope on requested information	Management agrees with audit finding, information has been submitted to auditors	Chief Financial Officer Financial Accounting Manager	30 June 2022	Information was submitted to auditors later then the agreed upon time, this was due high volumes of requests issued at the same time	100%	Confirmed with the AG register that request was resolved however the requested information were submitted late hence turned into exception.
ISS.34	CAF 28: Limitation of Scope on requested information not submitted	Management agrees with audit finding, information has been submitted to auditors	Chief Financial Officer Financial Accounting Manager	30 June 2022	Information was submitted to auditors later then the agreed upon time, this was due high	100%	Confirmed with the AG register that request was resolved however the requested

					volumes of requests issued at the same time		information were submitted late
							hence turned into exception.
	CAF 35: Limitation of scope on requested information	Management agrees with audit finding, information has been submitted to auditors	Chief Financial Officer Financial Accounting Manager	30 June 2022	Information was submitted to auditors later then the agreed upon time, this was due high volumes of requests issued at the same time	100%	Confirmed with the AG register that request was resolved however the requested information were submitted late hence turned into exception.

	CAF 37: Consequence management: No evidence obtained that the Council approved the write off of unauthorised expenditure	Management agrees with audit finding, information been submitted to auditors Subsequently.	Chief Financial Officer Financial Accounting Manager	30 November 2021	MPAC c ight report will serve before newly appointed MPAC and thereafter will be tabled to council. This is UIF Report for 2019/2020 that was an agenda item for council meeting that was scheduled to seat in October 2021	95%	Confirmed with the MPAC report that the investigation for UIF&W opening balance for financial year 2020/2021 that were served before Council however UIF&W 2020/2021 were prepared by MPAC however the Council did not sit in October 2021, but it served before special council held in February 2022. Consequence management depend on Council.

							(Awaiting Council resolution to be 100%)

	CAF 40: Planning: No evidence that quarterly performance evaluations were done.	Management to ensure that quarterly formance evaluations are done in accordance with the set timelines as agreed upon in the signed performance agreements	Chief Financial Officer Financial Accounting Manager	30 June 2022	Management t sure that quarterly performance evaluations are done in accordance with the set timelines as agreed upon in the signed performance agreements, currently key management personnel have been attending workshops in order to ensure performance cascaded down.	50%	Confirmed that evaluations are performed once a year after adoption of Annual Report
ISS.5	CAF 41: Planning: Issues identified with performance management	Management is to implement adequate processes over the review of the performance management system processes of the municipality. Indication of the steps and actions that will be taken to rectify the instance of non-compliance matter in future will be documented and kept.	PMS IDP Manager	30 June 2022	Management is to implement adequate processes over the review of the performance management	80%	Confirmed with Manager IDP &PMS that challenges still prevails however matter elevated to Accounting Officer.

					system p sses of the municipality. Indication of		
					the steps and actions that will be taken to rectify the instance of noncompliance matter in future will be documented and kept.		
ISS.44	CAF 42: Limitation of Scope on requested information not submitted	Management agrees with audit finding, information has been submitted to auditors	Chief Financial Officer Financial Accounting Manager	30 November 2021	Information was submitted to auditors later then the agreed upon time, this was due high volumes of requests issued at the same time	100%	Confirmed with the AG register that request was resolved however the requested information were submitted late hence

							turned into exception.
ISS.46	CAF 43: IT related information: Limitation of scope - RFI 21	Management agrees with audit finding, information has been submitted to auditors	Chief Financial Officer Financial Accounting Manager ICT Manager	30 November 2021	Information was submitted to auditors later then the agreed upon time, this was due high volumes of requests issued at the same time	80%	Confirmed with the AG register that request was partially resolved however the requested information were submitted late hence turned into exception.
ISS.53	CAF 47: Irregular Expenditure: No clear direct link between the register and the amount disclosed on the financial statement	Management provided a clear irregular register with a clear indication of how it agrees to amounts disclosed in the note disclosure.	Chief Financial Officer Financial Accounting Manager SCM Manager	30 November 2021	Management provided a clear irregular register with a clear indication of how it	100%	Confirmed with schedule of breakdown of irregular expenditure amounting to
					agrees to amounts		R 7 503 450 Note 31.

					disclosed in the n disclosure.		
ISS.68	CAF 51: Limitation of Scope on requested information not submitted	Management agrees with audit finding, information has been submitted to auditors	Chief Financial Officer Financial Accounting Manager	30 November 2021	Information was submitted to auditors later then the agreed upon time, this was due high volumes of requests issued at the same time	95%	Confirmed with the AG register that request was partially resolved however the requested information were submitted late hence turned into exception.
ISS.55	CAF 56 - Fruitless and wasteful expenditure: Disciplinary steps taken not disclosed on the financial statements	Management partially agrees with auditors, disciplinary and criminal charges for unauthorised, irregular, fruitless and wasteful expenditure, If, after having followed a proper investigation, the council concludes that the political office-bearer or official responsible for making, permitting or authorising unauthorised, irregular, fruitless and wasteful expenditure did not act in good faith or committed an act of financial misconduct, then the municipality must consider instituting disciplinary action and	Chief Financial Officer Financial Accounting Manager SCM Manager	30 November 2021	Disciplinary and criminal charges for unauthorised, irregular, fruitless and wasteful expenditure, If, after having followed a proper investigation, the council concludes that the political office-bearer	90%	Confirmed with MPAC report that there were no UIF&W that has element of financial misconduct recommend by MPAC to Council.

		criminal charges against the liable person/s in terms o. ,pter 15 of the MFMA read with the Municipal Regulations on Financial Misconduct			or official re nsible for making, permitting or authorising unauthorised, irregular, fruitless and		

		Procedures and Criminal Proceedings Management will include a disclosure that after the investigations by MPAC and council resolutions, fruitless and wasteful expenditure identified cases were not referred to disciplinary board, amounts were written off and some were subjected to further investigation by Council.			wasteful expenditure did not act in good faith or committed an act of financial misconduct, then the municipality must consider instituting disciplinary action and criminal charges against the liable person/s in terms of chapter 15 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings Management will include a disclosure that after the		

					investigations by MPAC and council resolutions, fruitless and wasteful expenditure identified cases were not referred to disciplinary		

					board, amounts w written off and some were subjected to further investigation by Council.		
ISS.57	CAF 57: Irregular Expenditure: Disciplinary steps taken not disclosed on the financial statements	Management partially agrees with auditors, disciplinary and criminal charges for unauthorised, irregular, fruitless and wasteful expenditure, If, after having followed a proper investigation, the council concludes that the political office-bearer or official responsible for making, permitting or authorising unauthorised, irregular, fruitless and wasteful expenditure did not act in good faith or committed an act of financial misconduct, then the municipality must consider instituting disciplinary action and criminal charges against the liable person/s in terms of chapter 15 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings All instances of irregular expenditure must be recovered	Chief Financial Officer Financial Accounting Manager SCM Manager	30 November 2021	Disciplinary and criminal charges for unauthorised, irregular, fruitless and wasteful expenditure, If, after having followed a proper investigation, the council concludes that the political office-bearer or official responsible for making, permitting or authorising unauthorised, irregular, fruitless and wasteful	100%	Confirmed with MPAC report that there were no UIF&W that has element of financial misconduct recommend by MPAC to Council.

		from the liable official or political office-bearer, unless the expenditure is certified by the municipal council, after investigation by a council committee, as irrecoverable and written off by the council in			expenditure did not act in good faith or committed an act of financial misconduct, then the municipality must consider		

		terms of section 32(2)(b) of the MFMA. Irregular expenditure resulting from breaches of the Public Office-Bearers Act is an exception in that the irregular expenditure must be recovered from the political office bearer to whom it was paid, who might not have been responsible for making, permitting or authorising the irregular expenditure. Once it has been established who is liable for the irregular expenditure, the accounting officer must in writing request that the liable political officebearer or official pay the amount within 30 days or in reasonable installments. If the person fails to comply with the request, the matter must be recovered through the normal debt collection process of the municipality. Management will include a disclosure that after the investigations by MPAC and council resolutions, irregular expenditure identified cases were not referred to disciplinary board, amounts were written off and			instituting d...plinary action and criminal charges against the liable person/s in terms of chapter 15 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings Management will include a disclosure that after the investigations by MPAC and council resolutions, fruitless and wasteful expenditure identified cases were not referred to disciplinary		

		some were subjected to further investigation by Co .			board, a nts were written off and some were subjected to further investigation by Council.		

ISS.27	CAF 5: Planning: Limitation of scope on requested information	Management implemented effective internal cc is which ensure that requested information is submitted to the AGSA in a timely manner, and management submit the requested information to the audit team.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Information w submitted to auditors later then the agreed upon time, this was due high volumes of requests issued at the same time	100%	Confirmed with the AG register that request was resolved however the requested information were submitted late hence turned into exception.
ISS.89	CAF 64: Limitation of Scope on requested information not submitted	Management implemented effective internal controls which ensure that requested information is submitted to the AGSA in a timely manner, and management submit the requested information to the audit team.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Information was submitted to auditors later then the agreed upon time, this was due high volumes of requests issued at the same time	100%	Confirmed with the AG register that request was resolved however the requested information were submitted late hence turned into exception.

ISS.85	CAF 78: Irregular expenditure - Write-off register inaccuracies	Disagree with finding raised MPAC resolved not condone payment pending submission of valid contract or proper progress towards entering into contract with MTN, management have already terminated MTN as service provider during 2019/2020 and account is closed. There-fore there is no contract that municipality still needs to enter with the mentioned provider. Partially agree that amount raised is not irregular expenditure amount has been correctly excluded from the fruitless and wasteful	Chief Financial Officer Financial Accounting Manager	30 November 2021	MPAC resolved not to condone payment pending submission of valid contract or proper progress towards entering into contract with MTN, management have already terminated MTN as service provider during	95%	Confirmed with the MPAC report that the investigation for UIF&W opening balance for financial year 2020/2021 that were served before Council however UIF&W 2020/2021 were prepared by MPAC however the Council did not sit in October

		expenditure disclosure on the AFS. Partially agree that the was an error on the MPAC recommendation however the MPAC investigation done was on payment voucher amounting to R20 102,61 only and that the error made was on Raleneosa condoned expenditure.			2019/2020 and a unt is closed. Therefore there is no contract that municipality still needs to enter with the mentioned provider. Partially agree that amount raised is not irregular expenditure amount has been correctly excluded from the fruitless and wasteful expenditure disclosure on the AFS. Partially agree that the was an error on the MPAC recommendati on however		2021, but it served before special council held in February 2022.

					the MPAC ir. igation done was on payment voucher amounting to R20 102,61 only and that the error made was on Raleneosa		
					condoned expenditure.		

ISS.43	CAF 87 - Non-compliance: Strategic planning requirements not adhered to	Management has started with detailed steps that will be taken to rectify the matter in future to ensure that the finding does not occur in future.	All Managers	30 June 2022	Management has started with detailed steps that will be taken to rectify the matter in future to ensure that the finding does not occur in future.	60%	PMS
ISS.108 -	CAF 99: Disclosure note - Incorrect disclosure of changes in net assets statement	Management implemented adequate processes over the preparation of the adjusted financial statements. Furthermore, management made the necessary corrections on the disclosure note on the final AFS set.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management implemented adequate processes over the preparation of the adjusted financial statements. Furthermore, management made the necessary corrections on the disclosure note on the final AFS set.	100%	Confirmed with adjusted AFS statement of changes in net assets.

ISS.119	CAF 110: Internal Control Deficiency - Budget statement: The period of the approved budget is not correctly reflected on the accounting policy.	Management implemented effective process for the preparation of the financial adjusted statements to ensure that errors are detected and corrected and that the financial statements.	Chief Financial Officer Financial Accounting Manager	30 June 2022	Management implemented effective processes for the preparation of the financial adjusted statements to	100%	Confirmed with accounting policy Budget information the date of financial year was corrected from 2020 to 2021.
		Management made the necessary adjustments and provide the proposed adjustments to the audit team for consideration.			ensure that errors are detected and corrected and that the financial statements. Management made the necessary adjustments and provide the proposed adjustments to the audit team for consideration.		
Internal audit							

ISS.1	CAF 22: EV - Planning: Control deficiencies identified with the functioning of the internal audit unit	Agree with the finding that no evidence was obtain that the external quality assurance assessment was conducted by the external qualified reviewer. The process was done with the assistance of National SALGA qualified external review division, all requested information were submitted however due to unavoidable incident the process could not be finalized as at June 2021. The municipality currently has no budget available to can perform this exercise with external service provider, however National SALGA with new team will assist us this current year (2021-2022) hopefully as at 30 June 2022 the report should have been	Internal Audit Manager Municipal Manager	30 June 2022	The process wa one with the assistance of National SALGA qualified external review division, all requested information were submitted however due to unavoidable incident the process could not be finalized as at June 2021. The municipality	50%	Through telephonic conversation SALGA National promised to assist with the process immediately after 30 June 2022. The required documents are being coordinated only quarter 4 information is outstanding.

		finalised and served before management ar audit committee. Partially agree with both findings, the approved Internal Audit plans by Audit Committee which adopted by Council submitted to Auditor General do not include review of ICT and Risk management. Due to circumstance that we were operating on due to this pandemic both Internal Audit and Audit Committee did not want to plan for failure hence decided to focus on high- risk area and issues raised by Auditor General in the previous financial year ended 30 June 2020 when planning for financial year 2021. For the fact that we did not include both review of ICT and Risk Management for financial year 2020-2021, we then included both areas in the audit plan for financial year 2021-2022.			currently has no budget available to can perform this exercise with external service provider, however we are in negotiations with National SALGA new team to assist us this current year (20212022). Partially agree with both findings, the approved Internal Audit plans by Audit Committee which adopted by Council submitted to Auditor General do not include review of ICT and Risk management. Due to	100%	Confirmed with Overall Internal Audit report for quarter 1 financial year 2021-2022 that ICT and Risk Management review audit were

					circumstance tha' e were operating on due to this pandemic both Internal Audit and Audit Committee did		conducted, issued to MM and Audit Committee and the Audit Committee reported to Council.

					not want to pla r failure hence decided to focus on high- risk area and issues raised by Auditor General in the previous financial year ended 30 June 2020 when planning for financial year 2021. For the fact that we did not include both review of ICT and Risk Management for financial year 20202021, we then included both areas in the audit plan for financial year 2021-2022 and performed during first quarter of financial year 2021-2022.		

ISS.3	CAF 36: Planning: Deficiencies in the internal control environment of the municipality	Management agrees with auditors that performance management system has not been escalated to officials below section senior managers Management partially agrees with the finding, CAF 36	Chief Financial Officer Financial Accounting Manager	30 June 2022	That performance management system has not been escalated to officials below section senior	60%	Confirmed with the current action plan than management are addressing the concerns raised by AG

		contingent liabilities there are no differences between ster and AFS, these was not put at 100% because management had written confirmation letters to attorneys to confirm lasted possible litigation and not all responses were received and the finding was not put at 100% Management agrees with auditors, that giving the time when the 2020 audit ended there wasn't enough time for all relevant committees that need to resolve on the write off to deliberate over-write off of these long outstanding debts, these could not reach 100% before AFS submission date. Management partially agrees, the performance monitoring forms are attached before payments are released, management could not rectify the issue retrospectively. Management partially agrees with auditors, not all findings from internal audit were addressed, however management have addressed some of the issues.			managers CAF 36 conti]ngent liabilities there are no differences between Register and AFS, these was not put at 100% because management had written confirmation letters to attorneys to confirm lasted possible litigation and not all responses were received and the finding was not put at 100% That giving the time when the 2020 audit ended there wasn't enough		

		Management partially agrees with finding, management have initiated processes to fill the vacant post. Management agrees with audit finding, due declared national disaster due to pandemic some meetings were affected due to			time for all relevant committees that need to resolve on the write off to deliberate over-write off of these long outstanding debts, these		

		rotation and unavailability of certain key risk nmittee members			could not rea 100% before AFS submission date. The performance monitoring forms are attached before payments are released, management could not rectify the issue retrospectively . Management partially agrees with auditors, not all findings from internal audit were addressed, however management have addressed		

					some of the iss Management have initiated processes to fill the vacant post. Due declared national		

					disaster due to par nic some meetings were affected due to rotation and unavailability of certain key risk committee members		
ISS.42	CAF 38: Planning: Internal control deficiencies identified with the purchases and payables business process	Management agrees with audit finding, this issue occurs because of electrical problems that would cause municipal financial systems to be down at a time an order should be placed by SCM. When this happens the municipality issues a commitment to service providers that are awarded work. Management partially agrees with audit finding, the procurement requests are not filed with the payment vouchers, travel agency submits multiple invoices on a monthly basis. The supporting procurement requisitions and trip authorisation are filed separately in SCM unit. Payments are done	Chief Financial Officer Financial Accounting Manager	30 June 2022	Electrical problems that would cause municipal financial systems to be down at a time an order should be placed by SCM. When this happens the municipality issues a commitment to service providers that are awarded work. Procurement requests are	70%	Confirmed with the current action plan than management are addressing the concerns raised by AG.

		after a process were supply chain matches the submitte voices to supporting trip evidence.			not filed with the payment vouchers, travel agency submits multiple invoices on a monthly basis.		

					The supporting pro ement requisitions and trip authorisation are filed separately in SCM unit. Payments are done after a process were supply chain matches the submitted invoices to supporting trip evidence.		
Movable assets							

ISS.130	CAF 118: PPE_ Completeness	Management agrees with finding, regarding 01119 there are notice boards that came with the building when Municipality started using premises for its operations, these items were not originally tagged and capitalized however over the years when consultants came to do a count and tag assets these notice boards where barcoded. Management agrees with finding, 01635 is a receiver that was previous tagged as minor asset before municipality started using GRAP17, these items are incorrectly tagged and they do not meet definition criteria of property plant and equipment, current second hand markedvalue of this item is about R144.00, municipality will ensure	Chief Financial Officer Financial Accounting Manager	30 June 2022	Regarding 01 there are notice boards that came with the building when Municipality started using premises for its operations, these items were not originally tagged and capitalized however over the years when consultants came to do a count and tag assets these notice boards	75%	Confirmed with Finance Manager that the asset count will commence during May 2022 to address the issues raised.

		that barcodes are removed from items that are not as: items of GRAP.			where bar ed. 01635 is a receiver that was previous tagged as minor asset before municipality started using GRAP17, these items are incorrectly tagged and they do not meet definition criteria of property plant and equipment, current second hand marked-value of this item is about R144.00, municipality will ensure that barcodes are removed from items that are not assets items of GRAP.		

CAF 140	CAF 140: Accounting Policy - useful lives exceeding the average useful life	Management agrees with audit finding, accounting policies have been updated on the adjusted AFS	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management agrees with audit finding, accounting policies have been updated on the adjusted AFS	100%	Confirmed with adjusted AFS, accounting policy useful lives and average life span were adjusted

							according to the policy.
CAF 141	CAF 141: Disclosure: Repairs and maintenance	Management agrees with audit finding, the disclosure note has been correctly adjusted, repairs and maintenance expenditure and operating expense agrees with detailed breakdown on note 8. The repairs disclosed under PPE note 7 will be those that were done on property plant and equipment in the year under review	Chief Financial Officer Financial Accounting Manager	30 November 2021	Disclosure note has been correctly adjusted, repairs and maintenance expenditure and operating expense agrees with detailed breakdown on note 8. The repairs disclosed under PPE note 7 will be those that were done on property plant and equipment in the year under review	100%	Confirmed with adjusted AFS that repairs and maintenance note number 8 was included.

CAF 144	CAF 144: Differences between the AFS and the Fixed Asset Register	Management partially agrees with audit finding, tl pdated FAR register agrees with AFS however management agrees with auditors that the abovementioned Fixed Asset register was initially submitted to auditors before corrections were made.	Chief Financial Officer Financial Accounting Manager	30 June 2022	Updated FAR regi agrees with AFS however management agrees with auditors that the abovementioned Fixed Asset register was initially submitted to auditors before corrections were made.	100%	Confirmed with the latest submission of AFS to AG that there was no difference and AG acknowledged

CAF 145	CAF 145: Valuation of opening balance for property, plant and equipment	Management agrees with audit finding, the whole population of municipality fixed asset register will be re-visited for the 2021/2022 period, the conditions of all assets will be corrected and assets that were not verified will be investigated, and report will be tabled to council after serving in Finance Portfolio Committee and TMDM management.	Chief Financial Officer Financial Accounting Manager	30 June 2022	Whole portion of municipality fixed asset register will be re-visited for the 2021/2022 period, the conditions of all assets will be corrected and assets that were not verified will be investigated, and report will be tabled to council after serving in Finance Portfolio Committee and TMDM management.	75%	Confirmed with Finance Manager that the asset count will commence during May 2022 to address the issues raised.
Operating expenditure							

ISS.140	CAF 129: General expenditure - Incorrect classification of legal fees	Management agrees with audit finding, the whole le expense population has been revisited and the amounts raised above were the only amounts misallocated. The amounts will be correctly adjusted on the AFS	Chief Financial Officer Financial Accounting Manager	30 November 2021	Whole legal exp e population has been revisited and the amounts raised above were the only amounts misallocated. The amounts will be correctly adjusted on the AFS	95%	Confirmed with amount of R1230,26 and R36 173.52 that need to be corrected through journal in the next audit.

ISS.	CAF 135: General expenditure - classification issue	Management agrees with audit finding, the POVERT ALLEVIATION -EVENT PROMOTERS was incorrectly debited with an amount of R171 400, this amount will be debited to POVERTY ALLEVIATION TRANSPORT. Management revisited the entire Poverty Alleviation population to investigate that no other instance of misallocation occurred. Refer to attached working paper	Chief Financial Officer Financial Accounting Manager	30 November 2021	POVERTY AL' 'IATION - EVENT PROMOTERS was incorrectly debited with an amount of R171 400, this amount will be debited to POVERTY ALLEVIATION TRANSPORT. Management revisited the entire Poverty Alleviation population to investigate that no other instance of misallocation occurred. Refer to attached working paper	100%	Confirmed that the matter was resolved, Note 20 this matter has no ISS number and was supposed to be cleared.

CAF 142	CAF 142: General expenditure : Incorrect Classification	Management implemented effective processe for the preparation of the financial statements to ensure that errors are detected and corrected and that the financial statements. Management made the necessary adjustments and provide the proposed adjustments to the audit team for consideration.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management implemented effective processes for the preparation of the financial statements to ensure that errors are detected and corrected and that the financial statements. Management made the necessary adjustments and provide the proposed adjustments to the audit team for consideration.	100%	Confirmed with adjusted AFS, Note 20, classification was corrected.

ISS.149	CAF 143: General expenditure: Incorrect classification to repairs and maintenance	Management agrees with audit finding, the amount was settlement of operating lease that was in dispute between LQ Technology and the Municipality, initially municipality had raised a contingent liability. The amount has been corrected now on the adjusted AFS amount appears under operating lease financial statement line item.	Chief Financial Officer Financial Accounting Manager	30 November 2021	The amount was settlement of operating lease that was in dispute between LQ Technology and the Municipality, initially municipality had raised a contingent liability. The amount has been corrected now on the adjusted AFS amount appears under operating lease financial statement line item.	100%	Confirmed with adjusted AFS, Note 8, classification was corrected
ISS.33	CAF 25: EV - Lease rentals on operating lease: Issues identified with the presentation & disclosure	Management agrees with audit finding, the operating lease presented in the statement of financial performance for the 2020 comparative figures is R61 636 is the accurate amount,	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management submitted adjusted AFS set on 30 November 2021 the	100%	Confirmed with adjusted AFS , Note 39.

		note 39 of the financial statements the amount disclosed for the 2020 comparative figures will be correctly adjusted to disclose an amount of R61 636			rai: exception was correctly adjusted by management		
ISS.88	CAF 73: General Expenditure - Poverty Alleviation: Procurement processes not followed	Management partially agrees with audit finding, refer below for management response on each procurement awarded. Disagrees with finding SCM Reg19. Competitive bidding process was followed, and two services providers were awarded to be on a panel of transport when municipality needs transport, they request quotes from this panel only. Disagrees with finding SCM Reg18: awards made between R30 000 and R200 000 SCM process was followed where municipality advertised for 7 days on website and official notice board.	Chief Financial Officer Financial Accounting Manager	30 June 2022	Competitive bidding process was followed, and two services providers were awarded to be on a panel of transport when municipality needs transport, they request quotes from this panel only. SCM Reg18: awards made between R30 000 and R200 000 SCM process was followed where	75%	Confirmed that this matter will be submitted to MPAC as is form part of UIF&W register.

		Disagrees with finding SCM Reg19. Competitive bidding process was followed, and three services providers were awarded contract to be on a panel of event promoters when municipality need event services, they request quotes from this panel. The requests were made SCM attached written quotation requests as evidence that all three service providers were requested to			municipality advertised for 7 days on website and official notice board. SCM Reg19. Competitive bidding process was followed, and		

		quote and that only one responded.			three services prc rs were awarded contract to be on a panel of event promoters when municipality need event services, they request quotes from this panel. The requests were made SCM attached written quotation requests as evidence that all three service providers were requested to quote and that only one responded.		

ISS.91	CAF 74: General expenditure - Misclassification of expenditure items	Management partially agrees with the audit finding, ıicipality is using an MSCOA compliant system that is used to report to provincial treasury on a monthly basis in accordance with MFMA sec.71, the Municipality submits data strings of the trial balance and in line with the seven segments selected from the official standard chart of accounts treasury is able to convert the	Chief Financial Officer Financial Accounting Manager	30 November 2021	Municipality is usi ın MSCOA compliant system that is used to report to provincial treasury on a monthly basis in accordance with MFMA sec.71, the Municipality submits data	100%	Confirmed with adjusted AFS, classification of assets. Note 20.

		data strings into financial performance mation. Management however agrees to further break down the abovementioned operating expenditures into MSCOA accounts that shall disclose additional information on the nature of expense. Municipality will prepare a working paper that will link the mentioned accounts with the newly proposed general ledger accounts that will add more information on the nature of expense.			strings of the trial nce and in line with the seven segments selected from the official standard chart of accounts treasury is able to convert the data strings into financial performance information. Management however agrees to further break down the abovementioned operating expenditures into MSCOA accounts that shall disclose additional information on the nature of expense. Municipality will prepare a working paper that will link		

					the mentioned acc 's with the newly proposed general ledger accounts that will add more		
					information on the nature of expense.		

Payable							
CAF 123	CAF 123: Internal control Deficiency - Payables: Amounts incorrectly classified in the creditors age analysis	Management implemented effective processes for the preparation of the adjusted financial statements to ensure that errors are detected and corrected and that the financial statements. Management made the necessary adjustments and provide the proposed adjustments to the audit team for consideration.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management implemented effective processes for the preparation of the adjusted financial statements to ensure that errors are detected and corrected and that the financial statements. Management made the necessary adjustments and provide the proposed adjustments to the audit team for consideration.	100%	Confirmed with Creditors age analysis, periods were adjusted accordingly.

CAF 77	CAF 77: Payables - Leave provision incorrectly calculated	Management agrees with audit finding, the leave provision calculation of the whole population was revisited by management kindly find the attached supporting evidence.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Leave provision calculation of the whole population was revisited by management kindly find the attached supporting evidence.	100%	Confirmed with adjusted AFS and the working paper that the differences were adjusted according.

ISS.81	CAF 89: Accrued leave pay - Incomplete accrued leave pay provision	Management agrees with audit finding, the leav provision calculation of the whole population was revisited by management kindly find the attached supporting evidence.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Leave provision cal tion of the whole population was revisited by management kindly find the attached supporting evidence.	98%	Confirmed with recalculation made and was submitted to AG however the matter will be evaluate in the next audit as was in principle agreed to be cleared by AG.
Predetermined objectives							
ISS.49	CAF 61: AoPo: Measure taken to improve perfomance not reflected on the performance report	Management agrees with the finding and necessary adjustments on the annual performance report and corrected document together with corroborating evidence for measures taken to improve performance will be provided or submitted to AG.	IDP/PMS Manager	30 June 2022	Management agrees with the finding and necessary adjustments on the annual performance report and corrected document together with corroborating evidence for measures taken to improve performance will be provided or submitted to AG.	90%	Confirmed with adjusted APR submitted to AG with corrected section.

ISS.66	CAF 63: AoPo - Reported achievements and the POE submitted differences	Management does not agree with finding as agreed all pertinent evidence has been submitted and verified with AG on Friday 29 October 2021 Relevant adjustments have been done on the Annual Performance Report	IDP/PMS Manager	30 June 2022	Management does not agree with finding as agreed all pertinent evidence has been submitted and verified with AG on Friday 29 October 2021 Relevant adjustments have been	90%	Confirmed with adjusted APR submitted to AG with corrected section.

					done on the An Performance Report		
ISS.67	CoAF 67: AoPO: Consistency, measurability and reliability issues identified	Management agrees with the finding however all pertinent adjustments have been affected, in the Annual Performance Report	IDP/PMS Manager	30 June 2022	Management agrees with the finding however all pertinent adjustments have been affected, in the Annual Performance Report	90%	Confirmed with adjusted APR submitted to AG with corrected section.
Procurement and Contract Management							

ISS.117	CAF 106: Procurement and contract management: Tax non-compliance bid - TMDM/MM/RECOVERY/01/08/2020	CSD evidence that the winning bidder was tax compliant at the time of awarding the bid is available. Management have disclosed payments as irregular in the period under review, the full impact of the irregular expenditure from the tender is still under investigation.	Chief Financial Officer SCM Manager	30 June 2022	CSD evidence that the winning bidder was tax compliant at the time of awarding the bid is available. Management have disclosed payments as irregular in the period under review, the full impact of the irregular expenditure from the tender is still under investigation.	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.

ISS.115	CAF 107: Procurement and contract management - Deviation from SCM policy not supported	Management investigated the finding raised on ; entire population of expenditure to identify if there is similar noncompliance and have provided the audit team with the analysis the necessary disclosure for irregular expenditure on the AFS was adjusted. In cases where quotations where not submitted in time by the potential service provider(s), but only when there is documented proof that the potential service provider(s) was invited to provide the quotation and was given a clear timeframe in which to respond	Chief Financial Officer SCM Manager	30 June 2022	Management inv ated the finding raised on the entire population of expenditure to identify if there is similar noncompliance and have provided the audit team with the analysis the necessary disclosure for irregular expenditure on the AFS was adjusted. In cases where quotations where not submitted in time by the potential service provider(s),	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.

					but only when the documented proof that the potential service provider(s) was invited to provide the quotation and was given a clear timeframe in which to respond		
ISS.121	CAF 111: Contract management and Procurement - Incomplete contract register	Disagrees with the finding, a service provider was appointed but failed to deliver tools of trade for smallholder farmers as at 30 June 2021 as a result the appointment was cancelled. Disagrees with the finding, tools of trade were bought through competitive bidding and were delivered. Disagrees with the finding, a service provider was appointed but failed to deliver tools of trade for smallholder farmers as at 30	Chief Financial Officer SCM Manager	30 June 2022	A service provider was appointed but failed to deliver tools of trade for smallholder farmers as at 30 June 2021 as a result the appointment was cancelled. Tools of trade were bought through competitive	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.

		June 2021 as a result the appointment was cai ed. Disagrees with the finding, a service provider was appointed through competitive bidding to review draft district development model profile & development of district strategic plan and project register until 30 June 2021.			bidding and we elivered. A service provider was appointed but failed to deliver tools of trade for		

		Disagrees with the finding because no service provider was appointed to establish a crematorium. Disagrees with the finding, no service provider was appointed to drill, equipment and commission a borehole. Disagrees with the finding, no service provider was appointed to supply uniform. Disagrees with the finding, no service provider was appointed to lease cafeteria			smallholder farmers as at 30 June 2021 as a result the appointment was cancelled. A service provider was appointed through competitive bidding to review draft district development model profile & development of district strategic plan and project register until 30 June 2021. No service provider was appointed to establish a crematorium. No service provider was		

					appointed to dri' equipment and commission a borehole. No service provider was appointed to supply uniform.		

					Nc service provider was appointed to lease cafeteria		
	CAF 112: Contract management and Procurement - Unclear functional criteria assigned	Management disagrees with audit finding, specification criterion awarded was clear as to how the criteria applies to the acquired points, the SCM system should result in continuing improvement in affordability and value for money, based on total cost of ownership and quality of procurement as competition amongst suppliers is enhanced. In dealing with suppliers and potential suppliers, institutions should: ƒ Preserve the highest standards of honesty, integrity, impartiality and objectivity. ƒ Be fair, efficient, firm and courteous. ƒ Achieve the highest professional standards in the awarding of contracts, so as to maximize value for money while adhering to international standards.	Chief Financial Officer (Chair: BAC) SCM Manager Financial Accounting Manager (Chair BSC) Infrastructure Manager (Chair: BEC)	30 June 2022	Specification criterion awarded was clear as to how the criteria applies to the acquired points, the SCM system should result in continuing improvement in affordability and value for money, based on total cost of ownership and quality of procurement as competition amongst suppliers is enhanced. In dealing with suppliers and potential	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.

		ƒ Provide clear specifications for requirements which courage innovation and refer, where appropriate, to relevant technical and other standards. ƒ Make available as much information as suppliers need to respond to the bidding process and to define and publicize procurement contact points.			suppliers, ins ons should: ƒ Preserve the highest standards of honesty, integrity, impartiality and objectivity.		

		ƒ Manage the bidding process so that genuine con tion is preserved, and discrimination is avoided. ƒ Make available the broad criteria intended for the evaluation of bids, to evaluate bids objectively and to notify the outcome promptly. ƒ Within the bounds of commercial confidentiality, to debrief unsuccessful bidders of the outcome of the bidding process so as to facilitate better performance on future occasions. ƒ Achieve the highest professional standards in the management of contracts. ƒ Pay promptly for work done in accordance to standards as set by a legal and binding contract. ƒ Respond promptly, courteously and efficiently to suggestions, enquiries and complaints Functionality should be assessed by applying a value system is as follows, 1- Poor 2- Acceptable 3- Good			ƒ Be fair, eff t, firm and courteous. ƒ Achieve the highest professional standards in the awarding of contracts, so as to maximize value for money while adhering to international standards. ƒ Provide clear specifications for requirements which encourage innovation and refer, where appropriate, to relevant technical and other standards. ƒ Make available as much		

		4- Very Good 5- Excellent			information as sup rs need to respond to the bidding process and to define and publicize procurement contact points. ƒ Manage the		

					bidding pro s so that genuine competition is preserved, and discrimination is avoided. *f* Make available the broad criteria intended for the evaluation of bids, to evaluate bids objectively and to notify the outcome promptly. *f* Within the bounds of commercial confidentiality, to debrief unsuccessful bidders of the outcome of the bidding process so as to facilitate better performance on future occasions.		

					ƒ Achieve the hig professional standards in the management of contracts. ƒ Pay promptly for work done in		

					accordance to standards as set by a legal and binding contract. *f* Respond promptly, courteously and efficiently to suggestions, enquiries and complaints Functionality should be assessed by applying a value system is as follows, 1- Poor 2- Acceptable 3- Good 4- Very Good 5- Excellent		

	CAF 115 - Procurement and contract management: Deviations not disclosed in the annual financial statements	Management Partially agrees with audit finding, annual financial statement will be updated with the whole deviation population that were recorded for 2020/2021 financial period. Please refer to the quarter deviation register electronic copies	Chief Financial Officer Financial Accounting Manager	30 November 2021	The annual fin al statement will be updated with the whole deviation population that were recorded for 2020/2021 financial period. Please refer to the quarter deviation register electronic copies	100%	Confirmed with adjusted AFS Deviations were not disclosed however it was corrected and disclosed in note 42.

	CAF 116: Procurement: Tax issues on TMDM/CORP/EVENT/01/07 /2020 - Panel of Events management	At the time of awarding bids, Batho Batsho Bakopane and Mngomezulu Transport were tax compliant.	Chief Financial Officer SCM Manager Financial Accounting Manager	30 November 2021	At the time of awarding bids, Batho Batsho Bakopane and Mngomezulu Transport were tax compliant	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.

	CAF 117 SCM: Performance of the contractor or service provider is not monitored on a monthly basis	Management is busy with processes that will sure that effective controls are adequately designed and monitored on contracts, performance of the contractor or service provider is being monitored on monthly basis.	Chief Financial Officer SCM Manager All Managers	30 June 2022	Management is sy with processes that will ensure that effective controls are adequately designed and monitored on contracts, performance of the contractor or service provider is being monitored on monthly basis.	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.
ISS.127	CAF 119 - Adjudication Issues with bid TMDM/CORP/STAT/01/07/2020	Management disagrees with the finding. In terms of Supply Chain Management Regulations, regulations 29 states that "(1) A bid adjudication committee must— (a) consider the report and recommendations of the bid evaluation committee; and (b) either—	Chief Financial Officer (Chairperson: BAC) Infrastructure Manager (Chairperson: BEC) Financial Accounting Manager (Chairperson: BSC)	30 June 2022	In terms of Supply Chain Management Regulations, regulations 29 states that "(1) A bid adjudication committee must— (a) consider the report and recommendati	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.

		(ii) make another recommendation the accounting officer how to proceed with the relevant procurement. SCM Regulation 29 goes further "(5) states (a) If a bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid— (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears; and (ii) notify the accounting officer. In the case of Mohau distributors, the service provider did not provide municipal rates instead attached the proof of residential address as a result was disqualified. (b) The accounting officer may— (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid			ons of the bid ev: tion committee; and (b) either— (ii) make another recommendati on to the accounting officer how to proceed with the relevant procurement. SCM Regulation 29 goes further "(5) states (a) If a bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid—		

	CAF 120 - Bid awarded to bidder not recommended by the BEC	Management disagrees with the finding. In terms of ( )ly Chain Management Regulations, regulations 29 states that "(1) A bid adjudication committee must— (a) consider the report and recommendations of the bid evaluation committee; and (b) either—	Chief Financial Officer (Chairperson: BAC) Infrastructure Manager (Chairperson: BEC) Financial Accounting Manager (Chairperson: BSC)	30 June 2022	In terms of Su Chain Management Regulations, regulations 29 states that "(1) A bid adjudication committee must—	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.

					bid adjudication cor tee is rejected, refer the decision of the adjudication committee back to that committee for reconsideratio n. (6) The accounting officer may at any stage of a bidding process, refer any recommendati on made by the evaluation committee or the adjudication committee back to that committee for reconsideratio n of the recommendati on.		

					for the de on, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and (ii) if the decision of the		

		the adjudication committee back to that comi e for reconsideration. (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.			taxes and mu bal service charges are not in arrears; and (ii) notify the accounting officer. In the case of Mohau distributors, the service provider did not provide municipal rates instead attached the proof of residential address as a result was disqualified. (b) The accounting officer may— (i) after due consideration of the reasons		

		adjudication committee referred to in paragraph (a); (ii) if the decision of the bid adjudication committee is rejected, refer the decision of			(i) check in rer t of the preferred bidder whether that bidder's municipal rates and		

		(ii) make another recommendation the accounting officer how to proceed with the relevant procurement. SCM Regulation 29 goes further "(5) states (a) If a bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid— (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears; and (ii) notify the accounting officer. The above regulation was complied with, by the bid adjudication committee and submitted to the accounting officer. (b) The accounting officer may— (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid			(a) consider the r t and recommendations of the bid evaluation committee; and (b) either— (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement. SCM Regulation 29 goes further "(5) states (a) If a bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must		

		adjudication committee referred to in paragraph (a); a (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration. (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the			prior to awarding the b (i) check in respect of the preferred bidder whether		

		evaluation committee or the adjudication commit back to that committee for reconsideration of the recommendation. In this case the accounting officer approved the appointment of the above mentioned service providers for hands-on support.			that bidder's mu[illegible]pal rates and taxes and municipal service charges are not in arrears; and (ii) notify the accounting officer. The above regulation was complied with, by the bid adjudication committee and submitted to the accounting officer. (b) The accounting officer may— (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the		

					bid ad ation committee referred to in paragraph (a); and (ii) if the decision of the bid adjudication		

					committee is rej d, refer the decision of the adjudication committee back to that committee for reconsideratio n. (6) The accounting officer may at any stage of a bidding process, refer any recommendati on made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendati on. In this case the accounting		

					officer ap ed the appointment of the above mentioned service providers for hands-on support.		

	CAF 121 Bid awarded to bidder not recommended by the BEC	Management disagrees with the finding. In terms of Si ' Chain Management Regulations, regulations 29 states that "(1) A bid adjudication committee must— (a) consider the report and recommendations of the bid evaluation committee; and (b) either— (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement. SCM Regulation 29 goes further "(5) states (a) If a bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid— (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears; and (ii) notify the accounting officer.	Chief Financial Officer (Chairperson: BAC) Infrastructure Manager (Chairperson: BEC) Financial Accounting Manager (Chairperson: BSC)	30 June 2022	In terms of Supp `hain Management Regulations, regulations 29 states that "(1) A bid adjudication committee must— (a) consider the report and recommendati ons of the bid evaluation committee; and (b) either— (ii) make another recommendati on to the accounting officer how to proceed with the relevant procurement. SCM Regulation 29 goes further "(5) states (a) If a bid adjudication committee decides to award a bid other than	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.

		The above regulation was complied with, by the bid adjudication committee and submitted to the accounting officer. (b) The accounting officer may— (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and			the one recommended by the bid evaluation committee, the		

		(ii) if the decision of the bid adjudication com ːe is rejected, refer the decision of the adjudication committee back to that committee for reconsideration. (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation. In this case the accounting officer approved the appointment of the abovementioned service providers for hands-on support.			bid adjudication cor ːtee must prior to awarding the bid— (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears; and (ii) notify the accounting officer. The above regulation was complied with, by the bid adjudication committee and submitted to the accounting officer.		

					(b) The ac ıting officer may— (i) after due consideration of the reasons for the deviation, ratify or reject the decision of		

					the bid adjudication committee referred to in paragraph (a); and (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration. (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication		

					committee ba to that committee for reconsideratio n of the recommendati on. In this case the accounting		

					officer ap ed the appointment of the above mentioned service providers for hands-on support.		
ISS.133	CAF 122: Internal control deficiency: SCM - No support for the commencement of the procurement process to appoint a new provider	Lateral Unison Insurance Broker contract ended on 30 September 2021, these is outside the period under review, however management have commenced with procurement process in the relevant accounting period to appoint a new provider has commenced.	Chief Financial Officer (Chairperson: BAC) Infrastructure Manager (Chairperson: BEC) Financial Accounting Manager (Chairperson: BSC)	30 June 2022	Lateral Unison Insurance Broker contract ended on 30 September 2021, these is outside the period under review, however management have commenced with procurement process in the relevant accounting period to appoint a new provider has commenced.	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.

	CAF 131 - Procurement and contract management: Declaration of interest not provided	Management investigated the finding raised on the entire population of expenditure necessary disclosure for irregular expenditure in the financial statements was adjusted	Chief financial Officer SCM Manager	30 June 2022	Management investigated the finding raised on the entire population of expenditure necessary disclosure for	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation

		Management have filed the declaration of intere hat were submitted when the suppliers were providing the services to the municipality.			irregular ex diture in the financial statements was adjusted Management have filed the declaration of interests that were submitted when the suppliers were providing the services to the municipality.		and reported to Council.
	CAF 132 - Procurement: Functional test issue with Bid TMDM/MM/RECOVERY/01/08/2020	Management applied the criterion based on the approved specifications set Furthermore, details of the functionality evaluation will be investigated by oversight committee, the full extent of the irregular expenditure from the tender will be disclosed.	Chief financial Officer SCM Manager	30 June 2022	Management applied the criterion based on the approved specifications set Furthermore, details of the functionality evaluation will be investigated by oversight committee, the full extent of the irregular expenditure	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.

					from the tender wi be disclosed.		
ISS.122	CAF 134: Procurement and contract management: Service level agreement for vodacom not submitted	Management submitted the Vodacom SLA as requested to the audit team to be audited.	Chief financial Officer SCM Manager	30 June 2022	Management submitted the Vodacom SLA as requested	100%	Confirmed with Vodacom contract that is in place
			Director Corporate Services		to the audit team to be audited.		through AG communicatio n register dated 25 November 2021. The Contract amount were also corrected from R10M to R1M in the Council minutes for write-off.

	CAF 136: Procurement: Quotation issue	Management will ensure that the reasons are at ed on instances where the lowest bidder was not awarded, regarding the raised finding the lowest bidder did not include all requested goods.	Chief financial Officer SCM Manager	30 June 2022	Management wi sure that the reasons are attached on instances where the lowest bidder was not awarded, regarding the raised finding the lowest bidder did not include all requested goods.	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.
ISS.7	CAF 1: EV - Irregular expenditure: Difference between the register and the AFS for the amount written off	Management agrees with finding, the request for information 15 which was issued by auditors included that a request of a contingent register, management has submitted the signed register agreeing with the Annual Financial Statement on the 6th of September 2021 to auditors.	Chief financial Officer SCM Manager	30 June 2022	Management agrees with finding, the request for information 15 which was issued by auditors included that a request of a contingent register,	100%	Confirmed with the Council minutes that were corrected for amount written off as per MPAC report and Council resolution. And the AFS were adjusted to

					management has submitted the signed register agreeing with the Annual Financial Statement on the 6th of September 2021 to auditors.		indicate correct write offs. Note 31 old and new AFS.
ISS.60	CAF 93: Procurement and contract Management - Required number of quotations not obtained	Management disagrees with audit finding, supply chain management processes were followed municipality requests quotations using emails to service providers and the emails are kept as evidence that at least 3 quotes were requested and fact that providers failed to submit quotes within the requested timeframe, in terms of SCM reg 17(c) & 36(2) If three written price quotations were not obtained, motivation of noncompliance with minimum number of quotations received should be recorded and approved by the CFO or an official designated by the CFO.	Chief financial Officer SCM Manager	30 June 2022	Management disagrees with audit finding, supply chain management processes were followed municipality requests quotations using emails to service providers and the emails are kept as evidence that at least 3 quotes were requested and	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.

					fact that pr ers failed to submit quotes within the requested timeframe, in terms of SCM reg 17(c) & 36(2) If three written price		
					quotations were not obtained, motivation of noncompliance with minimum number of quotations received should be recorded and approved		

					by the CFO or ar official designated by the CFO		
ISS.61	CAF 94: Procurement and contract management - Deviation not approved by the Accounting officer	Management agrees with audit finding, municipality had electricity challenges and a service provider was appointed to fix and switch on the back-up generator payment will be included to UIF register for further investigation by the MPAC. This amount of R127 000 will be disclosed as irregular expenditure on the adjusted AFS set.	Chief financial Officer SCM Manager	30 June 2022	Management agrees with audit finding, municipality had electricity challenges and a service provider was appointed to fix and switch on the back-up generator payment will be included to UIF register for further investigation by the MPAC. This amount of R127 000 will	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.

					be disclosed as irregular expenditure on the adjusted AFS set.		

ISS.78	CAF 95: Procurement and contract management - BBBEE requirements not applied during the evaluation of quotations	Management disagrees with audit finding, municipality blished a list of approved service providers through a competitive bidding process in terms of SCM reg 19(a) Goods and services with a transaction value of more than R 200 000 or long-term contracts were procured through a competitive bidding process, the BBBEE was evaluated at this stage SCM Accounting officer guide paragraph states that 5.11.1 Where consultancy services are required on a recurring basis, a panel of consultants/list of approved service providers for the rendering of these services may be established. These panels/lists should be established through the competitive bidding process, usually for services that are of a routine or simple nature where the scope and content of the work to be done can be described in detail. Requirements for admission to the list and criteria should be	Chief financial Officer SCM Manager	30 June 2022	Management di: ees with audit finding, municipality established a list of approved service providers through a competitive bidding process in terms of SCM reg 19(a) Goods and services with a transaction value of more than R 200 000 or longterm contracts were procured through a competitive bidding process, the BBBEE was evaluated at this stage SCM	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.

		linked to the numeric value in terms of which appli s will be measured, for example qualifications, experience, acceptability, facilities and resources, etc. A predetermined standard method of			Accounting off guide paragraph states that 5.11.1 Where consultancy services are required on a		

		awarding points should be followed. SCM Accounting officer guide paragraph states that 5.11.3 The applications received should be evaluated and any rejection of applicants should be motivated and recorded. SCM Accounting officer guide paragraph states that 5.11.4 Once the panel/list of service providers has been approved, only the successful applicants are approached, depending on the circumstances, either by obtaining quotes on a rotation basis, or according to the bid procedure when services are required, with the exception that the requirement is not advertised in the Government Tender Bulletin again.			recurring basis, a[illegible]l of consultants/list of approved service providers for the rendering of these services may be established. These panels/lists should be established through the competitive bidding process, usually for services that are of a routine or simple nature where the scope and content of the work to be done can be described in detail. Requirements for admission		

					to the list and cri' should be linked to the numeric value in terms of which applicants will be measured,		

					for example qu cations, experience, acceptability, facilities and resources, etc. A predetermined standard method of awarding points should be followed. SCM Accounting officer guide paragraph states that 5.11.3 The applications received should be evaluated and any rejection of applicants should be motivated and recorded. SCM		

					Accounting off guide paragraph states that 5.11.4 Once the panel/list of service providers has been approved, only the successful applicants are		

					approached, de ding on the circumstances, either by obtaining quotes on a rotation basis, or according to the bid procedure when services are required, with the exception that the requirement is not advertised in the Government Tender Bulletin again.		

ISS.87	CAF 96: Procurement and contract management - Proof of BBBEE status not provided	Management investigated the finding raised on the entire population of expenditure to identify if there is no similar noncompliance and Furthermore, management made the necessary disclosure for irregular expenditure AFS	Chief financial Officer SCM Manager	30 June 2022	Management investigated the finding raised on the entire population of expenditure to identify if there is no similar noncompliance and Furthermore, management made the necessary disclosure for irregular expenditure AFS	75%	Confirmed with management that UIF&W for 2020/2021 report to be submitted to MPAC for investigation and reported to Council.

Provisions							

ISS.54	CAF 53: Employee benefit obligation: Difference identified on the benefits paid	Amounts currently disclosed are actuarial assumptic stimates, management will adjust the benefits paid with actual amounts that were paid instead of assumptions from methodology applied by actuaries on the adjusted AFS set	Chief Financial Officer Financial Accounting Manager	30 November 2021	Amounts cu tly disclosed are actuarial assumption estimates, management will adjust the benefits paid with actual amounts that were paid instead of assumptions from methodology applied by actuaries on the adjusted AFS set	100%	Confirmed with adjusted AFS Note 12 actuaries amount were corrected from estimates to actual amount.

CAF 68	CAF 68 - Employee benefit obligation - Long service awards: Differences identified	Management disagrees with audit finding, kindly refer b v for management comments on each raised finding. Collective agreement on conditions of employment for free state division states section 11; Long service bonus states that in addition to normal leave, an employee shall qualify for the following additional leave together with the following monetary awards as long service recognition for continuous service at the completion of the following 11.1.1 5 years' service – 5 days accumulative leave plus a once off payment equal to 2% of the employees' annual salary.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management dis ees with audit finding, kindly refer below for management comments on each raised finding. Collective agreement on conditions of employment for free state division states section 11; Long service bonus states that in addition to normal	100%	Confirmed with AFS Note 12 that long service provision for officials within political offices is provided as they are appointed in line with collective agreement from bargaining Council.

		Based on this conditions' municipality had to / 5 year continuous service for employees whether permanent or on fixed contract as long as the 5 year service was continuous. Therefore, it was necessary for municipality to include fixed contract employees on data to actuaries in order for the provision to consider long service awards for these employees. Interns and employees on shortterm contracts (less than 6 months) contracts are the only excluded employees.			leave, an er /ee shall qualify for the following additional leave together with the following monetary awards as long service recognition for continuous service at the completion of the following 11.1.1 5 years' service – 5 days accumulative leave plus a once off payment equal to 2% of the employees' annual salary. Based on this conditions' municipality had to pay 5 year continuous service for		

					employees wh er permanent or on fixed contract as long as the 5 year service was continuous. Therefore, it		

					was necessary fo. unicipality to include fixed contract employees on data to actuaries in order for the provision to consider long service awards for these employees. Interns and employees on short-term contracts (less than 6 months) contracts are the only excluded employees.		

ISS.72	CAF 69: Employee benefit obligations - Incorrect disclosure of Discount rate	Management agrees with the audit finding, prese on and disclosure of employee benefit obligation in terms of GRAP 25 will be updated with discount rate as at 30 June 2021. Kindly note that we have used the yield curve for discounting purposes. This yield curve is a series of more than 1000 different interest rates, depending on the duration. The main characteristic of using the yield curve as opposed to the point estimates as was used in the past, is that payments which occur at different time periods, will be discounted at different interest rates. As you will see from the attached yield curve, it	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management ag with the audit finding, presentation and disclosure of employee benefit obligation in terms of GRAP 25 will be updated with discount rate as at 30 June 2021. Kindly note that we have used the yield curve for discounting	100%	Corrected on adjusted AFS Note 12, the narration was not indicating the correct disclosure rate.

		is a series of 40 different interest rates. A paymen /hich is expected to be made in 10 years, will be discounted with the 10-year interest rate. Likewise, a payment which is expected to be made in 30 years, will be discounted with a 30 year interest rate. In the past, all future payments were discounted with the same interest rate. The interest rate used was that of a bond that matched the implied duration of the liability. It is of our opinion that the yield curve is a more accurate representation of the liability, as all future payments are discounted at an interest rate exactly matching the duration.			purposes. This yi urve is a series of more than 1000 different interest rates, depending on the duration. The main characteristic of using the yield curve as opposed to the point estimates as was used in the past, is that payments which occur at different time periods, will be discounted at different interest rates. As you will see from the attached yield curve, it is a series of 40 different interest rates. A payment which is expected to be		

					made in 10 ye will be discounted with the 10year interest rate. Likewise, a payment which is expected to be		

					made in 30 ye will be discounted with a 30 year interest rate. In the past, all future payments were discounted with the same interest rate. The interest rate used was that of a bond that matched the implied duration of the liability. It is of our opinion that the yield curve is a more accurate representation of the liability, as all future payments are discounted at an interest rate exactly matching the duration.		

Receivables							
ISS.113	CAF 103: Receivables from exchange - Age analysis presentation and disclosure	Management investigated the finding and indicated to auditors whether they are in agreement or not management provided, auditors with adjusted and complete debtors age analysis as specified by GRAP 104.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management investigated the finding and indicated to auditors whether they are in	100%	Confirmed with adjusted AFS note 4, indicating difference ageing of debtors.

					agreement or n management provided, auditors with adjusted and complete debtors age analysis as specified by GRAP 104.		
ISS.92-	CAF 114: Receivables from exchange transactions - Overstatement of opening balance (CETA Receivables)	Management agrees with audit finding, accrued income was incorrectly raised in 2019/2020 financial period amounting to R698 779.01, this amount is reversed in the year under review following previous audit communications regarding receivable treatment. However, R450 206 of the previous accrued amount was received in the 2020/2021 financial period, stipends have been paid therefore our revenue will be adjusted with the above mentioned amount.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management agrees with audit finding, accrued income was incorrectly raised in 2019/2020 financial period amounting to R698 779.01, this amount is reversed in the year under review following previous audit communicatio ns regarding receivable treatment.	100%	Confirmed with adjustment of AFS GRAP 109, Note 24, In terms of classification, disclosure (opening balances)

					However, R450 20 of the previous accrued amount was received in the 2020/2021 financial period,		
					stipends have been paid therefore our revenue will be adjusted with the above mentioned amount.		

ISS.131	CAF 115: Receivables from exchange - Misclassification of debtors	Management Partially agrees with audit finding, annual financial statement will be updated with the whole deviation population that were recorded for 2020/2021 financial period. Please refer to the quarter deviation register electronic copies.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management Partially agrees with audit finding, the annual financial statement will be updated with the whole deviation population that were recorded for 2020/2021 financial period. Please refer to the quarter deviation register electronic copies.	100%	Confirmed with AFS, Note 5 the correction of classification.
ISS.18	CAF 16: Receivable from exchange: Difference between AFS and TB	Management agrees with audit finding, at the time management submitted Annual Financial Statements the financial system general ledger and trial balance were not updated with caseware Journals. Management will include posting of caseware journals on their AFS process plan and the AFS business process will also be	Chief Financial Officer Financial Accounting Manager	30 November 2021	Annual Financial Statements the financial system general ledger and trial balance were not updated with caseware Journals. Management	100%	Confirmed with demonstration made to AG by management comparison of AFS vote and Votes from SAGE system. (Awaiting Schedule)

		updated accordingly, kindly trial balance extract together with management comparison on the previously raised difference. All caseware journals have been updated on Sage system			will include posting of caseware journals on their AFS process plan and the AFS business process will also be updated accordingly, kindly trial balance extract together with management comparison on the previously raised difference. All caseware journals have been updated on Sage system		

ISS.51	CAF 44: Receivables: No policy for impairment of debtors	Management partially agrees with audit finding, municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant (see GRAP 104 paragraph .58). Objective evidence that a financial asset or group of assets is impaired can be as a result of the occurrence of one or more of the following events:	Chief Financial Officer Financial Accounting Manager	30 June 2022	Management partially agrees with audit finding, Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and	95%	Confirmed that GRAP 104 in line with impairment however draft impairment is in place to be approved with finance related policies in May 2022. (Awaiting draft policy)

		• Significant financial difficulty experienced by the borrower/debtor; • Delays in payments (including interest payments) or failure to pay/defaults; • For economic or legal reasons, allowing disadvantaged customers who are experiencing financial difficulties to pay as and when they can. If municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.			individually or collectively for financial assets that are not individually significant (see GRAP 104 paragraph .58). Objective evidence that a financial asset or group of assets is impaired can be as a result of the occurrence of one or more of the following events: • Significant financial difficulty experienced by the borrower/debtor; • Delays in payments (including interest payments) or failure to pay/defaults;		

					• For econ ; or legal reasons, allowing disadvantaged customers		

					who are ex encing financial difficulties to pay as and when they can. If municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are		

					individually assessed for impairment and for which an impairment loss is or continues to be recognized are not		
					included in a		

					collective assessment of impairment.		
CAF 48	CAF 48: Receivables from non-exchange transactions: Issues identified with the completeness of the impairment amount	Management disagrees with audit finding, management first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant (see GRAP 104 paragraph .58). Objective evidence that a financial asset or group of assets is impaired can be as a result of the occurrence of one or more of the following events: □Significant financial difficulty experienced by the borrower/debtor; □Delays in payments (including interest payments) or failure to pay/defaults; □For economic or legal reasons, allowing disadvantaged customers who are experiencing financial difficulties to pay as and when they can.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management disagrees with audit finding, management first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant (see GRAP 104 paragraph .58). Objective evidence that a financial asset or group of assets is	100%	Confirmed with adjusted AFS completeness of Impairment Note 5, that the amount was not fully impaired because monthly payment was still being received.

		The above mentioned are overpaid officials of the municipality and employees are still working for the municipality the debts will be recovered after due processes.			impaired can be a result of the occurrence of one or more of the following events: • Significant		

					financial difi ty experienced by the borrower/debt or; • Delays in payments (including interest payments) or failure to pay/defaults; • For economic or legal reasons, allowing disadvantaged customers who are experiencing financial difficulties to pay as and when they can. The above mentioned are overpaid officials of the municipality and employees		

					are still working for the municipality the debts will be recovered after due processes.		

ISS.79	CAF 58: Receivables from Non-exchange transactions: (Impairment not correctly calculated)	Receivable balance raised before payment arrangement where reperformed. System extracted employee 12month reports are attached to assist auditors reperform calculations considering information of the last three years.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Receivable balance raised before payment arrangement where reperformed. System extracted employee 12month reports are attached to assist auditors reperform calculations considering information of the last three years.	100%	Confirmed with adjusted AFS Impairment Note 5, that the amount was not fully impaired because monthly payment was still being received.

ISS.71	CAF 60: Receivables: Interest not charged on outstanding debtors	Management partially agrees with audit finding, credit policy adopted by council states that "Interest at rate determined by council from time to time in terms of relevant legislation will be charged on all arrears debtors accounts", the policy interest rate was approved at zero% in the prior period and the policy does not require council to do this on an annual basis. TMDM districts' majority of its debtors balance is consists of overpaid councilors, municipal council recommended that municipality hire attorney's and try to collect these arrears debtors amounts as they are and at the time it was decided that interest will not be charged.	Chief Financial Officer Financial Accounting Manager	30 June 2022	Management partially agrees with audit finding, credit policy adopted by council states that "Interest at rate determined by council from time to time in terms of relevant legislation will be charged on all arrears debtors accounts", the policy interest rate was approved at	95%	Confirmed with Schedule of Over payment made to Councillors indicating 0% in terms of Council resolution made from time to time. (Awaiting Council resolution)

					zero% in the pı period and the policy does not require council to do this on an annual basis. TMDM districts' majority of its debtors balance is consists of overpaid councilors, municipal council recommended that municipality hire attorney's and try to collect these arrears debtors amounts as they are and at the time it was decided that interest will not be charged.		

ISS.93	CAF 82: Receivables from exchange transactions - receivables overstated with CETA commission	Municipality has inspected the CETA contracts ar. gree that stipends have to be paid to learners before commission can be recognized therefore no receivables should be raised. The journal passed to recognize receivable will be corrected on the adjusted Annual Financial Statements.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Municipality ha nspected the CETA contracts and agree that stipends have to be paid to learners before commission can be	100%	Confirmed with adjustment of AFS GRAP 109, Note 24, In terms of classification and disclosure
					recognized therefore no receivables should be raised. The journal passed to recognize receivable will be corrected on the adjusted Annual Financial Statements.		
Revenue							

ISS.111	CAF 100: Revenue from exchange transactions - Incompleteness of CETA commission	Management partially agrees with audit finding, accrue ome was incorrectly raised in 2019/2020 financial period amounting to R698 779.01, this amount is reversed in the year under review following previous audit communications regarding receivable treatment. However, R450 206 of the previous accrued amount was received in the 2020/2021 financial period, stipends have been paid therefore our revenue will be adjusted with the above mentioned amount.	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management pa y agrees with audit finding, accrued income was incorrectly raised in 2019/2020 financial period amounting to R698 779.01, this amount is reversed in the year under review following previous audit communication regarding receivable treatment. However, R450 206 of the previous accrued	100%	Confirmed with adjustment of AFS GRAP 109, Note 24, In terms of classification and disclosure

					amount was re ed in the 2020/2021 financial period, stipends have been paid therefore our revenue will be adjusted with the above mentioned amount.		
ISS.104	CAF 104: Revenue from exchange transactions - 2021/22 Commission incorrectly accounted for in 2020/21 Financial year	Management agrees with audit finding, there was CETA commission that was recognized by municipality for period 2020/21 and this where invoices were treated as revenue from exchange transaction this was incorrect treatment since stipends were not paid in the current period. The whole population has been re-visited and where stipends where not paid the revenue initially recognized is removed and furthermore no receivable will be raised. The 12month ABSA bank statements were used to trace all payments included on the external CETA remittance	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management agrees with audit finding, there was CETA commission that was recognized by municipality for period 2020/21 and this where invoices were treated as revenue from exchange transaction this was incorrect treatment since stipends were not paid	100%	Confirmed with adjustment of AFS GRAP 109, Note 24, In terms of classification and disclosure

		obtained from CETA construction. Bank statement payments were traced to sage financial system. Kindly find attached supporting documents.			in the current pe . Bank statement payments were traced to sage financial system.		

					Kindly find attached supporting documents. The whole population has been re-visited and where stipends where not paid the revenue initially recognized is removed and furthermore no receivable will be raised. The 12month ABSA bank statements were used to trace all payments included on the external CETA remittance obtained from CETA construction.		

ISS.109	CAF 109: Revenue from exchange transactions - Incomplete disclosure of CETA agency fees	TMDM received a grant from CETA amounting R21 423 514.23 on behalf of learners in the current financial period, the money was paid to learners and TMDM has recognised administration portion as agency fees TMDM received an aggregate amount of R23 449 110.42, TMDM paid due stipends to the	Chief Financial Officer Financial Accounting Manager	30 November 2021	TMDM re ed a grant from CETA amounting to R21 423 514.23 on behalf of learners in the current financial period, the	100%	Confirmed with adjustment of AFS GRAP 109, Note 24, In terms of classification and disclosure

		learners in accordance with the binding arrangeme th CETA and revenue was recognised subsequent to payment of learner stipents amounting to R2 213 571 consisting of administration and rural allowance TMDM did not have liability held on behalf of learner stipends as at 30 June 2021, there is not corresponding reimbursement for year under review. TMDM received a grant from CETA amounting to R21 423 514.23 on behalf of learners in the current financial period, the money was paid to learners and TMDM has recognised administration portion as agency fees			money was pa learners and TMDM has recognised administration portion as agency fees TMDM received an aggregate amount of R23 449 110.42, TMDM paid due stipends to the learners in accordance with the binding arrangement with CETA and revenue was recognised subsequent to payment of learner stipends amounting to R2 213 571 consisting of administration and rural		

					allowance TMDM did not have liability held on behalf of learner stipends as at 30 June 2021, there is not corresponding		

					reimbursement fc ;ar under review. TMDM received a grant from CETA amounting to R21 423 514.23 on behalf of learners in the current financial period, the money was paid to learners and TMDM has recognised administration portion as agency fees		

ISS.45	CAF 49: Revenue: CETA contract not being applied correctly	Management partially agrees with auditors, when the icipality is the agent it will recognise any fees received as municipality revenue in the statement of financial performance. The municipality accounts for the funds provided by the principal to execute the agreed tasks as an advance in the statement of financial position. The expenditure incurred will initially be treated as any other expenditure of the municipality	Chief Financial Officer Financial Accounting Manager	30 November 2021	Management p: ly agrees with auditors, when the municipality is the agent, it will recognise any fees received as municipality revenue in the statement of financial performance. The municipality accounts for	100%	Confirmed with adjustment of AFS GRAP 109, Note 24, In terms of classification and disclosure

		immediately afterwards the expenditure directly ted to the principal's transactions will be offset against the advance. According to GRAP where the municipality has not received an advance it will raise a receivable for expenditure spent on behalf of the principal and therefore due by the principal. Municipality does not pay stipends to learners where funds have not been transferred to the municipality. The municipality should also consider whether any asset or liability associated with the activity undertaken by them should be included in the statement of financial position (primary financial information) or in the notes to the financial statements (secondary financial information). Management disagrees with audit finding, all the contracts have been provided to the auditors now and the 7.5% commission is stipulated on the contracts between the training			the funds pr ed by the principal to execute the agreed tasks as an advance in the statement of financial position. The expenditure incurred will initially be treated as any other expenditure of the municipality immediately afterwards the expenditure directly related to the principal's transactions will be offset against the advance. According to GRAP where the municipality has not received an		

		institution, municipality and CETA.			advance it will ra a receivable for expenditure spent on behalf of the principal and therefore due		

					by the principal. M ipality does not pay stipends to learners where funds have not been transferred to the municipality. The municipality should also consider whether any asset or liability associated with the activity undertaken by them should be included in the statement of financial position (primary financial information) or in the notes to the financial statements (secondary		

					financial in' ation). Management disagrees with audit finding, all the contracts have been provided		

					to the auditors nc and the 7.5% commission is stipulated on the contracts between the training institution, municipality and CETA.		

SUBMITTED BY

_____

MS T P M LEBENYA

MUNICIPAL MANAGER

DATE: _____

Report of the auditor-general to the Free State Provincial Legislature and council on the Thabo Mofutsanyana District Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Thabo Mofutsanyana District Municipality set out on pages 316 to 381 which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Thabo Mofutsanyana District Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the Intemational 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.

4. 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.

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

Emphasis of matters

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

Material uncertainty relating to claims against the municipality

7. With reference to note 23 of the financial statements, the municipality is the defendant in various claims against it. The municipality is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liabilities that may result were made in the financial statements.

Material impairment

8. As disclosed in note 4 to the financial statements, receivables from exchange and receivable from non-exchange tr actions were impaired by R3 526 919 (2021: R3 526 919).

Irregular expenditure

9. As disclosed in note 29 to the financial statements, irregular expenditure of R9 791 475 (2021: R16 920 949) was incurred due to non-compliance with supply chain management (SCM) requirements. In addition, the full extent of irregular expenditure is still in the process of being investigated.

Other matters

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

Unaudited disclosure notes

11 In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

14. 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.

15. 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

16. 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 key performance areas (KPAs) presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

17. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

18. 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 KPA presented in the municipality's annual performance report for the year ended 30 June 2022:

KPA	Pages in the annual performance report
KPA 1 - basic service delivery	54-60

19. 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.

20. The material findings on the usefulness and reliability of the performance information of the selected KPA are as follows:

KPA 1 — basic service delivery

Assisting youth SMMEs with start-up capacity on 30 June 2022

21. The planned target of financial assistance for youth SMMEs on 30 June 2022 for this indicator was not specific in clearly identifying the nature and required level of performance and it was also not measurable.

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. Refer to the annual performance report on pages 54 to 60 for information on the achievement of planned targets for the year. This information should be considered in the context of the material finding on the usefulness and reliability of the reported performance information in paragraph 21 of this report.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of KPA 1 — basic service delivery. As management

subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

25. 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.

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

Annual financial statements

27. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with t' requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, revenue, and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

28. I was unable to obtain sufficient appropriate audit evidence that money owed by the municipality had always been paid-within 30 days, as required by section 65(2)(e) of the MFMA.

29. Reasonable steps were not taken to prevent irregular expenditure amounting to R9 791 475 as disclosed in note 29 to the financial statements, as required by section 62(1)(d) of the MFMA. The value of R9 791 475 is not complete as management was still in the process of quantifying the fulf extent of the irregular expenditure. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM regulations.

Consequence management

30. Irregular expenditure incurred by the municipality were not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Human resource management

30. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the municipal systems act 32 of 2000.Procurement and contract management

31. Some goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.

33. Some 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.

34. Quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.

35. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000, as required by section 2(1)(a) of the preferential procurement policy framework act 5 of 2000.

36. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored monthly, as required by section 116(2)(b) of the MFMA.

37. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management, as required by section 1 16(2)(c)(ii) of the MFMA.

Other information

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

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

40. 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 KPA presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

41. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other

information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

42. I considered internal control relevant to my audit of the financial statements, 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 findings on the annual performance report and the findings on compliance with legislation included in this report.

43. Leadership and management did not implement preventative controls to ensure that they effectively oversee compliance with legislation, as instances of non-compliance with applicable legislation reported in the previous year were also identified in the current year. This was due to lack of consequence management being implemented.

44. The municipality did not have a proper records management system in place to maintain information that supported the reported performance information and the financial statements, resulting in significant delays in the audit of performance information and financial statements.

Auditor - General

Bloemfontein

30 November 2022

AUDITOR-GERAL

SOUTHAFRICA

Auditing to build public confidence

Annexure — Auditor-general's responsibility for the audit

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

Financial statements

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

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies In internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters

that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

ACTION PLAN FOR THE YEAR 01 JULY 2021 AS AT 31 JUNE 2022

THABO MOFUTSANYANA District Municipality

No. 1 mampoi street, Old Parliament building, private bag x810, witsieshoek 9870.

OFFICE OF THE MUNICIPAL MANAGER

REPORT ON ACTION PLAN TO ADDRESS AUDIT QUERIES / MATTERS ARISING FROM THE AUDIT REPORT AND MANAGEMENT REPORT OF THE AUDITOR-GENERAL FOR THE YEAR ENDED 30 JUNE 2022

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
• **MATTERS/S RAISED BY AUDITOR GENERAL ON MANAGEMENT REPORT FOR THE YEAR 30 JUNE 2022**				
General				
CoAF 48	CoAF 48: Acturial gain/loss	Management agrees with audit finding, the actuarial gain/loss will be correctly adjusted to disclose an amount of R692 000,00 as per the GRAP 25 valuation reports instead of R788 000 this will correct the factual overstatement of R96 000 as raised by auditors.	Chief Financial Officer Financial Accounting Manager	28 February 2023
CoAF 109	CoAF 109: Employee related cost - terminations and appointments(accuracy) (EV)	Management disagrees with audit findings; auditors were submitted with 12month report and appointment letter they however multiplied the	Director: Corporate Services HR Manager	30 November 2022

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		monthly salary by 12 months instead of inspecting previous employees' appointments.		
CoAF 116	CoAF 116: Non-compliance - HR management	Management don't agree with the finding, as council sitting of the 31st May 2022 has approved implementation of Municipal Staff Regulations published on the 21st September 2021. Subsequent to council approval COGTA issued Circular 12 of 2022 indicating postponement of implementation of Chapter 2 (Staff establishment, Job description and job evaluation) and Chapter 4 (Performance Management and development System).	Director: Corporate Services HR Manager	30 June 2023
CoAF 36	CoAF 36: Depreciation issues : Kestell Lab	Management agrees with audit finding, municipality was donated a Lab in Kestell which was fully furnished, and building was constructed and ready for use, the talks regarding transfer of rewards started in March 2021 however the transfer initially took place in September 2021. The Depreciation amount of R163 894,88 will be correctly adjusted on the final adjusted AFS set that will be submitted before end of audit.	Chief Financial Officer Financial Accounting Manager	30 November 2022

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION PLAN AND RESPONSE BY MANAGEMENT	RESPONSIBLE OFFICIAL(S)	TARGET DATE FOR IMPLEMENTATION
		Management agrees with audit finding, we will ensure that population of depreciation is visited and AFS will be correctly adjusted.		
CoAF 41	CoAF 41: Employee benefit obligation (Prior year issue)	Management disagrees with audit finding management takes note of comments by Auditors in conclusion of the prior year finding. However subsequent year end in terms of the collective agreement municipality paid long term service awards to all those qualifying officials that were on fixed term 5-year contract as correctly provided by the municipality. Furthermore, in terms of GRAP 25 Other long-term employee benefits are employee benefits (other than post-retirement benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.	Chief Financial Officer Financial Accounting manager	30 November 2022

Cash flow statements				
CoAF 107	CoAF 107: Cash flow statement differences	Management agreed with the finding the cash flow statement differences were corrected on the final Annual Financial Statement set.	Chief Financial Officer Financial Accounting Manager	30 November 2022
Contingent liabilities				
CoAF 68	CoAF 68: Contingent Liabilities not appropriately disclosed	Management partially agrees with audit finding indication of the uncertainties relating to the amount of timing of any outflow on contingent liabilities note will be included.	Chief Financial Officer Financial Accounting Manager	28 February 2023
Employee costs				
CoAF 10	CoAF 10: Annual Financial Statement (AFS) High level checklist	Management partially agrees with audit finding, General Ledger and Trial Balance from Sage evolution system agree with each other, the differences noted above initially were due to fact the GL submitted on audit file was extracted a few days before the import TB on the file. However, the latest GL agrees with the TB imported.	Chief Financial Officer Financial Accounting Manager	30 November 2022
CoAF 13	CoAF 13: Employee related cost: differences between payroll report and GL	Management disagrees with audit with audit finding, management is aware that payroll running on VIP 300 PEOPLE software differs sometime after integration on to the SAGE Evolution system the two systems are agreed by the Finance Manager. Management performs salary payroll reconciliations on monthly basis and reconciling items are investigated and reconciliation is approved afterwards	Chief Financial Officer Financial Accounting Manager	30 November 2022

		Kindly find the 12 monthly reconciliations and the year-end reconciliation by management.		
CoAF 15	CoAF 15: Limitation of Scope : Payroll compensation of employees and employee benefit BP(RFI 20)	Management agrees with audit, RFI 20 information has been submitted now.	Chief Financial Officer Financial Accounting Manager	30 November 2022
CoAF 27	CoAF 27: Allowances: accuracy	Management disagrees with audit finding, please see each comment below from management, Basis of disagreement by management, the auditors used the incorrect policies to calculate cellphone allowance of the above-mentioned employee. Management comment on acting allowance, Basis of disagreement by management, the auditors used the only one acting allowance letter and the other instance when the above employee acted as Covid19 Coordinator was no considered	Chief Financial Officer Financial Accounting Manager	28 February 2023
CoAF 35	CoAF 35: Remuneration of councillors - Overpayment of councillors(Prior year)	Management partially agrees with audit finding, the remuneration of councilors for the period under had difference due to a resolution that was taken by the council during the pandemic when it was resolved that council would be held virtually going forward and that 3gs be given to councilors and R300 Data amount was then deducted from councilors. Management council is the highest authority in local government and the resolution by previous council to not include data due to covid 19 and instead arranged that municipality provide them with data	Chief Financial Officer Financial Accounting Manager	30 November 2022

		3gs in order to ensure council forms a quorum during the national disaster was not rescinded by council furthermore, management ensured that the new councilors are paid in accordance with the upper limits gazette.		
CoAF 42	CoAF 42: Employee related cost (Allowances) - Prior year issue	Management disagrees with audit finding, on RFI 52 auditors requested for the acting letter and this was submitted to auditors already. The finding is not correct, the follow up was based on limitation of scope where management could not provide audit team with acting letter in the prior year for the above-mentioned employee, in the 2021/2022 FY management provided auditors with a secondment letter regarding the employee and not the appointment letter.	Chief Financial Officer Financial Accounting Manager	30 November 2022
CoAF 44	CoAF 44: Remuneration of senior managers and councilors(accuracy)	Total A is in line with the Remuneration of Public Beares Act (PBA), 1998 (Act No.2 of 1998), Government Gazette No. 46470 of 2 June 2022 " Determination of Upper Limitsof the salaries, allowances & benefits of different members of municipal councils. different members of municipal councils. Paragraph 9 (1) © of PBA states "A councillor who uses a privately-owned vehicle for execution of official duties on behalf of the municipality, may be reimbursed for official kilometres travelled, in addit in addition to the total remuneratiopackage of a councillor as dettermined in terms of items 5 and 8	Chief Financial Officer Financial Accounting Manager	30 November 2022

		of the Notice, not exceeding the applicable tariffs as prescribed by the national department responsible for transport and in terms of the municipal council's policy" thus why we pay subsistence and travelling allowance. SDL: This is a compulsory levy that you have to pay for all your employees.		
CoAF 52	CoAF 52: Employee benefit obligation(accuracy)	Management agrees with audit finding, the actuary assumed pay-outs will be adjusted with actual figures paid during the year under review. Contributions by the employer or employees are the actual payments made into the fund.	Chief Financial Officer Financial Accounting Manager	30 November 2022
Heading 1				
CoAF 01	CoAF 01:Internal control deficiency: External quality review not conducted	Agree with the finding, this exercise is not budgeted for, for financial year 2022/2023 because of financial constraints however reliance will be on relevant provincial departments to assist the municipality on intergovernmental relations.	Internal Audit Manager Municipal Manager	31 August 2023
Coaf 02	CoAF 02: Internal control deficiecies: Planning	1. (a) Agree with the finding, the Audit Committee did not meet separately with Internal audit because of financial constraint and the Audit and Committee Charter did not include such meetings. 2. (b) Disagree with the finding that Audit and Performance Committee did not submit reports twice to Council and Municipal Manager. Performance reports are standing item on the agenda of Audit Committee with also serves as	Internal Audit Manager	30 June 2023

		Performance Committee, therefore every report submitted to Council includes reports on performance results served before the Audit and Performance Committee. These reports were submitted during the process of requesting information in May/June 2022. (c) Parially agree, the Audit and Performance Committee report submitted to Municipal Manager and Council includes performance information of the municipality. Both the reports were submitted to Auditor General during the request of information in May/June 2022.		
Coaf 05	CoAF 05: Internal control deficiencies: ISA Audit	1.The management has committed to properly staffing the ICT unit and budget provision has been made to fill the vacancies during the current financial year (2022/2023). Furthermore, a Disaster Recovery system was developed to ensure that the backups are stored offsite, currently backups are replicating daily to a cloud-based storage facility. Password policies have been implemented across the systems. 2.Windows Server Update Services has been installed to manage the deployment of the latest system updates. 3.The IT Support, PeopleSupport and Admin are service accounts used for system maintenance, thus they cannot be assigned to a specific user. It is a standard system administration practice. The other accounts are for the users as indicated. 4.The finding is not specific on which part of the control is inadequate. 5.The finding is not specific on which part of the control is inadequate. 6.The finding is not specific on which part of the control is inadequate. 7.No maintenance was carried out on the environmental equipment during the year under review.	ICT Manager	30 June 2023

		8.Procedures for monitoring SLAs are outlined in the Vendor Management Policy 9.Change request evidence for 300 People was provided for audit. There were no change request made for AMS 360 during the year under review.		
Coaf 09	CoAF 09: Planning: Issues identified with performance management.	Management agrees with audit finding, the creditors age listing will be correctly adjusted to disclose the above-mentioned creditors aging.	Chief Financial Officer Financial Accounting Manager	30 June 2023
Coaf 108	CoAF 108: Risk Management – Disclosure	Management disagrees with audit finding, the Frequently Asked Questions on the Standards of GRAP updated on 7 July 2021, states that VAT is an indirect tax based on consumption of goods and services in the economy. Revenue is raised for the government by requiring certain traders or vendors to register and to charge VAT on taxable supplies of goods and services. The essential characteristics of VAT are: • It is charged at each stage of the production and distribution and distribution process; • The taxable person (vendor) may deduct the tax paid during the preceding stages; and • The burden of the tax is on the final consumer The non-exchange transaction is the transaction concluded between the person or entity imposing the tax (national government) and the consumer of goods and services in the South African economy. Where an entity sells final goods and services to consumerism it is responsible to collect taxes from its consumers for the goods and services provided. In collecting and remitting VAT to the national government, and entity acts as an agent. Consequently, VAT receivable or payable is deemed to be an exchange rather than a non-exchange transaction.	Chief Financial Officer Financial Accounting Manager	30 June 2023
Coaf 111	CoAF 111: Irregular expenditure - Follow up of prior year: CAF 1	Management agrees with audit finding, RFI03 submitted investigation report indicates the MPAC UIF expenditure oversight report that was tabled to council, irregular expenditure of R15 614 239,98 was recommended to be written off. The difference noted was due to fact that the signed resolution submitted to finance did not address all issues written off refer to RFI23 MPAC council resolution.	Chief Financial Officer Financial Accounting Manager	30 November 2022

		The financial statement statements will be adjusted to decrease to raised irregular expenditure by increasing the written off amount to R15 614 239,98 in accordance with investigation report tabled.		
Coaf 121	CoAF 121: Consequence Management: issue with investigation of UIFW and Financial Misconduct (EV)	1.Unauthorised Expenditure and Fruitless Expenditure Management disagrees with audit finding, the MPAC unauthorized expenditure, wasteful and fruitless expenditure reports that were investigated had terms of reference. The item taken to council did not include the entire report that served, MPAC investigation report dated 28 October 2021 and identified that the terms and reference of the MPAC report on page 2 did not indicate that the terms of refer covered unauthorised and Fruitless expenditures, they only referred to irregular expenditure. Management has now provided auditors with the full investigation reports and items that served. 2.Irregular Expenditure Management disagrees with audit finding, MPAC report dated 28 October 2021confirmed that the irregular expenditure that occurred in 2019/20 financial year was investigated to determine the persons liable for the instances of irregular expenditure. Special council held on 17 November 2022 council resolved on instances that occurred in the 2020/21 financial year. 3.Financial Misconduct: Claim for work done by another company: Management disagrees with audit finding, Management had indicated in the fraud register that the status of the case is partially resolved.	Chief Financial Officer Financial Accounting Manager	30 November 2022
Coaf 56	CoAF 56: Limitation of Scope RFI 71	Management agrees with audit finding, the creditors age listing will be correctly adjusted to disclose the above-mentioned creditors aging.	Chief Financial Officer Financial Accounting Manager	30 November 2022
Coaf 64	CoAF 64: Compliance: 30-day payment	Management partially disagree with audit, received date stamp was not used therefore auditors used the invoice date to calculate the number of days.	Chief Financial Officer Financial Accounting Manager	30 June 2023

		the accounting officer took all reasonable steps to ensure that all money owing by the municipality is paid within 30 days of receiving the relevant invoice or statement.		
Immovable assets				
CoAF 55	CoAF 55: Transfer of building: Accuracy issues	Management partially agrees with audit finding, the tax invoices have been submitted to the audit team, COGTA delayed submissions of the requested information. VAT portion will be included on the PPE disclosure note on building acquired from COGTA, the same amount will be used to adjust the revenue from non-exchange Donations amount on Statement of Financial Performance on the adjusted AFS set	Chief Financial Officer Financial Accounting Manager	30 November 2022
CoAF 40	CoAF 40: Land not Disclosed	Management partially agrees with audit finding If the land in question satisfies the clarification provided under paragraph 4(a)&(b), then the following is recommended (in line with the auditors' recommendations): (.1) The assumption is that the land was donated to the municipality, however the is a deed of sale that is signed by both accounting offices that has a purchase price section that states, "the purchase price will be sum of R1 VAT included which total purchase price is payable by the purchase to the seller in cash or as agreed on intend to purchase site agreement. The transfer of property will only happen once any outstanding amount is paid in full"	Chief Financial Officer Financial Accounting Manager	30 June 2023
Intangible assets				
Coaf 97	CoAF 97: Intangible assest - Difference between the prior year's final GL and corresponding amount.	Management agrees with audit finding, at the time management submitted Annual Financial Statements the financial system general ledger and trial balance were not updated with caseware Journals. Management will include posting of caseware journals on their AFS process plan and the AFS business process will also be updated accordingly, kindly trial balance extract together with management comparison on the previously raised difference.	Chief Financial Officer Financial Accounting Manager	30 November 2023

		All caseware journals have been updated on Sage system		
Movable assets				
Coaf 23	CoAF 23: Movables assets : Completeness issues	Management partially agrees with audit finding, please find the management comment on the raised completeness assets.	Chief Financial Officer Financial Accounting Manager	30 June 2023
Coaf 29	CoAF 29: Property, plant and equipment - Opening balance	Management partially agrees with audit finding, the review of remaining useful life methodology considers impairment testing of the assets with a poor and very poor rating. The asset with barcode 03211 was taken to IT Department where they assess whether the Laptop can be fixed and normally when the IT fix Laptop its returned to the user and when IT cannot repair the laptop they submit a technical report indicating whether diagnosing what happened to the laptop as at 30 June 2022 the report had not been finalized. Testing for impairment methodology The AMS360 software reviews tests for impairment of movable assets, based on the methodology below. Impairment is a loss in future economic benefits or service potential of an asset, over and above the normal wear and tear of everyday use and the recognition thereof in depreciation. Firstly it is determined if an asset is a cash generating asset or a non-cash generating assets. Cash generating assets (GRAP26): Is an asset held primarily for the purpose of generating a direct commercial return from the asset. Non-Cash generating assets (GRAP21): Is an asset that is not a cash generating asset. Secondly assets are tested for impairment by considering the following indicators; External Sources	Chief Financial Officer Financial Accounting Manager	30 June 2023

		Is the demand or need for the service of the asset nearing its end (Ceasing)? Have Significant technological or legal changes have taken place or will take place in the near future that adversely affects the entity and its use of the asset		
Coaf 37	CoAF 37: PPE Additions : Existence issues	Management partially agrees with audit finding, the asset in question has been reported stolen and at the time of the asset count management requested for case number so that due processes can be followed, the asset count started around 7 July 2022 therefore management needed to determine whether laptop was still in working condition as 30 June 2022. Similarly, if a fixed asset has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the fixed asset has physically ceased to exist, it shall be written off the fixed asset register. Asset was reported stolen on 18 June 2022, therefore this laptop will be adjusted and disposed off the fixed asset register. The case number submitted by the councilor was submitted to auditors.	Chief Financial Officer Financial Accounting Manager	30 June 2023
Coaf 69	CoAF 69: Follow-up of prior year issue (PPE) - Prior year CAF 118	Management agrees with audit finding, the assets were counted during the asset count however the assets currently do not have acquisition cost, deemed fair marked value will be applied going forward.	Chief Financial Officer Financial Accounting Manager	30 June 2023
CoAF 71	CoAF 71: Follow-up of prior year issue (PPE) - Prior year CAF 84	1.Management agrees with audit finding, assets that was acquired in the prior year year did not function as initially intended. 2.Management partially agrees with finding, the asset mentioned below currently has a barcode in the current fixed asset register 3.Management agrees with audit finding, the asset was vandalised and some of the units were stolen, the payment voucher is available indicating that all goods were received and the water supply unit was installed and in good condition before the	Chief Financial Officer Financial Accounting Manager	30 June 2023

		verification, management will update the fixed asset register to indicate parts that are in poor condition and those that were stolen.		
CoAF 72	CoAF 72: Follow-up of prior year issue (PPE) - Prior year CAF 145	1.Management partially agrees with audit finding, management included the assets below on the disposal list, during the asset count assets could still not be verified by management, only 03303 barcode still need to be disposed 2.Management agrees with audit finding, the conditions of the below mentioned asset will be corrected, conditions will be updated in order to correct the valuation balance'	Chief Financial Officer Financial Accounting Manager	30 June 2023
CoAF 94	CoAF 94: Property , plant and equipment (Impairment Issue)	Management disagrees with audit finding testing for impairment methodology for all asset was considered during the asset count. The AMS360 software reviews tests for impairment of movable assets, based on the methodology below. Impairment is a loss in future economic benefits or service potential of an asset, over and above the normal wear and tear of everyday use and the recognition thereof in depreciation. Firstly it is determined if an asset is a cash generating asset or a non-cash generating assets. Cash generating assets (GRAP26): Is an asset held primarily for the purpose of generating a direct commercial return from the asset. Non-Cash generating assets (GRAP21): Is an asset that is not a cash generating asset. Secondly assets are tested for impairment by considering the following indicators. External Sources Is the demand or need for the service of the asset nearing its end (Ceasing)? Have Significant technological or legal changes have taken place or will take place in the near future	Chief Financial Officer Financial Accounting Manager	30 June 2023

		that adversely affects the entity and its use of the asset? Internal Sources Is there evidence available that indicates physical damage of the asset? Have Significant changes and taken place in the entity or is going to take place in the near future that will adversely affect the use of the asset by the entity; Plans to discontinue the department to which the asset belongs Plans to dispose of the asset earlier than expected Plans that will render the asset idle A decision is taken to halt construction of the asset before it is completed Reports that indicate service performance of the asset, that is significantly worse than expected.		
		Operating expenditure		
	CoAF 08: Business Process: Purchases, payables and payments (EV)	Management disagrees with audit finding, Section 62(1)(b) of the MFMA 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. The Municipal Manager has controls in place that adequately cover the receipt of goods and services by the Municipality. The duties are segregated throughout the payables process, end user department writes a requisition memo to the Municipal Manager, the request goes to the Chief Financial Officer who then verifies availability of funds against the approved budget. The procurement request is then approved by the Municipal Manager. Subsequent receipt of goods and services supply chain through SCM checklist and the end user department acknowledge receipt of goods and that service rendered was satisfactory	Chief Financial Officer Financial Accounting Manager	30 April 2023

		and request that Municipal Manager approve that payment be made by Finance Department		
Coaf 114	CoAF 114: Operational expenses: Motor vehicle expenses	Management agrees with the audit finding, ABSA fleet Motor vehicles expenses invoices from ABSA whole population will be visited and repairs and maintenance will be adjusted with the amounts spent on repairs and maintenance of the municipality fleet.	Chief Financial Officer Financial Accounting Manager	30 June 2023
Coaf 115	CoAF 115: Operational expenses - Telephone and fax (Classification and cut-off)	Management agrees with audit finding, GL extract of the telephone extract is attached indicating under reference column that the two above raised incidents were the only ones that needed to be corrected.	Chief Financial Officer Financial Accounting Manager	30 June 2023
Coaf 117	CoAF 117: Operational expenses - Travel and subsistence - Occurrence and cut-off	Management disagrees with the finding, 1.Occurrence: a memo is submitted for request to travel with the attachments as proof that an employee/councillor asking to attend (e.g. meeting/conference/training, etc.) to the head of department for approval; then it is submitted to the CFO for budget verification and to the Municipal Manager for final approval. Proof of all sampled approval were submitted. 2. Cut-off: M Tshabalala checked in 27/06/2022 and checked out 29/06/2022; this relates to the 2021/2022 financial year. Agrees with the finding: D Maduna checked in 07/07/2022 and checked out on 08/07/2022	Chief Financial Officer Financial Accounting Manager	30 June 2023
Coaf 125	CoAF 125: Operational expenses - Journals - Classification	1.Telephone and fax Management agrees with audit finding, the telephone expense transactions was incorrectly taken to the advertising GL Account, this will be corrected on the final adjusted AFS set. Management partially agrees, management will inspect the repairs and maintenance schedule listing on ADJ 33, and items that meet GRAP 17 Asset definition will be reversed from this correcting on the adjusted AFS set.	Chief Financial Officer Financial Accounting Manager	31 March 2023

Coaf 126	CoAF 126: Operational expenses - Installation of energy efficient lights - Classification	Management agrees with audit finding, the contracted services working paper was visited auditors requested for the whole population, management revisited the operating expenses recognized from the energy efficiency grant expenditures and have proposed the following correcting journal.	Chief Financial Officer Financial Accounting Manager	31 March 2023
Coaf 24	CoAF 24: Limitation of scope: Contracted services (RFI 37)	Management agrees with audit finding, kindly note that supporting documentation has been submitted for the below payment vouchers and the remain.	Chief Financial Officer Financial Accounting Manager	30 November 2023
Coaf 63	CoAF 63: Operational expenses: Auditors remuneration - Accurary and cut-off	Management agrees with audit finding, management notified auditor general that a duplicate payment was made on the January 2022 billing. The amount has since been adjusted by Auditor General on their 31st August 2022 billing. Please refer to statement where these was corrected by Auditor General, furthermore the amount of R56,232.06 will be raised as a receivable as at 30 June 2022 Management agrees with audit finding, these will be corrected on the Input Vat general ledger amount and the VAT201 submission will also be adjusted to claim the additional R82,06 based on the invoice vat amount. Management agrees with audit finding, this amount will be corrected on the final AFS and a prior period Disclosure note will be updated to correct the understated prior period Payables from exchange balance with an amount of R238 699, 89.	Chief Financial Officer Financial Accounting Manager	30 November 2023
Coaf 65	CoAF 65: Expenditure: Completeness	Management partially agrees with audit finding, kindly refer below for the payment vouchers picked by auditors. The whole population was visited there are no other vouchers found not captured on the Sage Evolution system	Chief Financial Officer Financial Accounting Manager	31 March 2023
Coaf 78	CoAF 78: Follow-up of prior year issue (Expenditure) - Prior ISS 140 CoAF 129	Management agrees with audit finding, the whole legal expense population has been revisited and the amounts raised above were the only amounts	Chief Financial Officer Financial Accounting Manager	31 March 2023

		misallocated. The amounts will be correctly adjusted on the AFS		
Coaf 79	CoAF 79: Follow-up of prior year issue (Expenditure) - Prior ISS 143 CoAF 135	Management agrees with audit finding, the POVERTY ALLEVIATION -EVENT PROMOTERS was incorrectly debited with an amount of R171 400, this amount will be debited to POVERTY ALLEVIATION TRANSPORT. Management revisited the entire Poverty Alleviation population to investigate that no other instance of misallocation occurred. Refer to attached working paper	Chief Financial Officer Financial Accounting Manager	31 March 2023
Coaf 80	CoAF 80: Follow-up of prior year issue (Expenditure) - Prior ISS 148 CoAF 142	Management disagrees with audit finding, according to municipality GL accounts the maintenance has been split into three classifications namely maintenance building, maintenance vehicles and general maintenance and auditors have raised findings on our general maintenance. GRAP 1 states that comparative information must be presented in respect of the preceding period for all amounts reported in the financial statements, unless another Standard of GRAP requires or permits otherwise. Comparative information should also be included for narrative and descriptive information when it is relevant to understand the current period's financial statements. GRAP 17 repairs and maintenance have been correctly disclosed in the annual financial statement under PPE disclosure note	Chief Financial Officer Financial Accounting Manager	30 November 2023
Coaf 80	CoAF 83: Operational expenses: Advertising - Occurance and limitation of scope	Management disagrees with audit finding, kindly refer to supporting advertisement documentation. All	Chief Financial Officer Financial Accounting Manager	30 November 2023

		requested expenditure payment vouchers were submitted evidence. Refer to the below table were management responded to each finding. Through inspection of the supporting documents attached with the creditor expenditure voucher it was noted that the invoice from the suppler was not attached.		
Coaf 93	CoAF 93 of 2022 - Operational expenses- Remaining population (Occurance and Classification)	Management disagrees with audit finding, the district development supporting documentation is available and has been submitted to audit team, through discussions management indicated to auditors the relevant official that could assist with the required occurrence information. Management partially agrees with audit finding, kindly find the comments from management on the raised classification issues.	Chief Financial Officer Financial Accounting Manager	31 March 2023
Coaf 96	CoAF 96: Operational expenses - Repairs and maintenance (Classification and Cut-off)	Management disagrees with audit finding, according to municipality GL accounts the maintenance has been split into three classifications namely maintenance building, maintenance vehicles and general maintenance and auditors have raised findings on our general maintenance. GRAP 1 states that comparative information must be presented in respect of the preceding period for all amounts reported in the financial statements, unless another Standard of GRAP requires or	Chief Financial Officer Financial Accounting Manager	31 March 2023

		permits otherwise. Comparative information should also be included for narrative and descriptive information when it is relevant to understand the current period's financial statements. GRAP 17 repairs and maintenance have been correctly disclosed in the annual financial statement under PPE disclosure note When reading the requirements of GRAP 1.102(c) and GRAP 17.88 and .89 together, an entity that incurs material expenditure to repair and maintain assets, and concludes it is inappropriate to present a separate line item in the statement of financial performance, will disclose the information in the notes. An entity that concludes it is appropriate to include a "repairs and maintenance" line item in the statement of financial performance, will present a "repairs and maintenance" line item according to nature or function for all repairs and maintenance incurred. The entity will present the information required by GRAP 17.88 and .89 in the notes, for property, plant and equipment only, and including the specific costs the entity determines to be appropriate.		
Payable				
Coaf 46	CoAF 46: Accrued leave: Incorrectly calculated.	Management partially agrees with auditors, corporate services is going to do a detailed audit of days for each employee.	Director Corporate Services HR Manager	30 April 2023

Coaf 47	CoAF 47: Leave Provision: Completeness Issues	Management partially agrees with auditors, corporate services is going to do a detailed audit of days for each employee.	Director Corporate Services HR Manager	30 April 2023
Coaf 76	CoAF 76: Prior year follow up (Payables)	Management partially agrees with auditors, corporate services is going to do a detailed audit of days for each employee.	Director Corporate Services HR Manager	30 April 2023
Coaf 86	CoAF 86: Limitation of Scope: Payables (Long outstanding)	Management partially agrees with auditors, the municipality has written creditor confirmation letters to all long outstanding creditors.	Director Corporate Services HR Manager	30 June 2023
Predetermined objectives				
	AOPO : Issues Identified on Measurability and Consistency	Management response: I agree with the Finding subsequent to that necessary corrections will be done on the APR. And a copy of APR encapsulating adjustments will be submitted to Auditor General within five days from the date of this communication	IDP/PMS Manager	30 June 2023
Coaf 123	CoAF 123: AoPO: Consistency, measurability and reliability issues identified	Management response: I agree with the Finding subsequent to that necessary corrections will be done on the APR. And a copy of APR encapsulating adjustments will be submitted to Auditor General within five days from the date of this communication.	IDP/PMS Manager	30 June 2023
Procurement and Contract Management (to confirm for removal)				
Coaf 119	CoAF 119: Procurement - Contract management (EV)	Management disagrees with audit finding; contract register is updated and where there are differences variation orders are attached.	Chief Financial Officer SCM Manager	30 June 2023

Coaf 84	CoAF 84: Procurement: Issues on the minimum quotations (EV)	Management disagrees with audit finding, SCM Reg 19 processes were followed and a panel of two service providers where appointed, and other instances raised where the was one quotation SCM Reg 36 was followed auditors considered SCM Reg 17(c) and terms of references where panel is appointed where not considered.	Chief Financial Officer SCM Manager	30 June 2023
Coaf 87	CoAF 87: Procurement : Issues regarding CSD registration of suppliers (EV)	Management disagrees with audit finding, scm confirmed business process indicates that only winning bidder CSD is attached on the payment voucher.	Chief Financial Officer SCM Manager	30 June 2023
Coaf 90	CoAF 90: Procurement: final decision on which quotation to accept not included	Management disagrees with audit finding, SCM Reg 19 processes were followed and a panel of two service providers where appointed, and other instances raised where the was one quotation SCM Reg 36 was followed auditors considered SCM Reg 17(c) and terms of references where panel is appointed where not considered.	Chief Financial Officer SCM Manager	30 June 2023
Coaf 91	CoAF 91: Procurement: Tax matter issues (EV)	Management disagrees with audit finding instances where SCM Reg 19 competitive bidding was followed when a service is rendered municipality considers whether the tax matters were complaint at the time of the appointment.	Chief Financial Officer SCM Manager	30 June 2023
Coaf 92	CoAF 92: Procurement: Issues with the Declaration of Interest	Management disagrees with audit finding, during planning SCM business process confirmed that declaration of interest are filed separate and usually	Chief Financial Officer SCM Manager	30 June 2023

		municipality requests suppliers to send declarations as soon as the ones kept expire.		
	Procurement: Incorrect application of SCM regulation 32	Management partially agrees with audit finding, a transversal contract SCM Reg 32 was followed, municipality received a cost benefit.	Chief Financial Officer SCM Manager	30 June 2023
	Procurement: Issues with Deviations processed (EV)	Management disagrees with audit finding, SCM Reg 36 was followed, and council deliberated over instances where a deviation approach was followed.	Chief Financial Officer SCM Manager	30 June 2023
Provisions				
Coaf 77	CoAF 77: Bonus Provision: Incorrect calculation	Management partially agrees with audit finding, management visited Employee12month report to agree annual bonus months, due to fact that engagement date and annual bonus 12month cycle differ depending on when employee became eligible for annual bonus. The engagement date initially considered is important when dealing with long service awards. Moving forward management will ensure that the latest annual bonus amount for the period under review.	Chief Financial Officer Financial Accounting Manager	30 June 2023
Receivables				
Coaf 20	CoAF 20: Follow-up of prior year issue (Receivables from exchange transactions) - Prior year issue 18 (EV)	Management agrees with audit finding, at the time management submitted Annual Financial Statements the financial system general ledger and trial balance were not updated with caseware Journals.	Chief Financial Officer Financial Accounting Manager	30 April 2023

		Management will include posting of caseware journals on their AFS process plan and the AFS business process will also be updated accordingly, kindly trial balance extract together with management comparison on the previously raised difference.		
Coaf 21	CoAF 21: Follow-up of prior year issue (Receivables from non-exchange transactions) - Prior year Issue 79 (CAF 58) (EV)	Management through discussion with auditors it was subsequently agreed that when contracts end of the above-mentioned officials and councillors that the total would not be settled therefore impairment will be adjusted to disclose as initially raised by auditors, management will adjust the initial balance.	Chief Financial Officer Financial Accounting Manager	30 April 2023
Coaf 28	CoAF 28: Limitation of scope: Receivables from exchange transactions (RFI 22)	Management partially agrees with audit finding, executive report for write-off served before council debt is on final stage of being written-off.	Chief Financial Officer Financial Accounting Manager	30 April 2023
Coaf 32	CoAF 32: Follow-up of prior year issue (Receivables from exchange transactions) - Prior year issue 131	Management agrees with audit finding, the disclosed Receivable from non-exchange amount R70,371.65 of Cllr P.Sibeko, will be correctly adjusted in the final AFS set. The amount was incorrectly recognized as receivable from exchange transaction.	Chief Financial Officer Financial Accounting Manager	30 April 2023

Coaf 33	CoAF 33: Follow up on prior year issue (Receivables from non-exchange transactions) - Issue 52 Coaf 48 (EV)	Management disagrees with audit finding, management first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant (see GRAP 104 paragraph .58). Objective evidence that a financial asset or group of assets is impaired can be as a result of the occurrence of one or more of the following events: • Significant financial difficulty experienced by the borrower/debtor; • Delays in payments (including interest payments) or failure to pay/defaults; • For economic or legal reasons, allowing disadvantaged customers who are experiencing financial difficulties to pay as and when they can. The below mentioned are overpaid officials of the municipality and employees are still working for the municipality the debts will be recovered after due processes.	Chief Financial Officer Financial Accounting Manager	30 April 2023

Coaf 34	CoAF 34: Follow-up of prior year issue (Receivables from non-exchange transactions) - Prior year issue 75 CoAF 55	Management agrees with audit finding, the councillor should have been included on the impairment provision balance for the period under review. The balance will be updated on the adjusted AFS	Chief Financial Officer Financial Accounting Manager	30 April 2023
Coaf 62	CoAF 62: Receivable from exchange transactions: Completeness Impairment provision	Management agrees with audit finding, the above raised receivables from exchange transactions will be included in the impairment provision.	Chief Financial Officer Financial Accounting Manager	30 April 2023
Coaf 85	CoAF 85: Misstatement: Receivables from exchange transactions	Management disagrees with audit finding, the above-mentioned receivables served in all Committees from management meetings, Section 80 Finance Portfolio committee and Mayoral Committee meeting where all this committees recommended that based on the previous audit findings and fact that some of these debts come from over 10 years ago. There was no way that support can be recovered. Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant (see GRAP 104 paragraph .58).	Chief Financial Officer Financial Accounting Manager	30 April 2023

		Objective evidence that a financial asset or group of assets is impaired can be as a result of the occurrence of one or more of the following events: • Significant financial difficulty experienced by the borrower/debtor; • Delays in payments (including interest payments) or failure to pay/defaults; • For economic or legal reasons, allowing disadvantaged customers who are experiencing financial difficulties to pay as and when they can.		
Related parties				
Coaf 04	CoAF 04: Limitation of scope: Financial disclosure forms (limitation of scope) - RFI 14	Management agrees with audit finding, kindly find the attached response to RF14, and scanned supporting financial declaration forms.	Chief Financial Officer Financial Accounting Manager	31 March 2023
Reserves				
Coaf 67	AFS : CoAF 67: Statement of changes in Net Assets: Incorrect Disclosure	Management partially with audit finding, the difference raised by auditors was a result of the PPE prior year incorrect disclosure of Change in Accounting Estimates. COAF 30 was raised and management have agreed with finding raised on the PPE prior period	Chief Financial Officer Financial Accounting Manager	31 March 2023

		error that was incorrectly disclosed on the AFS, this will be adjusted on the final AFS set. Management have reperformed the Statement of changes in Net Assets, kindly refer below where management demonstrated that the difference noted is the PPE movement processed.		
Revenue				
Coaf 43	AFS : CoAF 43: Commission income incorrectly recognised	Management agrees with audit finding, the entire population was visited, and the invoices stated above are the only instances where management were only able to release stipends in early July 2022, therefore management will prepare an adjusting journal, and this will be updated on the final AFS set.	Chief Financial Officer Financial Accounting Manager	31 March 2023
Coaf 61	CoAF 61: Government grants and subsidies	Management partially agrees with audit finding, disclosure Note 12 will be corrected to disclose the unconditional transfer from COGTA on the final adjusted AFS	Chief Financial Officer Financial Accounting Manager	30 November 2023
Coaf 81	CoAF 81: Journal commission income	Management disagrees with audit finding, GRAP 109 Accounting by Principal or an agent states the following. Paragraph 45	Chief Financial Officer Financial Accounting Manager	30 November 2023

		An entity determines, in accordance with this Standard, whether it is a principal or agent and, in doing so, determines the revenue and expenses that qualify for recognition in its financial statements in accordance with the applicable Standards of GRAP. When an entity determines that it is a principal in accordance with this Standard, it accounts for revenue and expenses arising from the transactions with third parties in its statement of financial performance. This is because the transactions with third parties are concluded for the benefit of the principal. Conversely, when an entity is an agent, it would not recognise revenue and expenses resulting from those transactions with third parties. It only recognises the revenue and expenses associated with undertaking the transactions on behalf of the principal		

SUBMITTED BY

_____ **DATE:** _____

MR MS LENGOABALA

ACTING MUNICIPAL MANAGER

APPENDICES

Appendix A: Councillors; Committee Allocation and Council Attendance

1 Mampoi Street. Private Bag x810. Witsieshoek. 9870. Tel: (058) 718 1028 Fax: (058) 7132408. speakertmdm@gmail.com

THABO MOFUTSANYANA District Municipality

OFFICE OF THE SPEAKER

COUNCILLORS ATTENDANCE REGISTER COUNCIL MEETING 01 JULY 2021 TO 28 OCTOBER 2021

Name of Councillor	29/07/2021	End of Term 29/10/2021	Beginning of New Term 07/12/2021	27/01/2022	31/03/2022	28/04/2022	Tabling of Budget 26/05/2022	Total No.
Speaker MS Maduna	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Executive Mayor MJ Vilakazi	✓	X	N/A	N/A	N/A	N/A	N/A	01
Chief Whip S. Mbiwe	✓	X	N/A	N/A	N/A	N/A	N/A	01
MMC. G Bengell	✓	✓	N/A	N/A	N/A	N/A	N/A	02
MMC J.M Radebe	✓	X	N/A	N/A	N/A	N/A	N/A	01
MMC. K.J Tsoene	✓	X	N/A	N/A	N/A	N/A	N/A	01
MMC S.M Visagie	✓	X	N/A	N/A	N/A	N/A	N/A	01
MMC T.J Tshabalala	✓	X	N/A	N/A	N/A	N/A	N/A	01
MMC N. Mofokeng	✓	✓	N/A	N/A	N/A	N/A	N/A	02
MMC I.T Mkhwanazi	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr M.B Mamba	✓	X	N/A	N/A	N/A	N/A	N/A	01

Cllr V.R Mohala	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr M. Marius	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr M.B Hlatswayo	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr D.L Taetsang	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr S. Mkhwanazi	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr P.P Khanye	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr M.E Sempe	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr M.A Maleka	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr M.J Mokoena	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr M.M Twala	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr H. Dlamini	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr M.W Dlamini	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr B.E Meya	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr B.N Sani	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr M. Motshweneng	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr P. Makae	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr E.N Gamede	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr T.P Motlokoa	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr M. Mosia	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr M.S Mkhwanazi	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr A. Oates	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr L.G Nhlapo	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr M.C Botha	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr S.E Tshabalala	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr M.M. Hlakane	✓	X	N/A	N/A	N/A	N/A	N/A	01

Cllr M.M Mokhele	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr T.B Jakabo	✓	X	N/A	N/A	N/A	N/A	N/A	01
Dates	**29/07/2021**	**End of Term 28/10/2021**	**Beginning of New Term 07/12/2021**	**27/01/2022**	**31/03/2022**	**28/04/2022**	**Tabling of Budget 26/05/2022**	**Total No of Council Sitting**
Total No. Apology	**0**	**0**	N/A	N/A	N/A	N/A	N/A	**02**
Total No. of no apology submitted	**0**	**21**	N/A	N/A	N/A	N/A	N/A	
Total No. Councillors Attendance	**41**	**20**	N/A	N/A	N/A	N/A	N/A	
Total Number of Councillor	**41**							

BELOW ARE THE SYMBOLS USED IN THE REPORT AND THE MEANING THEREOF:

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D= **SIGNIFY DECEASED**
R= **SIGNIFY REPLACE**

OFFICE OF THE SPEAKER

COUNCILLORS ATTENDANCE TO COUNCIL MEETINGS FROM 07 DECEMBER 2021 TO 30 JUNE 2022

Name of Councillor	Inauguration 07/12/2021	27/01/2022	31/03/2022	28/04/2022	Tabling of Budget 27/05/2022	Special Council 23/06/2022	Total No.
1.CLLR THABO JUSTICE MOKOENA (M) SPEAKER	✓	✓	✓	✓	✓	✓	06
2. CLLR CONNY MSIBI EXECUTIVE MAYOR (F)	✓	✓	✓	✓	✓	✓	06
3. CLLR LINDIWE (F) CHIEF WHIP	✓	X	X	X	X	✓	02
4. CLLR SYLVIA VISAGIE (F) MMC	✓	✓	✓	✓	✓	A	05
5.CLLR MALEFU JEMINA VILAKAZI (F) MMC	✓	✓	✓	✓	✓	✓	06
6. CLLR THANDI MASITENG MMC (F)	✓	✓	✓	✓	✓	✓	06
7. CLLR ANNA FUME MMC (F)	✓	✓	✓	✓	✓	✓	06
8. CLLR MOKUWANE MOSIA MMC (M)	✓	✓	✓	✓	✓	✓	06
9. CLLR THEMBINKOSI JOSIA MAHLAMBI MMC (M)	✓	✓	✓	✓	✓	✓	06
10. CLLR MAKHANYA	✓	✓	✓	✓	✓	✓	06

VANGILE BRIDGETTE (F)							
11. CLLR NCHOCHO MAPULE LOUISA (F)			✓	✓	✓	✓	06
12.CLLR MIYA LEFASO (M)	✓	X	✓	✓	X	X	03
13.CLLR TWALA JANE (F)	✓	✓	✓	✓	✓	X	05
14. CLLR MOTSOANE TSHWANELO PHANDREANOX	✓	✓	✓	✓	✓	X	05
15.CLLR DLAMINI HLABATHE DESMOND	✓	✓	✓	✓	✓	✓	06
16. CLLR CAMPBELL-CLOETE BEATRICE ALLETA SASANNA (F)	✓	✓	✓	✓	✓	✓	06
17.CLLR MOFEREFERE JAFTA MOKOENA (M)	✓	✓	✓	✓	✓	✓	06
18. CLLR ALLISON. OATES(F)	✓	✓	✓	✓	✓	✓	06
19.CLLR MARAIS MARIUS DANIEL (M)	✓	✓	✓	✓	✓	✓	06
20. CLLR MOLWELWE MOHAU VICTOR (M)	✓	✓	✓	✓	✓	✓	06
21. CLLR M. SHIRLEY MKHWANAZI	✓	X	X	✓	X	✓	03
22. CLLR KALAMER CHARL	✓	✓	✓	✓	✓	✓	06
23. CLLR MOKOAKOE LEBOHANG GILBERT (M)	✓	✓	✓	✓	✓	✓	06
24. CLLR MOHANOE ELAINE LILIAN (F)	✓	✓	✓	✓	✓	X	05
25. CLLR MOTHIJOA PULE AUGUSTINUS (M)	✓	✓	✓	✓	✓	✓	06

26. CLLR MPHAFI MPHARA JOHANNES (M)	✓	✓	✓	✓		✓	06
27.. CLLR RAKOLOTI SEATILE LYDIA (F)	✓	✓	✓	✓	✓	✓	06
28. CLLR AZAEL NHLAPO (M)	✓	✓	✓	✓	✓	✓	06
29. CLLR MOEKETSI. LEBESA (M)	✓	✓	✓	✓	✓	✓	06
30. CLLR MAMORENA LANTINA BOHLALE	✓	✓	✓	✓	✓	✓	06
31. CLLR ESTALLA SETTSHWANA CHABELI	✓	✓	✓	✓	✓	✓	06
32. CLLR TLOKOTSI JOHN MOTAUNG	✓	✓	✓	✓	✓	✓	06
Dates	**Inauguration 07/12/2021**	**27/01/2022**	**31/03/2022**	**28/04/2022**	**Tabling of Budget 27/05/2021**	**Special Council 23/06/2022**	**Total No of Council Sitting**
Total No. Apology	**0**	**0**	**0**	**0**	**0**	**01**	**06**
Total No. of no apology submitted	**0**	**03**	**02**	**01**	**03**	**04**	
Total No. Councillors Attendance	**32**	**29**	**30**	**31**	**29**	**28**	
Total Number of Councillor	**32**						

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.....

Cllr Thabo Justice Mokoena
The Speaker

1 Mampoi Street. Private Bag x810. Witsieshoek. 9870. Tel: (058) 718 1028 Fax: (058) 7132408. speakertmdm@gmail.com

THABO MOFUTSANYANA District Municipality

OFFICE OF THE SPEAKER

COUNCILLORS ATTENDANCE REGISTER COUNCIL MEETING 01 JULY 2021 TO 28 OCTOBER 2021

Name of Councillor	29/07/2021	End of Term 29/10/2021	Beginning of New Term 07/12/2021	27/01/2022	31/03/2022	28/04/2022	Tabling of Budget 26/05/2022	Total No.
Speaker MS Maduna	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Executive Mayor MJ Vilakazi	✓	X	N/A	N/A	N/A	N/A	N/A	01
Chief Whip S. Mbiwe	✓	X	N/A	N/A	N/A	N/A	N/A	01
MMC. G Bengell	✓	✓	N/A	N/A	N/A	N/A	N/A	02
MMC J.M Radebe	✓	X	N/A	N/A	N/A	N/A	N/A	01
MMC. K.J Tsoene	✓	X	N/A	N/A	N/A	N/A	N/A	01
MMC S.M Visagie	✓	X	N/A	N/A	N/A	N/A	N/A	01
MMC T.J Tshabalala	✓	X	N/A	N/A	N/A	N/A	N/A	01
MMC N. Mofokeng	✓	✓	N/A	N/A	N/A	N/A	N/A	02
MMC I.T Mkhwanazi	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr M.B Mamba	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr M.C Ndlebe	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr V.R Mohala	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr M. Marius	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr M.B Hlatswayo	✓	✓	N/A	N/A	N/A	N/A	N/A	02

Cllr D.L Taetsang	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr S. Mkhwanazi	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr P.P Khanye	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr M.E Sempe	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr M.A Maleka	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr M.J Mokoena	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr M.M Twala	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr H. Dlamini	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr M.W Dlamini	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr B.E Meya	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr B.N Sani	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr M. Motshweneng	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr P. Makae	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr E.N Gamede	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr T.P Motlokoa	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr M. Mosia	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr M.S Mkhwanazi	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr A. Oates	✓	✓	N/A	N/A	N/A	N/A	N/A	02
Cllr L.G Nhlapo	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr M.C Botha	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr S.E Tshabalala	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr M.M. Hlakane	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr M.M Mokhele	✓	X	N/A	N/A	N/A	N/A	N/A	01
Cllr T.B Jakabo	✓	X	N/A	N/A	N/A	N/A	N/A	01

Dates	29/07/2021	End of Term 28/10/2021	Beginning of New Term 07/12/2021	27/01/2022	31/03/2022	28/04/2022	Tabling of Budget 26/05/2022	Total No of Council Sitting
Total No. Apology	0	0	N/A	N/A	N/A	N/A	N/A	02
Total No. of no apology submitted	0	21	N/A	N/A	N/A	N/A	N/A	
Total No. Councillors Attendance	41	20	N/A	N/A	N/A	N/A	N/A	
Total Number of Councillor	41							

BELOW ARE THE SYMBOLS USED IN THE REPORT AND THE MEANING THEREOF:

✓ = SIGNIFY MEETING ATTENDED

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X = SIGNIFY MEETING NOT ATTENDED

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R= SIGNIFY REPLACE

Appendix B: Committee and Committee Purpose

Municipal committees	Purpose of committee
Municipal Public Accounts Committee	Oversight over executive role
Audit committee	Oversight of financial reporting and disclosure, review of the work of internal audit, the risk management system and Performance management system
District Aids Council	Programmes and policies that pertain to combating the scourge of HIV and AIDS
Local labour forum	Consultation between the employer and employee bodies on all labour relations and HR issues
Budget steering committee	Assists the Executive Mayor to perform her responsibility in terms of section 53 of MFMA with regard to budget processes and related matters

Appendix C: Third Tier Administrative structure

Third Tier Administrative structure	Third Tier Administrative structure	
Directorate	Unit or Department	Manager
Office of the Municipal Manager	IDP and PMS	T. Vanqa
Office of the Municipal Manager	Infrastructure	B. Mphahlele
Corporate Services	Director	S.K.Khote
Community Services	LED	T. Mlotha
Community Services	Agriculture and Rural Development	L.Moshoaliba
Community Services	Municipal Health Services	P.Swart
Community Services	Social Services	B. Ngwenya
Community Services	Emergency Services	J.Mokoena
Office of the Municipal Manager	Internal Audit	W. Nhlapo
Office of the Municipal Manager	Risk Management	M.Phoofolo
Office of the Municipal Manager	ICT	B. Mdakane
Office of the Municipal Manager	Communications	M.Moshugi
Finance	Chief Financial Officer	N. Gcoli
Finance	Chief Accountant	D. Mhlahlo
Finance	Supply Chain Manager	S. Thamaha

Appendix G: Recommendations of the Municipal Audit Committee

THABO MOFUTSANYANA District Municipality

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

SHARED AUDIT AND PERFORMANCE COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

AUDIT AND PERFORMANCE COMMITTEE MEMBERS	
Name	**Responsibility**
Mr G A Ntsala:	Chairperson of the Committee
Mr T S Morare:	Ordinary member of the Committee
Ms. M R Khetha	Ordinary member of the Committee
Ms. M V Ntipe:	Ordinary member of the Committee

SUPPORT STAFF	
Name	**Role**
Mr J W Nhlapo: Manager Internal Audit (Thabo Mofutsanyana District Municipality)	Secretariat of the Committee

STANDING INVITEES: MANAGEMENT	
Name	**Role**
Me T P M Lebenya	Accounting Officer
Ms N L Gqoli	Chief Financial Officer
Ms. M P Phoofolo	Chief Risk Officer
Ms T Vanqa	Manager IDP and PMS
Mr. L B Mokhantso	Chairperson Risk Management Committee
Mr L Mokorotlo	Auditor – General: Senior Manager Audit

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2	AUDIT AND PERFORMANCECOMMITTEE RESPONSIBILITIES	7-8
3	THE ADEQUACY AND EFFECTIVENESS OF INTERNAL CONTROL, RISK MANAGEMENT AND GOVERNANCE	8-10
4	CONCLUSION	10-11

FOREWORD BY THE CHAIRPERSON

We are pleased to submit our report to form part of the Municipality's 2021/2022 Annual Report to the Council of Thabo Mofutsanyana District Municipality covering the period 01 July 2021 to 30 June 2022. This report gives an account of work performed by the Committee during the period under review.

During this period, the Committee held eight (8) meetings as follows to discuss matters relating to the Municipality's Risk Management, Internal controls, governance, financial reports, internal Audit and Performance Information.

Meeting Number	Type of Meeting	Date meeting held
01/2021-2022	Ordinary Meeting	11 August 2021
02/2021-2022	Special Meeting	27 August 2021
03/2021-2022	Special Meeting	09 September 2021
04/2021-2022	Ordinary Meeting	19 November 2021
05/2021-2022	Special Meeting	29 November 2021
06/2021-2022	Ordinary Meeting	11 February 2022
07/2021-2022	Ordinary Meeting	27 May 2022
08/2021-2022	Ordinary Meeting	14 July 2022

The Committee also reports that it has adopted the Audit Committee Charter as its formal Terms of Reference, internal audit standards and has regulated its affairs per this Charter and relevant standards.

The Committee wants to assure Council of its commitment to carry out its responsibilities diligently without fear, favour or any biasness to advance the objectives of the municipality of bringing municipal services to the communities of the District.

On behalf of the Committee, I would like to thank the Council of Thabo Mofutsanyana District Municipality for affording us the opportunity to serve as members of this Committee and to afford me the opportunity to be the Chairperson of the Committee.

.....

MR. G A NTSALA
CHAIRPERSON: AUDIT AND PERFORMANCE COMMITTEE

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.....

MR. G A NTSALA
CHAIRPERSON: AUDIT AND PERFORMANCE COMMITTEE

1. BACKGROUND

The Committee performed its function as a Shared Audit and Performance Committee which includes Phumelela Local Municipality. Members were appointed for a term of three years and have signed performance contracts with the municipality.

The objectives of the Audit Committee in terms of section 166 of Municipal Finance Management Act, are as follows:

(a) To provide an independent advice to the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters relating to
   (i) internal financial control and internal audits;
   (ii) risk management;
   (iii) accounting policies;
   (iv) the adequacy, reliability and accuracy of financial reporting and
   (v) performance management;
   (vi) effective governance; information;
   (vii) compliance with this Act, the annual Division of Revenue Act and any
   (viii) performance evaluation; and other applicable legislation:
   (ix) any other issues referred to it by the municipality or municipal entity:

(b) To review the annual financial statements to provide the council of the municipality or, in the case of a municipal entity, the council of the parent municipality and the board of directors of the entity, with an authoritative and credible view of the financial position of the municipality or municipal entity, its efficiency and effectiveness and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation:

(c) To respond to the council on any issues raised by the Auditor-General in the audit report;

(d) To carry out such investigations into the financial affairs of the municipality or municipal entity as the council of the municipality, or in the case of a municipal entity, the council of the parent municipality or the board ot' 35 directors of the entity, may request: and

(e) To perform such other functions as may be prescribed

In performing its functions, the audit committee must have access to the financial records and other relevant information of the municipality or municipal entity; and liaise with the internal audit unit of the municipality; and/ or the person designated by the Auditor-General to audit the financial statements of the municipality or municipal entity.

The Terms of Reference for the Committee are compiled in accordance with section 166 of the MFMA and the King IV Report on Corporate Governance and are enshrined in the Audit Committee Charter.

MEETINGS HELD AND ATTENDANCE BY MEMBERS DURING THE FINANCIAL YEAR 2021/2022

Name	Capacity	Number of meetings attended	Apologies
Mr G A Ntsala	Chairperson	08	0
Ms M R Khetha	Member	08	0
Mr T S Morare	Member	08	0
Ms M V Ntipe	Member	07	1

2. AUDIT AND PERFORMANCE COMMITTEE RESPONSIBILITIES

The Committee was appointed to assist in improving management reporting by overseeing internal and external audit functions, internal controls, and the financial reporting process, performance information, compliance with accounting policies, legal requirements, internal controls and other policies within the Municipality.

The Committee reports that it has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act ("the Act"). The Committee consists of external members who are not officials of the municipality nor councillors including the chairperson, and it has also adopted formal terms of reference as its audit committee charter. The Committee has regulated its affairs in compliance with the charter and has discharged its responsibilities as contained therein.

The Committee also reports that during the financial year under review it has reviewed and adopted the following documents appropriately for effective functioning:

- Schedule of Audit and Performance Committee meetings 2021/2022
- The Audit and Performance Committee Charter 2021/2022, (recommended for approval by Council)
- The Internal Audit Charter 2021/2022,
- Internal Audit Methodology 2021/2022
- Internal Audit annual strategic/Detailed plan which includes, three- year coverage plan 2021-2024 and annual coverage internal audit plan 2021/2022
- Quality Assurance and Implementation plan 2021/2022

The Committee further reports that, it has reviewed and provided inputs to the following risk management documents which were recommended for approval and adoption by the Council;

- Overall strategic and operational risk-register 2021/2022
- Quarter Risk Management reports 2021/2022
- Risk Management Policies and plans 2021/2022

3. THE ADEQUACY AND EFFECTIVENESS OF INTERNAL CONTROL, RISK MANAGEMENT AND GOVERNANCE

The Internal Audit Unit reported several instances of non-compliance with prescribed policies and procedures for the period under review, which resulted in a breakdown in the functioning of internal controls. Hence, the systems of internal controls were not entirely effective for the year under review.

The Internal Audit Unit presented its reports during the above-mentioned sittings of the Committee, the reports of which included recommendations and management comments, which highlighted the several internal control weaknesses.

3.1 Governance

Significant Governance structures and processes are in place and functioning as intended. The structures referred to include the Council, Municipal Public Accounts Committee (MPAC), the Audit and Performance Committee, the Executive Management, Mayoral Committee (MAYCO), and the Internal Audit function.

3.2 Risk Management

One of the significant Governance structures, Risk Management Function is in place and was functional except that the fact that Risk Management Committee meetings were not convened as scheduled to discuss risk management issues before submitted to the Audit Committee.

3.3 Internal Controls

The Internal Audit function conducted the listed audits and the outcome thereof indicated internal control deficiencies for the financial year 2021/2022.

- Project no: 01 of 2021/2022 Evaluation/Review of Risk Management
- Project no: 02 of 2021/2022 Review of information and Communication Technology
- Project no: 03 of 2021/2022 Review of PMS and IDP
- Project no: 04 of 2021/2022 Municipal Assets
- Project no: 05 of 2021/2022 Supply chain management
- Project no: 06 of 2021/2022 Budget and Municipal grants
- Project no: 07 of 2021/2022 Expenditure management
- Project no: 08 of 2021/2022 Leave administration
- Project no: 09 of 2021/2022 Payroll management
- Project no: 10 of 2021/2022 Personnel Management
- Project no: 11 of 2021/2022 Fleet Management
- Project no:12 of 2021/2022 Review of draft annual financial statement and annual performance report
- Project no:13 of 2021/2022 Follow up on audit findings.
- Project no: 14 (1-4) of 2021/2022 Auditing of performance outcomes-Q1-Q4
- Project no:15 of 2021/2022 Evaluation of progress on audit action plan
- Project no:16 of 2021/2022 Ad-hoc Assignment assist AGSA with Employee Verification

3.4 REVIEW OF DRAFT ANNUAL FINANCIAL STATEMENTS AND ANNUALPERFORMANCE REPORT FOR 2020/2021

The Audit and Performance Committee reviewed the draft annual financial statements and annual performance reports for 2020/2021 in terms of section 166(2)(b) of MFMA during its meeting held on **27 August 2021** and provide its inputs to management for incorporation before these reports were submitted to Auditor General for audit purposes.

3.5 EXTERNAL AUDIT

The Audit Committee has performed its oversight role on the External Audit processes in terms of Audit and Performance Committee Charter as follows:-

- Reviewed and discussed the Auditor General's Engagement Letter
- Reviewed and discussed the Auditor General's Audit Strategy
- Discussed Auditor the General's Progress on Audit Processes
- Discussed Auditor the General's Management report.
- Discussed Auditor the General's Audit Report

3.6 REPORTS OF AUDIT AND PERFORMANCE COMMITTEE TO COUNCIL

The Committee also prepared its reports outlining work performed by the Committee and its recommendations made to Council.

The two reports of the Audit Committee to Council were presented to Council by the Chairperson at its meeting held on the 28 January 2022 and 28 July 2022 respectively.

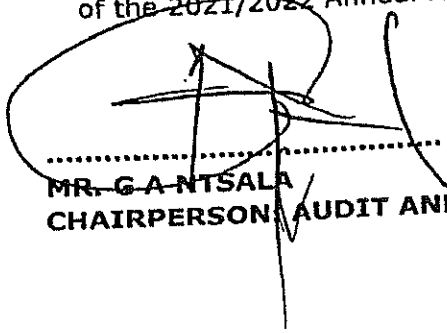
4. CONCLUSION

The Audit Committee would like to further encourage management to build strong relationship and cooperate with Auditor General and Internal Audit during the audit process to ensure that the municipality improves from unqualified audit opinion with matters to unqualified audit opinion without matters by submitting requested information within indicated timeframe, to respond to shortcomings identified on time and implement recommendations from both Internal Audit and Auditor General.

The committee further states that, it is satisfied that it has adopted appropriate formal terms of reference as its Audit Committee Charter; and will always regulate its affairs in compliance with this Charter and discharge its responsibilities as contained therein.

In conclusion, this Committee assures Council of Thabo Mofutsanyana District Municipality that it remains committed to discharge its responsibilities and duties as outlined under section 166(2) of the Municipal Finance Management Act.

This report is duly submitted for inclusion under Audit Committee section of the 2021/2022 Annual Report.



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MR. G A NTSALA
CHAIRPERSON: AUDIT AND PERFORMANCE COMMITTEE

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Appendix H: Long term Contracts and Public Private Partnership

Long term contracts (Largest contract entered into during 2021/ 2022)					
Name of the service provider	Description of service rendered	Start date of contract	Expiry date of the contract	Project Manager	Contract value

Appendix I: Municipal Entity/Service Provider Performance Schedule

Thabo Mofutsanyana district municipality does not have an entity.

Appendix J: Disclosure of Financial Interest

See annual financial statements

Appendix K: Revenue Collection Performance

Not applicable to Thabo Mofutsanyana

Appendix K (i): Revenue Collection Performance by Vote

See annual financial statements

Appendix K (ii): Revenue Collection Performance by Source

See annual financial statements

Appendix L: Conditional Grants Received: Excluding MIG

See annual financial statements

Appendix M: Capital Expenditure – New & Upgrade/ Renewal Programmes: Including MIG

Not Applicable.

Appendix M (i): Capital Expenditure – New Assets Programme

Not applicable. The district municipality's capital expenditure is only linked to assets used for operations.

Appendix M(ii): Capital Expenditure – Upgrade/Renewal Programme

Not applicable. The district municipality's capital expenditure is only linked to assets used for operations.

Appendix N: Capital Programme by Project current year

Appendix O: Capital Programme by project by Ward current year
Not applicable to Thabo Mofutsanyana

Appendix P: Service Connection Backlogs at Schools and Clinics
Not Applicable

Appendix Q: Service Backlogs Experienced by the Community where another Sphere of Government is Responsible for Service Provision
Information not available.

Appendix R: Declaration of Loans and Grants Made by the Municipality
The District has not provided any loans or grants to outside organizations.

Appendix S: National and Provincial Outcomes for local Government

Not Relevant to the Thabo Mofutsanyan a District Municipality

Appendix T: Reporting on KPA's as per requirements of department of Local Government and Traditional Affairs

CHAPTER 7

REPORT OF THE CHIEF FINANCIAL OFFICER – AUDITED ANNUAL FINANCIAL STATEMENTS AND RELATED FINANCIAL INFORMATION 2021/2022

Introduction

The office of the Chief Financial Officer is amongst others, responsible for preparing the financial statements that fairly present the financial position of the municipality in line with Municipal Finance Management Act No. 56 of 2003, section 122 and any other guidelines issued by National Treasury and Accounting Standards Board.

The municipality is in this regard, aspiring to lead and thereby ensures that it continues with sustainable service delivery while remaining financially viable. The 2021/2022 financial year results are partly the outcome of its pursuit to the new financial reforms.

Key performance areas:

- Administers financial management support services;
- Manages Council's financial management systems, policies and procedures;
- Ensures full compliance with Generally Recognised Accounting Practices;

- Ensures compliance with the Municipal Finance Management Act and other legislative provisions;
- Renders support to local municipalities with reference to clean audit as well as revenue enhancement mechanisms;

Current year

The office of the Chief Financial Officer strives towards a sustainable relationship with local municipalities, suppliers and other organs of state by maintaining a high-level service between the municipality and its customers. In doing so, it is required of its staff component to act diligently, professionally, honesty and with integrity when discharging their duties. Thus, the following applies:

- The management maintains an active role in projects and administration, facilitating swift decisions and a higher commitment to service delivery;
- The office conducts itself in a manner does not compromise compliance with the requirement of the Municipal Finance Act, other laws, regulations and policies by ensuring that provisions of the guidelines are well communicated.

Impact of Financial Management

Most of the approved Service Delivery and Budget Implementation Plan projects were not executed because of the National Treasury's advisory note (dated 25 February 2022) pertaining to the Constitutional Court judgement of invalidity of 2017 Preferential Procurement Regulations.

The National Treasury advised the organs of state that tenders which were:

(i) advertised before 16 February 2022 should be finalized in terms of the 2017 Regulations;

(ii) advertised on or after 16 February 2022 be held in abeyance, and no new tender should be advertised.

This excludes procurement with a Rand value of less than R30 000 obtained through price quotations and petty cash.

Despite this, the municipality had to continue with executing its Constitutional service delivery mandate even though significant delays were caused in our projects.

Summary of current year achievements

The achievements realised during the financial year 2021/2022 are summarised as follows, but not limited to:

- The department prepared the financial statements in-house in accordance with the Standard of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board;
- In its effort to streamline the financial reporting, management of the department provided the Council of the municipality, MAYCO, and Finance Portfolio Committee with more timely, accurate and credible financial information.

- Management continued to strengthen the internal controls and compliance by developing workflow and process checklist which guide the activities of all operational units within the department. Proper management of the system improves the administration of municipal funds and safeguarding of assets, thus preventing elements of non-compliance that would otherwise lead to expenditure being irregular; unauthorised, fruitless and wasteful.

- The municipality achieved unqualified audit reports with matters of emphasis in 2016/17. However, in 2017/18 the municipality regressed and received a qualified audit report. In 2018/19 the municipality

- improved and received an unqualified audit report with matters of emphasis. In the year 2019/20 the municipality regressed and received a qualified audit report. In the prior and current year 2020/21 and 2021/22 the municipality received an unqualified audit report with matters of emphasis

The year ahead

In the coming financial year it is anticipated that the financial operations, financial status and financial position will be improved. Action plan to improve on Audit-General findings include, but not limited to:

- Implementation of audit action plan based on Auditor-General's findings and recommendations.
- Consistent training of staff on Generally Accounting Practice and the Accounting Board updates.
- Preparation of half-yearly annual financial statements.
- Consistent training of staff on SCM rules and regulations as well as on contract management.
- Performing assets reconciliation and updating the assets register in the Assets Management System.
- Ensure compliance with laws, regulations and guidelines.
- Staffing of the budget and treasury office with capacitated officials.

Internal controls

It is management's responsibility to maintain a proper system of internal controls, ensuring that the integrity of financial and accounting information reported on, meets the operational requirements and ensures that the assits of the municipality are safeguarded. In order to strengthen internal controls, management will continuously ensure that development procedure manuals are properly used to guide operations around segregation of duties.

Ethical issues

The municipality has a code of conduct for its councillors in terms of the Municipal Structures Act and a code of conduct for its employees in terms of the Municipal Systems Act. The codes are encouraging and discouraging certain behaviours and ensures that councillors and officials conduct themselves that do not compromise the integrity municipality in the face of the communities they are serving.

FINANCIAL PERFORMANCE

Audited Statement and Related Financial Information

Table 1

Financial and Operational Statistics Year ended 30th June	2022	2021Restated
Sundry receivables	6 560 945	7 094 692
Cash and cash equivalents	46 903 362	32 956 597
Trade and other payables	14 468 324	18 297 767
Unspent conditional grant	-	910 202
Employee benefit obligation	11 474 000	11 115 389
Total Operating Revenue	177 681 007	151 807 406
Total Operating Expenditure	149 732 558	142 506 864
Actuarial gains/(losses)	788 000	(864 000)
Operating Profit/(Deficit)	28 736 449	8 436 542

1.1 Financial performance analysis

disclosed in the Annual Financial Statement under the accounting policies subsection 1.16 and note 38 comparative figures have been restated or reclassified due to prior period errors to conform to changes in presentation in the current year. The restatement was necessitated by the fact that management the fact that management had to correct accounting mistakes done in the past, hence, a need for retrospective implementation.

1.1.1. Cash and cash equivalents

Council has during the past twelve (12) months maintained a consistent and viable financial position. As a result, the operating bank balances as at financial year 2021/22 was R46 903 362 (showing an excess of R13 946 765 compared to a closing balance of R32 956 597 at end of the financial previous financial year).

1.1.2 Sundry receivables / debtors

Increase in sundry receivables is due to the delivery of motor vehicles of Executive Mayor and Speaker from Free State Government Garage because of the war between Russia-Ukraine debacle as it affected the German production since they are gas dependent on Russian supply. Management continuously

assessed individual debtors to establish if there was any likelihood of recovering outstanding debtors so that should there be no success in recovering same, provide for the debt impairment in line with the impairment policy of the municipality. During the current year, impairment provision was still necessary to be catered for.

1.1.3 Operating expenditure and revenue

The total operating expenditure increased from previous year's figure by
R7 225 694 and total operating revenue increased from previous year's figure by
R 5 873 606. The major increase in operating expenditure was a consequence of the following:

- Increase in advertising.
- Increase in auditors' remuneration.
- Increase in cleaning and consumables.
- Increase in contracted services.
- Increase in disaster recovery services.
- Increase in district development model.
- Increase in installation of energy efficient lights.
- Increase in insurance.
- Increase in IT infrastructure support and maintenance.
- Increase in legal fees.
- Increase in printing and stationery.
- Increase in repairs and maintenance.
- Increase in services in-kind (expenditure).
- Increase in telephone and fax.
- Increase in training.
- Increase in transport costs.
- Increase in travel and subsistence.
- Increase/(decrease) in operational expense as outlined in note 18 of the AFS.

An increase in operating income was a result of the following:

- An increase in government grant ant subsidies.
- An increase in interest received on investments.

- An increase in services in-kind (income).
- An increase in sundry income.
- Donations of Kestell Laboratory by CoGTA.

A disciplined spending pattern has been well maintained, preventing a situation where the municipality would not be able to pay creditors and defer payments from one financial year to the other, and thus casting doubt on its ability to continue as a going-concern

2. Financial status

2.1 Revenue and expenditure overview

In terms of its revenue base Thabo Mofutsanyana District Municipality is currently the second smallest category C municipality within the Free State. It received grant income of R151 484 918 in 2021/22 (R142 080 726 in 2020/21), an increase of 6,62% from the previous year.

Thabo Mofutsanyana District Municipality is funded like other district municipalities. Their budget are funded by subsidies from national and provincial government and slightly generate own income through interest-bearing investment portfolios.

The operating expenditure of Thabo Mofutsanyana District Municipality for 2021/22 was largely inflexible and required sound budgeting and discipline to keep costs within budget. Strides were made to maintain discipline in the spending patterns so that expenditure by line item was kept within the budget.

Details	2022 R	2021 Restated R
Employee Costs	86 330 579	85 661 972
Councillors Remuneration	9 586 781	11 681 264
Depreciation and amortization	3 882 720	3 287 892
Finance costs	1 205 000	1 088 000
Contracted services	4 205 177	2 628 164
Loss on disposal of assets	1 193 472	-
Operational expenses	43 328 829	37 293 948

Personnel remuneration constitutes a larger proportion of the municipality's expenditure budget. The staff-to-expenditure ratio of Thabo Mofutsanyana District Municipality continues to increase at an alarming rate from one financial year to the other. Councillors' costs compromise a minor portion of total expenditure. Assets maintenance is very important although it is often overlooked or ignored, and priority given to less worthy line items. The deferment of maintenance is common practice among

municipalities and while it has short-term cash flow benefits, it also carries adverse long-term effects on operating costs which directly and indirectly affect the sustainability of quality service delivery.

Thabo Mofutsanyana District Municipality external maintenance costs comprised of a very low provision due to lack of funds. The ratios have increased from the previous year management remains concerned that allocation for maintenance is still not at the optimum level.

The municipality has recorded an operating surplus of R28 736 449 in 2021/2022 (R9 286 539 in 2020/21). The operating budget indicated a moderate increase for the next three years.

2.3 Liquidity management

Although the municipality operates an effective financial management system in controlling crucial aspects of cash and cash equivalents, its total assets exceeded its total liabilities by R49 257 477 in 2021/22 (in 2020/21 R21 155 027) an improved position of 142,59% increase between the two years (2020/21 and 2021/22).

2.4 Capital analysis

The pressure on capital expenditure with specific reference to bulk services is expected to remain over the long-term, and this is due to the withdrawal of Municipal Infrastructure Grant by the National Department of Cooperative Governance and Traditional Affairs.

Although the municipality is expected to render bulk services and coordinate functions in terms of Local Government Structure Act Section 84 (Powers and Functions of the district municipalities), it lacks capacity to execute some of the functions due to lack of funding. Thus the Council cannot even contribute from its operational income towards capital development in local municipalities within the area. As a result, no expenditure of a capital nature was incurred to assist local municipalities in the 2021/2022 financial year.

Implementation of projects in local municipalities during the year 2021/2022

MUNICIPALITY	PROJECT	EXPENDITURE
Maluti-A-Phofung	None	N/A
Nketoana	None	N/A
Mantsopa	None	N/A
Dihlabeng	None	N/A
Nketoana	None	N/A
Phumelela	None	N/A

3. Conclusion

The municipality's overall financial management capacity has not improved yet to deal with current demand realities for improved service delivery in order to assist local municipalities as well as to fully implement legislative mandates imposed on the municipality by the Constitution.

Expression of appreciation

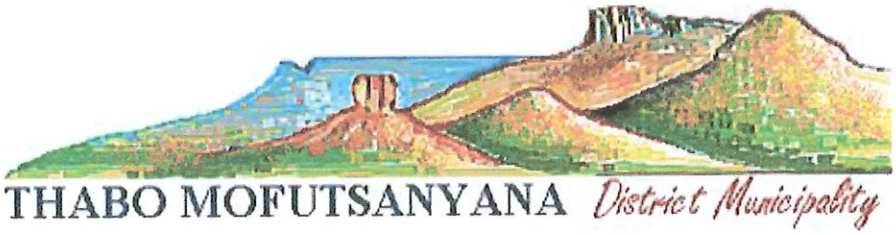
My sincere appreciation to the Executive Mayor, Members of the Mayoral Committee, Councillors, Municipal Manager, Heads of Departments, colleagues and local representatives in the Office of the Auditor General for supporting us throughout.

I wish to convey a special word of appreciation to the staff in Finance Department for their hard work, dedication and support given.

Thank you,

Me NL Gqoli
Chief Financial Officer

ANNUAL FINANCIAL STATEMENTS



THABO MOFUTSANYANA DISTRICT MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2022

Index

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

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Accounting Officer's Report	8
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Statement of Financial Performance	10
Statement of Changes in Net Assets	11
Cash Flow Statement	12
Statement of Comparison of Budget and Actual Amounts	13 - 15
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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
CIGFARO	Chartered Institute of Government Finance, Audit and Risk Officers
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 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	Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Constitution of the Republic of south Africa (Act 108 of 1998) Division of Revenue Act (Act 1 of 2007)
Mayoral committee	
Executive Mayor	Cllr. AC Msibi Cllr. MJ Vilakazi (Former Exec Mayor) Cllr. TJ Mokoena (Speaker) Cllr. MS Maduna (Former Speaker) Cllr. LU Makhalema (Chief Whip) Cllr. SJ Mbiwe (Former Chief Whip) Cllr. ES Chabeli (MPAC Chairperson) Cllr. MM Twala (Former MPAC Chairperson) Cllr. SM Visagie (MMC - LED & Tourism) Cllr. TN Masiteng (MMC - Corporate Services) Cllr. TI Mkhwanazi (Former MMC - Corporate Services) Cllr. A Fume (MMC - IDP & PMS Services) Cllr. TJ Tshabalala (Former MMC - IDP & PMS Services) Cllr. TJ Mahlambi (MMC - Infrastructure Services) Cllr. KJ Tsoene (Former MMC - Infrastructural Services) Cllr. MJ Vilakazi (MMC - Community Services) Cllr. JM Radebe (Former MMC - Community Services) Cllr. SM Mosia (MMC - Financial Services) Cllr. MB Mamba (Former MMC - Financial Services) Cllr. ND Mofokeng (Former MMC - Municipal Health and Disaster Services)
Councillors	Cllr. MD Marais Cllr. S Mkhwanazi (Term ended 08 Nov 2021) Cllr. PP Khanye (Term ended 08 Nov 2021) Cllr. MA Maleka (Term ended 08 Nov 2021) Cllr. TB Jakobo (Term ended 08 Nov 2021) Cllr. MC Ndlebe (Term ended 08 Nov 2021) Cllr. MM Hlakane (Term ended 08 Nov 2021) Cllr. DL Taetsane (Term ended 08 Nov 2021) Cllr. VR Mohala (Term ended 08 Nov 2021) Cllr. ME Sempe (Term ended 08 Nov 2021) Cllr. BM Sani (Term ended 08 Nov 2021) Cllr. BE Meya (Term ended 08 Nov 2021) Cllr. PG Makae (Term ended 08 Nov 2021) Cllr. MJ Lebesa Cllr. AM Oates Cllr. LG Nhlapo (Term ended 08 Nov 2021) Cllr. MC Botha (Term ended 08 Nov 2021) Cllr. SE Tshabalala (Term ended 08 Nov 2021) Cllr. MM Mokhele (Term ended 08 Nov 2021) Cllr. MB Hlatshwayo (Term ended 08 Nov 2021) Cllr. EN Gamede (Term ended 08 Nov 2021) Cllr. MW Dlamini (Term ended 08 Nov 2021) Cllr. M Motsoeneng (Term ended 08 Nov 2021)

General Information

Cllr. MS Mkhwanazi
Cllr. HD Dlamini
Cllr. TP Motlokoa (Term ended 08 Nov 2021)
Cllr. MA Mosia (Term ended 08 Nov 2021)
Cllr. MJ Mokoena
Cllr. TJ Motsoane (Elected to council 08 Nov 2021)
Cllr. T Mosia (Elected to council 08 Nov 2021)
Cllr. TJ Motaung (Elected to council 08 Nov 2021)
Cllr. LG Mokoakoe (Elected to council 08 Nov 2021)
Cllr. BAS Campbell-Cloete (Elected to council 08 Nov 2021)
Cllr. PA Mothijoa (Elected to council 08 Nov 2021)
Cllr. VB Makhanya (Elected to council 08 Nov 2021)
Cllr. LF Miya (Elected to council 08 Nov 2021)
Cllr. TP Motsoane (Elected to council 08 Nov 2021)
Cllr. MJ Mphafi (Elected to council 08 Nov 2021)
Cllr. LE Mohanoe (Elected to council 08 Nov 2021)
Cllr. SL Rakoloti (Elected to council 08 Nov 2021)
Cllr. MV Molwelwe (Elected to council 08 Nov 2021)
Cllr. AM Nhlapo (Elected to council 08 Nov 2021)
Cllr. MB Bohlale (Elected to council 08 Nov 2021)
Cllr. J Twala (Elected to council 08 Nov 2021)
Cllr. ML Nchocho (Elected to council 08 Nov 2021)
Cllr. C Kalamer (Elected to council 08 Nov 2021)

General Information

Grading of local authority	Grade 11
Accounting Officer	Ms. TPM Lebenya (Appointed 01 December 2017)
Chief Financial Officer	Ms. NL Gqoli (Appointed 01 February 2018)
Registered office	1 Mampoi Street Old Parliament Building Witsieshoek South Africa 9870
Postal address	Private Bag X810 Witsieshoek South Africa 9870
Bankers	ABSA NEDBANK
Auditors	Auditor General of South Africa (AGSA)
Attorneys	Sibeko Attorneys Inc.
Website:	www.tmdm.gov.za

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 were 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.

I, as the accounting officer acknowledges that I am ultimately responsible for the system of internal financial controls established by the municipality and places considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, I have set 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.

I am 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.

I have reviewed the municipality's cash flow forecast for the year to 30 June 2023 and, in the light of this review and the current financial position, I am satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

Although I am primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 19 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act

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 7.

The annual financial statements set out on pages 8 to 76, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022.

TPM Lebenya

Municipal Manager

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2022. We submit this report in line with the provision of section 166(2) of the Municipal Finance Management Act for Council's consideration.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year seven meetings were held.

Name of member	Number of meetings attended
Mr GA Ntsala (Chairperson)	8
Ms MS Khetha (Member)	8
Mr TS Morare (Member)	8
Ms MV Ntipe	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.

Evaluation of annual financial statements

The audit committee has:

- reviewed the high level of unaudited annual financial statements to be included in the annual report, with management and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

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

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the 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: _____



Report of the Auditor General

To the Provincial Legislature of THABO MOFUTSANYANA DISTRICT MUNICIPALITY
1. To the Council of THABO MOFUTSANYANA DISTRCIT MUNICIPALITY

Auditor General of South Africa (AGSA)

30 November 2022

Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2022.

1. Review of activities

Main business and operations

The municipality is engaged in rendering support to the local municipalities within the district and operates principally in South Africa.

2. Going concern

We draw attention to the fact that at 30 June 2022, the municipality had a surplus of R 28 736 449 and that the municipality's total assets exceed its total liabilities by R 49 257 477. These conditions and events do not cast doubt on the municipality's ability to continue as a 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.

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 are prepared in accordance with the South African Statements of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Accounting Officer

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

Name	Appointed
TPM Lebenya	01 December 2017

Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021
Assets			
Current Assets			
Receivables from exchange transactions	4	6 505 052	4 938 558
Receivables from non-exchange transactions	5	55 893	2 156 134
Cash and cash equivalents	6	46 903 362	32 956 597
		53 464 307	**40 051 289**
Non-Current Assets			
Property, plant and equipment	7	21 489 946	10 083 427
Intangible assets	8	235 548	493 673
		21 725 494	**10 577 100**
Total Assets		**75 189 801**	**50 628 389**
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	14 468 324	18 297 767
Unspent conditional grants and receipts	10	-	910 202
Employee benefit obligation	11	906 000	864 389
		15 374 324	**20 072 358**
Non-Current Liabilities			
Employee benefit obligation	11	10 558 000	10 251 000
Total Liabilities		**25 932 324**	**30 323 358**
Net Assets		**49 257 477**	**20 305 031**

* See Note 41 & 38

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021
Revenue			
Revenue from exchange transactions			
Commission income (Agency services (CETA))	22	1 816 325	2 213 571
Recoveries (Gains on debt impairment provision adjustment)	4	-	114 877
Sundry income	15	475 414	253 336
Interest received - investments	13	2 373 665	1 782 959
Gain on disposal of assets		-	63 458
Total revenue from exchange transactions		**4 665 404**	**4 428 201**
Revenue from non-exchange transactions			
Taxation revenue			
Service in kind revenue	14	5 750 872	5 298 479
Transfer revenue			
Government grants and subsidies	12	151 484 918	142 080 726
Donations (PPE Kestel lab)		15 779 813	-
Total revenue from non-exchange transactions		**173 015 603**	**147 379 205**
Total revenue	34	**177 681 007**	**151 807 406**
Expenditure			
Employee related costs	19	(86 330 579)	(85 661 972)
Remuneration of councillors	19	(9 586 781)	(11 681 264)
Depreciation and amortisation	16	(3 882 720)	(3 287 892)
Finance costs	17	(1 205 000)	(1 088 000)
Contracted services	33	(4 205 177)	(2 628 164)
Loss on disposal of assets	7	(1 193 472)	-
Operational Expenses	18	(43 328 829)	(38 159 572)
Total expenditure		**(149 732 558)**	**(142 506 864)**
Surplus for the year from continuing operations		**27 948 449**	**9 300 542**
Actuarial gains/(losses)		788 000	(864 000)
Surplus for the year		**28 736 449**	**8 436 542**

* See Note 41 & 38

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2020 as restated	**11 713 252**	**11 713 252**
Changes in net assets		
Surplus / (Deficit) for the year	8 436 542	8 436 542
Prior period errors	155 237	155 237
Total changes	8 591 779	8 591 779
Restated* Balance at 01 July 2021	**20 305 031**	**20 305 031**
Changes in net assets		
Surplus / (Deficit) for the year	28 736 449	28 736 449
Prior period errors	127 499	127 499
Other changes	88 498	88 498
Total changes	28 952 446	28 952 446
Balance at 30 June 2022	**49 257 477**	**49 257 477**

Note(s)

* See Note 41 & 38

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Receipts			
Grants		151 484 918	140 990 928
Interest income		2 170 065	1 782 959
Other receipts		475 414	2 466 907
Cash receipts from receivables		58 333	289 240
		154 188 730	145 530 034
Payments			
Employee costs		(94 830 023)	(94 992 382)
Suppliers		(44 243 574)	(42 196 613)
Finance costs		-	(1 088 000)
Benefits paid relating to long service awards		(690 389)	(122 997)
		(139 763 986)	(138 399 992)
Net cash flows from operating activities	20	**14 424 744**	**7 130 042**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(444 773)	(802 812)
Proceeds from sale of asset		-	141 261
Net cash flows from investing activities		**(444 773)**	**(661 551)**
Cash flows from financing activities			
Employee benefit obligation payments		-	(104 615)
Net increase/(decrease) in cash and cash equivalents		**13 979 971**	**6 363 876**
Cash and cash equivalents at the beginning of the year		32 923 391	26 559 515
Cash and cash equivalents at the end of the year	6	**46 903 362**	**32 923 391**

* See Note 41 & 38

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Agency services (CETA)	996 715	1 577 762	**2 574 477**	1 816 325	**(758 152)**	37.1
Sundry income	3 000	-	**3 000**	475 414	**472 414**	37.2
Interest received - investment	1 418 505	558 359	**1 976 864**	2 373 665	**396 801**	37.3
Total revenue from exchange transactions	**2 418 220**	**2 136 121**	**4 554 341**	**4 665 404**	**111 063**	
Revenue from non-exchange transactions						
Other revenue						
Non cash reserves (Depreciation)	3 064 160	868 846	**3 933 006**	-	**(3 933 006)**	37.4
Cash backed reserves	-	7 200 245	**7 200 245**	-	**(7 200 245)**	37.5
Capital replacement reserve	-	3 500 000	**3 500 000**	-	**(3 500 000)**	37.6
Service in kind revenue	5 073 843	-	**5 073 843**	5 750 872	**677 029**	37.7
Transfer revenue						
Government grants & subsidies	144 672 000	13 000 000	**157 672 000**	151 484 918	**(6 187 082)**	37.8
Waste Management Grant (Kestel Lab)	-	-	**-**	15 779 813	**15 779 813**	37.9
Total revenue from non-exchange transactions	**152 810 003**	**24 569 091**	**177 379 094**	**173 015 603**	**(4 363 491)**	
Total revenue	**155 228 223**	**26 705 212**	**181 933 435**	**177 681 007**	**(4 252 428)**	
Expenditure						
Employee related costs	(88 877 359)	(4 221 073)	**(93 098 432)**	(86 330 579)	**6 767 853**	37.10
Remuneration of councillors	(12 528 387)	1 870 378	**(10 658 009)**	(9 586 781)	**1 071 228**	37.11
Depreciation and amortisation	(3 064 220)	(868 787)	**(3 933 007)**	(3 882 720)	**50 287**	37.12
Finance costs	-	-	**-**	(1 205 000)	**(1 205 000)**	37.13
Lease rentals on operating lease	-	(850 000)	**(850 000)**	-	**850 000**	37.14
Contracted Services	(7 458 000)	(759 000)	**(8 217 000)**	(4 205 177)	**4 011 823**	37.15
Operational Expenses	(39 673 904)	(16 658 815)	**(56 332 719)**	(43 328 829)	**13 003 890**	37.16
Total expenditure	**(151 601 870)**	**(21 487 297)**	**(173 089 167)**	**(148 539 086)**	**24 550 081**	
Operating surplus	**3 626 353**	**5 217 915**	**8 844 268**	**29 141 921**	**20 297 653**	
Gain on disposal of assets	-	-	**-**	(1 193 472)	**(1 193 472)**	
(Deficit) / Surplus	**3 626 353**	**5 217 915**	**8 844 268**	**27 948 449**	**19 104 181**	
Surplus for the year from continuing operations	**3 626 353**	**5 217 915**	**8 844 268**	**27 948 449**	**19 104 181**	
Actuarial gains/(losses)	-	-	**-**	788 000	**788 000**	37.17
	3 626 353	**5 217 915**	**8 844 268**	**28 736 449**	**19 892 181**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	1 944 000	(78 000)	**1 866 000**	6 505 052	**4 639 052**	37.18
Receivables from non-exchange transactions	1 105 000	250 000	**1 355 000**	55 893	**(1 299 107)**	37.19
Cash and cash equivalents	4 697 000	1 700 000	**6 397 000**	46 903 362	**40 506 362**	37.20
	7 746 000	**1 872 000**	**9 618 000**	**53 464 307**	**43 846 307**	
Non-Current Assets						
Property, plant and equipment	3 636 000	3 644 000	**7 280 000**	21 489 946	**14 209 946**	37.21
Intangible assets	600 000	180 000	**780 000**	235 548	**(544 452)**	37.22
	4 236 000	**3 824 000**	**8 060 000**	**21 725 494**	**13 665 494**	
Total Assets	**11 982 000**	**5 696 000**	**17 678 000**	**75 189 801**	**57 511 801**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	6 525 000	(1 000 000)	**5 525 000**	14 468 324	**8 943 324**	37.23
Employee benefit obligation	-	-	**-**	906 000	**906 000**	37.24
	6 525 000	**(1 000 000)**	**5 525 000**	**15 374 324**	**9 849 324**	
Non-Current Liabilities						
Employee benefit obligation	8 442 000	(380 000)	**8 062 000**	10 558 000	**2 496 000**	37.25
Total Liabilities	**14 967 000**	**(1 380 000)**	**13 587 000**	**25 932 324**	**12 345 324**	
Net Assets	**(2 985 000)**	**7 076 000**	**4 091 000**	**49 257 477**	**45 166 477**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	(2 985 000)	7 076 000	**4 091 000**	49 257 477	**45 166 477**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants	144 672 000	13 000 000	**157 672 000**	151 484 918	**(6 187 082)**	
Interest income	1 419 000	557 000	**1 976 000**	1 816 325	**(159 675)**	
Other receipts	9 138 000	13 147 000	**22 285 000**	475 414	**(21 809 586)**	
Cash receipts from receivables	-	-	**-**	2 005 100	**2 005 100**	
	155 229 000	**26 704 000**	**181 933 000**	**155 781 757**	**(26 151 243)**	
Payments						
Employee costs	(148 538 000)	(20 618 000)	**(169 156 000)**	(95 346 726)	**73 809 274**	
Suppliers	-	-	**-**	(43 974 632)	**(43 974 632)**	
Finance costs	-	-	**-**	(1 205 000)	**(1 205 000)**	
Benefits paid relating to long service awards	-	-	**-**	(812 000)	**(812 000)**	
	(148 538 000)	**(20 618 000)**	**(169 156 000)**	**(141 338 358)**	**27 817 642**	
Net cash flows from operating activities	**6 691 000**	**6 086 000**	**12 777 000**	**14 443 399**	**1 666 399**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(3 626 000)	(5 154 000)	**(8 780 000)**	(463 428)	**8 316 572**	
Net increase/(decrease) in cash and cash equivalents	3 065 000	932 000	**3 997 000**	13 979 971	**9 982 971**	
Cash and cash equivalents at the beginning of the year	-	32 957 000	**32 957 000**	32 923 391	**(33 609)**	
Cash and cash equivalents at the end of the year	**3 065 000**	**33 889 000**	**36 954 000**	**46 903 362**	**9 949 362**	

The accounting policies on page 16 to 43 and the notes on pages 44 to 74 form an integral part of the annual financial statements.

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 and the amounts have been rounded off to the nearest rand.

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

1.1 Presentation currency

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

1.2 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. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgements include:

Receivables

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

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. 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.

Property, plant and equipment

As described in accounting policies 1.3 and 1.4, the municipality depreciates / amortises its property, plant and equipment and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management's estimation.

Management considered the impact of technology, availability of capital funding, service requirement and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgemental as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Provision for long service awards

The present value of the provision for long service awards depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumption used in determining the net cost/(income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of the provision for long service awards.

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

Other key assumptions for the provision for long service awards are based on current market conditions.

Impairment of receivables

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that they are 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.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments

(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

(d) it is probable that the borrower will enter sequestration or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

(i) adverse changes in the payment status of borrowers in the group (e.g. an increased number of delayed payments); or

(ii) national or local economic conditions that correlate with defaults on the assets in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers, or adverse changes in market conditions that affect the borrowers in the group).

1.3 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 the date of acquisition.

Accounting Policies

1.3 Property, plant and equipment (continued)

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, its 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.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

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

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

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

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

Item	Depreciation method	Maximum useful life
Buildings	Straight line	30 years
Furniture and fixtures	Straight line	21 years
Motor vehicles	Straight line	5 - 11 years
IT equipment	Straight line	16 years
Machinery and equipment	Straight line	14 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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.

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

Accounting Policies

1.3 Property, plant and equipment (continued)

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

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

1.4 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Computer software, other	3 - 6 years

Accounting Policies

1.4 Intangible assets (continued)

Intangible assets are derecognised:

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

Accounting Policies

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or collectability.

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.

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.

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

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

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

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

Accounting Policies

1.5 Financial instruments (continued)

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.

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
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
VAT receivable	Financial asset measured at amortised cost
Cash and cash equivalents	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
Operating lease liability	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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 amortised cost.

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

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 collectability 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:

Accounting Policies

1.5 Financial instruments (continued)

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.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

Accounting Policies

1.5 Financial instruments (continued)

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

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

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

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

Presentation

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

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

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

Accounting Policies

1.5 Financial instruments (continued)

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

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default of delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expense in surplus of deficit.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

1.6 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:

Accounting Policies

1.6 Statutory receivables (continued)

- 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.

Derecognition

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

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

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

1.7 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates commercial return.

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.

Accounting Policies

1.7 Impairment of cash-generating assets (continued)

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

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

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

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

Useful life is either:

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

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follows:

Identification

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

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

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

Value in use

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

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

Accounting Policies

1.7 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

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

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

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

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

1.8 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Accounting Policies

1.8 Impairment of non-cash-generating assets (continued)

Useful life is either:

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

Identification

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

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

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

Recognition and measurement (Individual asset)

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

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

Accounting Policies

1.9 Employee benefits

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

Termination benefits are employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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 services.

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 cell phone) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

Post-employment benefits

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

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

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Accounting Policies

1.9 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

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

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

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

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

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

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

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

Accounting Policies

1.9 Employee benefits (continued)

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

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

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

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

Post retirement obligations - medical aid

The municipality provides post-retirement health care benefits upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. An annual charge to income is made to cover the liabilities.

Accounting Policies

1.9 Employee benefits (continued)

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

Accounting Policies

1.10 Provisions and contingencies

Provisions are recognised when:
- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

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.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 23.

Accounting Policies

1.10 Provisions and contingencies (continued)

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

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.11 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.

Sale of goods

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

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

Accounting Policies

1.11 Revenue from exchange transactions (continued)

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 the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest received

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

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

Accounting by principals and agents

Municipality has an arrangement with CETA where the municipality is responsible for paying learner stipends, CETA has signed agreements with learners and municipality is entitled to administrations and rural allowance fees.

The municipality does not determine the significant terms and conditions of the contract, as CETA identifies the beneficiaries of the programme, and identifies how much should be paid by each beneficiary

Significant terms and conditions of the arrangements did not change during the reporting period

(a) A description of any resources (including the carrying value and description of any assets recognised) that are held on behalf of a principal, but recognised in the agent's own financial statements. Such disclosure shall include:

(i) the remittance of any resources during the period, as well as the expected timing of remittance of any remaining resources to the principal; and

(ii) risks that are transferred from the principal to the agent (if any), including risks flowing to the entity as a result of its custodianship over the resources held on behalf of a principal;

(b)The aggregate amount of revenue that the entity recognises as compensation for the transactions carried out on behalf of the principal; and

(c) a description of any liabilities incurred on behalf of a principal that have been recognised by the entity, as well as any corresponding rights of reimbursement that have been recognised as assets.

Accounting Policies

1.12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the standard rate of 15% effective from 1 April 2018 in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

Services in-kind

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

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

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

Services in-kind includes services provided by individuals but also includes right of to use of an asset, without charge, but may be subject to stipulations

For the recognition criteria of the services in-kind to be recognised, refer to the section on assets. These assets are, however, immediately consumed and a transaction of equal value is also recognised to reflect the consumption of the service. In many cases the entity will recognise an expense for the consumption of the service

To the extent that the service in-kind is significant to the operations and/or service delivery objectives of the recipient of such a service in-kind and it meets the criteria for recognition, although there maybe uncertainties surrounding services in-kind, including the ability to exercise control over the services, and measuring the fair value of the service.

Basis on which the fair value has been measured has considered fact that the service in kind is received from Department of Public Works and the department does not have to comply with GRAP they are on Cash payments basis and have only valued the buildings in 2013 financial period with the inclusion that yearly escalations are between 7,5% to 8,5%

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

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

1.13 Investment income

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

1.14 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.

Accounting Policies

1.15 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

The assessment of whether 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..

The municipality has an arrangement with CETA where the municipality is responsible for paying learner stipends, CETA has signed agreements with learners and municipality is entitled to administrations and rural allowance fees.t

The municipality does not determine the significant terms and conditions of the contract, as CETA identifies the beneficiaries of the programme, and identifies how much should be paid by each beneficiary

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.

(a) A description of any resources (including the carrying value and description of any assets recognised) that are held on behalf of a principal, but recognised in the agent's own financial statements. Such disclosure shall include

(i) the remittance of any resources during the period, as well as the expected timing of remittance of any remaining resources to the principal; and

(ii) risks that are transferred from the principal to the agent (if any), including risks flowing to the entity as a result of its custodianship over the resources held on behalf of a principal

(b)The aggregate amount of revenue that the entity recognises as compensation for the transactions carried out on behalf of the principal; and

(c) a description of any liabilities incurred on behalf of a principal that have been recognised by the entity, as well as any corresponding rights of reimbursement that have been recognised as assets.

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Accounting Policies

1.15 Accounting by principals and agents (continued)

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.

1.16 Comparative figures

When the presentation or classification of an item in the annual financial statements are amended, comparative amounts are reclassified.

1.17 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.

1.18 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.

1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA 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) which has not been condoned in terms of section 170;
(c) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of Municipality Systems Act, and which has not been condoned in terms of the Act;
(d) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No.20 of 1998); or
(e) expenditure incurred by a municipality or municipal entity in contravention of , or that is not in accordance with a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-laws but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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.

Accounting Policies

1.19 Irregular expenditure (continued)

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.

1.20 Use of estimates

The preparation of financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

Estimates in the financial statements include but are not limited to the following:
- Depreciation
- Bad debts,
- Long service awards

1.21 Segment information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board. The jurisdiction of Thabo Mofutsanyana District Municipality comprises of the following local municipalities:

- Maluti-A-Phofung Local Municipality
- Dihlabeng Local Municipality
- Setsoto Local Municipality
- Mantsopa Local Municipality
- Nketoana Local Municipality
- Phumelela Local Municipality

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.22 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

Accounting Policies

1.23 Budget information

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives. Deviations between budget and actual amounts are regarded as material differences when more than 10% deviation exists. Refer to Note 39 for all material differences explained.

The approved budget covers the fiscal period from 2021/07/01 to 2022/06/30. The financial statements are prepared on the accrual basis of accounting, and the budget is prepared on the accrual basis. A comparison with the budgeted amounts for the reporting period has been included in the Statement of comparison of budget and actual amounts.

The annual budget figures have been prepared in accordance with the GRAP standard. The amounts are scheduled as a separate additional financial statement, called the Statement of comparison of budget and actual amounts.

Explanatory comment is provided in the notes to the annual financial statements giving reasons for significant individual variances between budgeted and actual amounts. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated development plan. The budget is approved on accrual basis.

The Statement of comparison of budget and actual amounts has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.24 Related parties

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

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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.

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.

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.25 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.

Accounting Policies

1.26 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Revenue from conditional grants is recognised when it is probable that the economic benefits or service potential 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.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.27 Commitments

The term 'commitments' is not defined in any of the standards but may be referred to as the intention to commit to an outflow from the entity of resources embodying economic benefits. Generally, a commitment arises when a decision is made to incur a liability e.g. a purchase contract. Such a decision is evidenced by, but not limited to, actions taken to determine the amount of the eventual resource outflow or a reliable estimate e.g. a quote, and conditions to be satisfied to establish an obligation e.g. delivery schedules. These preconditions ensure that the information relating to commitments is relevant and capable of reliable measurement. An entity may enter into a contract on or before the reporting date for expenditure over subsequent accounting periods e.g. a contract for construction of infrastructure assets, the purchase of major items of plant and equipment or significant consultancy contracts. In these events, a commitment exists at the reporting date as the entity has contracted for expenditure but no work has started and no payments have been made. The notes to the financial statements must disclose the nature and amount of each material individual and each material class of capital expenditure commitment as well as non-cancellable operating leases contracted for at the reporting date. Commitments for the supply of inventories, where a liability under a contract has not yet been recognised, do not require disclosure as a commitment.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

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 2022 or later periods:

GRAP 104 (amended): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:
- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the amendment is not yet set by the Minister of Finance.

The municipality expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

GRAP 103 (as amended 2016): Heritage Assets

Amendments to the Standard of GRAP on Heritage Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from editorial changes to the original text.

The most significant changes to the Standard are:
- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets

The effective date of the amendment is not yet set by the Minister of Finance.

The municipality expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

3. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2022	Financial assets at amortised cost	Total
Receivables	6 562 967	6 562 967
Cash and cash equivalents	46 903 362	46 903 362
	53 466 329	**53 466 329**

2021	Financial assets at amortised cost	Total
Receivables	7 096 713	7 096 713
Cash and cash equivalents	32 956 597	32 956 597
	40 053 310	**40 053 310**

4. Receivables from exchange transactions

Sundry debtors	2 557 817	1 135 400
VAT Receivables	4 336 780	4 192 703
Suspense account - unidentified payment	304 143	304 143
Impairment provision	(693 688)	(693 688)
	6 505 052	**4 938 558**

Credit quality of trade and other receivables

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from exchange and non-exchange transactions impaired

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:

- The impairment of receivables is based on the continuous reassessment debtor accounts to identify doubtful accounts on basis of persistent default on payment of the accounts and the probability of payment.

As of 30 June 2022, R 3, 526, 919 (2021: R 3, 526 ,919) receivables from exchange and non-exchange transactions were impaired and provided for.

The ageing of these receivables from exchange and non-exchange transactions is as follows:

Receivables past due but not impaired		
From exchange transactions	2 168 272	735 855
From non-exchange transactions	55 893	2 124 633
VAT receivable	4 338 802	4 236 225
	6 562 967	**7 096 713**

Receivables age listing (After impairment)

2022	Current	30 Days	60 days	90 days	120+ days	Total
Receivables from exchange transactions	203 600	-	-	-	1 964 672	2 168 272

Notes to the Annual Financial Statements

Figures in Rand					2022	2021

4. Receivables from exchange transactions (continued)

Receivables from non-exchange transactions	-	-	-	-	55 893	55 893
VAT Receivable	-	-	-	-	4 336 781	4 336 781
Subtotal	203 600	-	-	-	6 357 346	6 560 946
	203 600	**-**	**-**	**-**	**6 357 346**	**6 560 946**

Receivables past due and impairment provided for

Receivables from exchange transactions	693 688	389 545
Receivables from non-exchange transactions	2 833 231	3 148 110
Impairment provided for receivables from exchange transactions	(693 688)	(389 545)
Impairment provided for receivables from non-exchange transactions	(2 833 231)	(3 148 110)
	-	-

Receivables impairment age list

2021	**Current**	**30 days**	**60 days**	**90 days**	**120+**	**Total**
Receivables from exchange transactions	105 417	-	-	-	588 271	693 688
Receivables from non-exchange transactions	-	-	-	-	2 833 231	2 833 231
Subtotal	105 417	-	-	-	3 421 502	3 526 919
	105 417	**-**	**-**	**-**	**3 421 502**	**3 526 919**

Gross receivables

0 to 3 months	203 600	105 417
Over 6 months	9 884 264	10 388 694
	10 087 864	**10 494 111**

Reconciliation of impairment of receivables from exchange and non-exchange transactions

Opening balance	3 526 919	3 641 796
Impairment provision adjustment	-	(114 877)
	3 526 919	**3 526 919**

5. Receivables from non-exchange transactions

Unsolicited debit orders	3 000	79 241
Government grants and subsidies (EEDSM)	-	2 000 000
Overpayment to Municipal Officials	29 814	29 814
Seconded councillors salaries over payment	1 784 288	1 784 288
Councillors over payment	696 033	696 033
Municipal Manager overpayment	375 989	399 989
Impairment	(2 833 231)	(2 833 231)
	55 893	**2 156 134**

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	13 651 947	1 767 473
Short-term deposits	33 251 415	31 189 124
	46 903 362	**32 956 597**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

6. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
ABSA BANK - Cheque Account - 770-150-841	13 651 947	1 767 473	9 948 632	13 651 947	1 767 473	9 948 632
ABSA BANK - Fixed Deposit - 207-523-7209	-	-	42 810	-	-	42 810
ABSA BANK - Liquidity Plus - 932-530-0160	63	-	34 688	63	-	34 688
ABSA BANK - Fixed Deposit - 409-474-0923	3 185 318	3 068 236	2 962 671	3 185 318	3 068 236	2 962 671
ABSA BANK - Fixed Deposit - 935-501-3452	17 025 866	1 505 126	8 309 779	17 025 866	1 505 126	8 309 779
ABSA BANK - Fixed Deposit - 935-762-5891	6 789 401	5 755 068	5 260 935	6 789 401	5 775 068	5 260 935
NEDBANK - FIXED DEPOSIT - 3788-1151-676/000002	6 250 767	20 840 694	-	6 250 767	20 840 694	-
Total	**46 903 362**	**32 936 597**	**26 559 515**	**46 903 362**	**32 956 597**	**26 559 515**

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	14 340 768	(478 026)	13 862 742	-	-	-
Machinery and Equipment	3 563 033	(2 246 187)	1 316 846	3 370 265	(2 001 147)	1 369 118
Furniture and fixtures	4 459 689	(3 001 088)	1 458 601	4 925 976	(3 244 785)	1 681 191
Motor vehicles	4 282 474	(2 471 119)	1 811 355	4 277 282	(2 168 420)	2 108 862
IT equipment	12 424 516	(9 384 114)	3 040 402	14 700 456	(9 776 200)	4 924 256
Total	**39 070 480**	**(17 580 534)**	**21 489 946**	**27 273 979**	**(17 190 552)**	**10 083 427**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Additions through transfers	Disposals	Depreciation	Total
Buildings	-	-	14 340 768	-	(478 026)	13 862 742
Machinery and Equipment	1 369 118	-	345 483	(152 714)	(245 041)	1 316 846
Furniture and fixtures	1 681 191	45 403	425 102	(200 790)	(492 305)	1 458 601
Motor vehicles	2 108 862	-	668 461	(210 568)	(755 400)	1 811 355
IT equipment	4 924 256	399 370	-	(629 397)	(1 653 827)	3 040 402
	10 083 427	**444 773**	**15 779 814**	**(1 193 469)**	**(3 624 599)**	**21 489 946**

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Machinery and Equipment	1 578 017	118 880	-	(327 779)	1 369 118
Furniture and fixtures	1 618 926	413 473	-	(351 208)	1 681 191
Motor vehicles	2 910 091	-	(141 261)	(659 968)	2 108 862
IT equipment	6 387 747	270 459	-	(1 733 950)	4 924 256
	12 494 781	**802 812**	**(141 261)**	**(3 072 905)**	**10 083 427**

Pledged as security

Carrying value of assets pledged as security:

Buildings	-	-
No building is pledged as security		
Other Property, plant and Equipment	-	-
No Property, plant and Equipment is pledged as security		
	-	-

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		
Machinery and Equipment	170 432	113 000
Furniture & fixtures	-	17 960
Motor vehicles	100 034	75 486
	270 466	**206 446**

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

Notes to the Annual Financial Statements

Figures in Rand

8. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	5 041 208	(4 805 660)	235 548	5 041 208	(4 547 535)	493 673

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software	493 673	(258 125)	235 548

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software	708 660	(214 987)	493 673

Pledged as security

None of the assets were pledged as security:

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

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

9. Payables from exchange transactions

Trade payables	5 661 362	9 093 856
Accrued leave pay	7 112 178	7 670 859
Accrued bonus	1 494 651	1 332 919
UIF over deducted from employees	193 496	193 496
Councillors salaries under payments	6 637	6 637
	14 468 324	**18 297 767**

10. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Rural Roads Assets Management System Grant	-	910 202
Movement during the year		
Balance at the beginning of the year	910 202	259 922
Additions during the year	23 306 000	9 574 000
Income recognition during the year	(23 306 000)	(8 923 720)
Deducted from equitable share grant	(910 202)	-
	-	**910 202**

The nature and extent of government grants and their conditions, restrictions and other contingencies attached to these government grants have to be fulfilled and hence recognised in the annual financial statements as conditional grants

See note 12 for reconciliation of grants from National/Provincial Government.

11. Employee benefit obligation

Reconciliation of employee benefit obligation - 2022

	Opening Balance	Additions	Total
Employee benefit obligation - current	864 389	41 611	906 000
Employee benefit obligation - non-current	10 251 000	307 000	10 558 000
	11 115 389	**348 611**	**11 464 000**

Reconciliation of employee benefit obligation - 2021

	Opening Balance	Additions	Total
Employee benefit obligation - current	260 000	604 389	864 389
Employee benefit obligation - non-current	8 627 000	1 624 000	10 251 000
	8 887 000	**2 228 389**	**11 115 389**

Long service awards

Valuation method

The Projected Unit Credit Method is used to determined the present value of the defined benefit obligation.

The defined benefit obligation

The defined benefit liability as disclosed below are represented by two different post-employment benefits. None of the benefits set out below are externally funded.

Figures in Rand	2022	2021

11. Employee benefit obligation (continued)

Post-retirement medical aid plan Active members receive a fixed subsidy of 70% of medical aid contributions during the current working year, up to a specified maximum employer contribution. The spouse or adult dependant of an active member is entitled to a 70% subsidy of their contributions. This proportion of the subsidy will continue to be paid in the event of the principal member's death.

Continuation members receive a fixed subsidy of 70% of medical aid contributions during the current working year, up to a specified maximum employer contribution. The spouse or adult dependant of a continuation member is entitled to a 70% subsidy of their contributions.

Long service award

Long service awards are payable to qualifying in-service employees. The leave benefits are in accordance with paragraph 11 of the South African Local Government Bargaining Council (SALGBC) collective agreement on conditions of service for the Free State division of SALGBC.

The amount recognised in the statement of financial position are as follows for 2022:

	Long-service leave benefits	Post-retirement health care benefits	Total
Balance as at 30 June 2022	(4 695 003)	(6 420 386)	(11 115 389)
Current service	(524 000)	(98 000)	(622 000)
Interest cost	(535 000)	(670 000)	(1 205 000)
Actuarial (loss) - experience variance	575 000	213 000	788 000
Benefits payments	373 000	319 000	692 000
	(4 806 003)	**(6 656 386)**	**(11 462 389)**

The amount recognised in the statement of financial position are as follows for 2021:

	Long-service leave benefits	Post-retirement health care benefits	Total
Balance as at 30 June 2021	(3 429 000)	(5 458 000)	(8 887 000)
Current service	(382 000)	(122 000)	(504 000)
Interest cost	(426 000)	(662 000)	(1 088 000)
Actuarial (loss) - experience variance	(581 000)	(283 000)	(864 000)
Benefits payments	122 997	104 614	227 611
	(4 695 003)	**(6 420 386)**	**(11 115 389)**

Figures in Rand	2022	2021

11. Employee benefit obligation (continued)

Discount rate

GRAP 25 defines the determination of the Discount rate assumption to be used as follows:
"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

The nominal and real zero curves as at 30 June 2022 supplied by the JSE were used to determine our discount rates and CPI assumptions at each relevant time period For example a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years.

The Net Effective Discount Rate is different for each relevant time period of the yield curves' various durations and therefore the Net Effective Discount Rate is based on the relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Salary Inflation for each relevant time period.

Membership Data
Key features of the membership data used in the valuation of post-retirement healthcare subsidy are summarised below:

Current employees	2022	2021
- Number of current employees		
Males	4	5
Females	1	1
- Average age of employees		
Males	61.8	61,7
Females	56.0	55,0
- Average years of past service		
Male	30,4	22,7
Female	23.7	22,7
- Average total monthly premium of Principal members (R)		
Male	R 5, 080	R 5,280
Female	R 2, 190	R 2,120
- Average total monthly premium of Adult dependants (R)		
Male	R -	R -
Female	R -	R -

Continuation members		
- Number of continuation members		
Male	2	1
Female	1	2
-Average age of continuation members		
Male	67,7	78,1
Female	84,0	69,0
- Actual percentage married		
Male	100%	100%
Female	0%	0%
- Average total monthly premium of Principal members (R)		
Male	R 6, 510	R 5,440
Female	R 4, 720	R 3,950
- Average total monthly premium of Adult dependants (R)		
Male	R -	R -
Female	R -	R -

Breakdown of Defined Benefit Obligation

Figures in Rand	2022	2021

11. Employee benefit obligation (continued)

The table below provides a breakdown of the defined benefit obligation between active and continuation members as at the current and previous valuation dates:

Breakdown of defined benefit obligation (R'000)	30 June 2022	30 June 2021	30 June 2020
Active members	4 225	4 693	3 887
Continuation members	2 358	1 654	1 571
	6 583	**6 347**	**5 458**

Post-retirement healthcare subsidy sensitivities

The value of the liabilities is particularly sensitive to the assumed rate of healthcare cost inflation. The table below sets out the sensitivity of the valuation result to a 1% increase and 1% decrease in the assumed healthcare cost of inflation assumption.

This is regarded as important management information. The GRAP 25 accounting standard also requires this sensitivity to be disclosed in the annual financial statement.

Healthcare cost inflation sensitivity (R'000)	1% decrease	Base	1% increase
Defined benefit obligation	(5 932)	(6 583)	(7 336)
Service cost (next financial year)	(639)	(771)	(861)
Interest cost (next financial year)	(105)	(119)	(135)
	(6 676)	**(7 473)**	**(8 332)**

Assumptions used

The economic assumptions for the 30 June 2022 valuation are shown in the table below, and compared to those used for the respective roll-back valuations.

Long service awards sensitivities (R'000)	1% decrease	Base	1% increase
Total accrued liability	(4 610)	(4 881)	(5 810)
Current service cost	(528)	(565)	(607)
Interest cost	(542)	(577)	(614)
	(5 680)	**(6 023)**	**(7 031)**

Discount rate

GRAP 25 defines the determination of the Discount rate assumption to be used as follows: "The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve." .

*Statement of Financial Position (herein referred to as the "balance sheet").

We use the nominal and real zero curves as at 30 June 2022 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time period. For example, a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years.

The Net Effective Discount Rate is different for each relevant time period of the yield curves' various durations and therefore the Net Effective Discount Rate is based on the relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Salary Inflation for each relevant time period.

Normal Salary Inflation Rate

Figures in Rand	2022	2021

11. Employee benefit obligation (continued)

We have derived the underlying future rate of consumer price index inflation (CPI inflation) from the relationship between the (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) Inflation-linked Bond rate for each relevant time period. Our assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2022 of 4.9%. The next salary increase was assumed to take place on 01 July 2023.

In addition to the normal salary inflation rate, we assumed the following promotional salary increases:

Promotional Salary Increase Rates

Age Band	2022 Promotional Increase %	2021 Promotional Increase %
20 - 24	5	5
25 - 29	4	4
30 - 34	3	3
35 - 39	2	2
40 - 44	1	1
	-	-

Healthcare cost inflation

The Medical Aid Contribution Inflation rate was set with reference to the past relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period.

South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year. We do not consider these increases to be sustainable and have assumed that medical aid contribution increases would outstrip general inflation by 1% per annum over the foreseeable future.

Demographic assumptions

This section contains the demographic assumptions used in the valuation. The mortality tables used have not been presented, as they are standard tables, which are widely used.

The demographic assumptions for the 30 June 2022 valuation and compared to those used for the previous valuations are shown in the tables below.

Summary of key demographic assumptions	30 June 2021 & 2022
Pre-retirement mortality	SA85-90 L rated down 1 year for males and females
Post-retirement mortality	PA(90) rated down 1 year for males and females plus 1% future mortality improvement from 2010
Withdrawal	See rationale for demographic assumption below
Expected retirement age	65 years for males and females
Percentage married for in-service members	See rationale for demographic assumption below

Figures in Rand	2022	2021

11. Employee benefit obligation (continued)

Spouse and principal member age difference	Males 5 years older than females
Employees' continuation percentage at retirement	90.00%
Percentage of widows continuing membership	10.00%

Rationale for demographic assumptions

For many of the demographic assumptions, particularly mortality rates, the small size of the membership precludes the use of assumptions based on past experience of the particular scheme. Thus, assumptions are set which are consistent with market practice and with investigations performed where there is a significant amount of data.

Pre-retirement mortality

The pre-retirement mortality table most commonly used in the retirement industry (for similar sub-populations in South Africa) is SA 85-90 (Light). However, given apparent improvements in mortality with active members living longer, we have rated the SA 85-90 (Light) table down by one year for both males and females. This means that the mortality rate assumed for an individual in the valuation is the rate provided in the table for an individual at age one year younger.

Post-retirement mortality

PA (90) is commonly used in the retirement industry. However, given the fact that pensioners are living longer than at the time the table was compiled, we have rated the PA (90) table down by one year for both males and females. This means that the mortality rate assumed for an individual in the valuation is the rate provided in the table for an individual one year younger.

There is a strong argument for inclusion of mortality improvements in the assumption (1.00% to 1.50% p.a. at all ages would be reasonable), given the improvements that have occurred at the post-retirement ages in most developed countries over the past forty years, as well as the evidence of improvements observed by larger actuarial service providers in South Africa. We therefore included a 1% per annum mortality improvement factor from 2010 onwards.

Withdrawal assumption

In the absence of credible past withdrawal data of this particular scheme, the withdrawal assumptions have been set in line with those generally observed in the South African market.

The table below shows the annual withdrawal rates for the valuation, differentiated by age.

Withdrawal assumption age	Males	Females
20 - 24	16,00%	24,00%
25 - 29	12,00%	18,00%
30 - 34	10,00%	15,00%
35 - 39	8,00%	10,00%
40 - 44	6,00%	6,00%
45 - 49	4,00%	4,00%
50 - 54	2,00%	2,00%
55 - 59	1,00%	1,00%
60+	0,00%	0,00%

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

11. Employee benefit obligation (continued)

Assumed retirement age

The assumed retirement age of 63 years for current employees is based on the normal retirement age of the employer of 65 years for all employees, including allowance for ill-health and early retirements. This assumption is in respect of both males and females.

Spouse and principal member age difference

We have assumed that males are 5 years older than females for active and continuation members.

Typically, the actual age of continuation members' spouses would be used in valuations, although this detail could not be provided by the employer, and thus the above assumption was applied.

Child dependants

No value has been placed on benefits payable to child dependants. The impact is likely to be immaterial and not allowing for child dependants is generally applied by other actuaries in the market place

Percentage married assumption

We have assumed that 90% of all active members (both male and female), will be married at retirement, whereas actual marital status was used for continuation members.

12. Government grants and subsidies

Operating grants		
Equitable share	126 106 000	131 302 000
Financial Management Grant	2 300 000	2 000 000
Expanded Public Works Programme Integrated Grant	5 548 000	2 648 000
Rural Roads Assets Management System Grant	2 458 000	1 515 798
Local Government Sector Education and Training Authority Grant	72 918	114 928
Waste Management Grant (Kestel Lab)	5 000 000	-
Energy Efficiency and Demand Side Management Grant	10 000 000	4 500 000
	151 484 918	**142 080 726**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	20 378 918	10 778 726
Unconditional grants received	131 106 000	131 302 000
	151 484 918	**142 080 726**

Equitable Share

Current-year receipts	126 106 000	131 302 000
Conditions met - transferred to revenue	(125 196 000)	(131 042 000)
Other	(910 000)	(260 000)
	-	-

This grant is used by the municipality, mainly to fund its operational activities.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

12. Government grants and subsidies (continued)

Rural Roads Assets Management System Grant

Balance unspent at beginning of year	910 202	179 344
Current-year receipts	2 458 000	2 426 000
Conditions met - transferred to revenue	(2 458 000)	(1 515 798)
Other	(910 202)	(179 344)
	-	**910 202**

The purpose of the grant is for the provision of systems to collect rural road, traffic data and rural access of bridges.

Expanded Public Works Programme Integrated Grant

Current-year receipts	5 548 000	2 648 000
Conditions met - transferred to revenue	(5 548 000)	(2 648 000)
	-	-

This grant is used to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximized.

Energy Efficiency and Demand Side Management Grant

Balance unspent at beginning of year	-	80 000
Current-year receipts	10 000 000	4 500 000
Conditions met - transferred to revenue	(10 000 000)	(4 500 000)
Other	-	(80 000)
	-	-

This grant is used to implement EEDSM initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency

Local Government Sector Education and Training Authority Grant

Current-year receipts	72 918	114 928
Conditions met - transferred to revenue	(72 918)	(114 928)
	-	-

The purpose of the grant is to improve the effectiveness and efficiency of the skills development through provision of bursaries and promotion and support of theoretical learning with workplace training.

Financial Management Grant (FMG)

Balance unspent at beginning of year	-	578
Current-year receipts	2 300 000	2 000 000
Conditions met - transferred to revenue	(2 300 000)	(2 000 000)
Other	-	(578)
	-	-

The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the MFMA

Covid-19 grant

The purpose of the grant is to provide additional access to basic services for vulnerable communities during the lockdown and to sanitize public transport facilities.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

12. Government grants and subsidies (continued)

In the current financial year the grant is included in the Equitable share.

Kestel Lab Waste Management Grant

Current-year receipts	5 000 000	-
Conditions met - transferred to revenue	(5 000 000)	-
	-	-

13. Interest received - investments

Interest revenue		
Bank	2 373 665	1 782 959

14. Service in Kind revenue

The building that TMDM operates in is owned but the Department of Public Works and the department paid the expenses below on behalf of the Municipality. The services in kind are as follows;

	5 750 872	5 298 479

Basis on which the fair value has been measured has considered fact that the service in kind is received from Department of Public Works and the department does not have to comply with GRAP they are on Cash payments basis and have only valued the buildings in 2013 financial period with the inclusion that yearly escalations are between 7,5% to 8,5

15. Sundry income

Tender documents	41 400	111 450
Other income	434 014	141 886
	475 414	**253 336**

16. Depreciation and amortisation

Property, plant and equipment	3 624 595	3 072 905
Intangible assets	258 125	214 987
	3 882 720	**3 287 892**

17. Finance costs

Actuarial interest costs	1 205 000	1 088 000

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
18. Operational expenses		
Advertising	1 643 886	994 407
Auditors remuneration	3 845 035	2 521 938
Awareness campaign -Energy efficiency programme	92 173	37 200
Bank charges	159 493	156 416
Bursary fund	1 186 457	1 130 856
Cleaning and consumables	161 292	38 882
Catering	999 280	1 257 332
Disaster recovery services	1 165 000	500 000
District audit committee	361 898	224 077
District Development Model	854 895	275 000
Electricity	-	1 113 789
Events management	697 691	1 352 031
ICT and programming	-	-
Internet services	481 791	827 823
Installation of energy efficient lights	7 560 000	3 443 478
Insurance	718 722	483 337
IT infrastructure support & maintenance	156 000	10 257
Legal Fees	3 798 503	3 267 622
Magazines, books and periodicals	135 687	202 060
Motor vehicle expenses	1 348 937	1 625 500
Operating lease (Equipment rental)	-	921 481
Personal Protective Equipment, sanitizers and sanitizer stands	204 513	864 481
Printing and stationery	1 079 672	448 111
Repairs and maintenance	2 320 593	1 141 137
Rural community support	25 661	7 072
RRAMS Programme - Disbursement expenses	1 058 334	878 145
Sampling of food and water	235 461	209 366
Service in kind expenditure (Rental expense)	5 750 872	5 298 479
Software and licenses	916 025	2 983 289
Subscriptions and membership fees	1 000 706	932 132
SMME Development	467 053	999 999
Telephone and fax	1 370 082	1 843 184
Training	519 533	393 132
Transport	918 450	808 410
Travel and subsistence	1 760 944	880 972
Uniform and protective clothing	1 150	65 500
Rental: Vehicles	333 040	15 627
Youth development programme - Entrepreneur support	-	7 050
	43 328 829	**38 159 572**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

19. Remuneration related cost

Acting allowances	194 228	167 233
Basic	51 050 045	51 768 015
Bargaining council levies	16 421	883 647
Bonus	3 560 629	3 404 563
Car allowance	9 689 662	9 667 443
Cell phone allowance	840 878	647 200
Current service costs	622 000	504 000
EPWP Wages	5 689 726	2 855 532
Housing benefits and allowances	342 031	359 231
Leave redemption and provision	977 069	1 623 215
Medical aid - company contributions	4 608 837	4 569 248
Overtime payments	57 890	346 597
Pension fund contributions	7 261 339	7 092 745
SDL	661 781	664 437
UIF	239 576	239 187
Shift allowance	971 039	869 679
Long-service awards	239 428	-
Less: Post Retirement Healthcare Subsidy and Long service benefits	(692 000)	-
	86 330 579	**85 661 972**

Remuneration of Accounting Officer - Ms. TPM Lebenya

Annual Remuneration	1 135 969	1 135 969
Car allowance	250 668	250 668
Contributions to UIF, Medical and Pension Funds	15 654	17 026
Travel, motor car, accommodation, subsistence and other allowance	17 026	3 796
Cell phone allowance	30 000	23 000
	1 449 317	**1 430 459**

Ms. Lebenya's term ended 31 July 2017 and she was appointed from 1 December 2017 to 30 November 2022.

Remuneration of Executive Manager Corporate Service - Mr. SK Khote

Annual Remuneration	947 863	947 863
Car allowance	185 600	185 600
Contributions to UIF, Medical and Pension Funds	1 785	1 785
Travel, motor car, accommodation, subsistence and other allowance	11 936	1 902
Cell phone allowance	24 000	18 400
	1 171 184	**1 155 550**

Mr. Khote's term ended 31 August 2017 and he was appointed from 1 December 2017 to 30 November 2022.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

19. Remuneration related cost (continued)

Remuneration of Director Community Services - Mr. S Lengoabala

Annual Remuneration	786 683	770 327
Car allowance	210 000	210 000
Travel, motor car, accommodation, subsistence and other allowance	9 559	9 541
Contributions to UIF, Medical and Pension Funds	12 358	1 785
Housing allowance	60 000	60 000
Cell phone allowance	24 000	18 400
	1 102 600	**1 070 053**

Mr. Lengoabala was appointed on the 01 March 2020 to 28 February 2025.

Remuneration of Chief Financial Officer - Ms. NL Gqoli

Annual Remuneration	746 368	778 148
Car allowance	207 797	207 797
Contributions to UIF, Medical and Pension Funds	194 923	46 609
Travel, motor car, accommodation, subsistence and other allowance	9 743	8 345
Cell phone allowance	24 000	18 400
Annual bonus	57 838	67 171
	1 240 669	**1 126 470**

Ms. Gqoli was appointed as the Chief Financial Officer from 1 February 2018 to the 31 January 2023.

Remuneration of councillors

Former Executive Mayor - Cllr. M Vilakazi	340 464	941 720
Former Chief Whip - Cllr. SJ Mbiwe	276 166	730 033
Former Speaker - Cllr. MS Maduna	295 223	755 878
Executive Mayor - Cllr. AC Msibi	565 509	-
Chief Whip - Cllr. L Makhalema	421 573	-
Speaker - Cllr. TJ Mokoena	377 747	-
Former Chairperson MPAC - Cllr. M M Twala	132 136	368 376
Chairperson MPAC - Cllr. ES Chabeli	371 508	-
Mayoral Committee Members	3 734 936	5 815 556
Councillors	3 071 519	3 069 701
	9 586 781	**11 681 264**

Exec. Mayor, Speaker, Chief Whip and MPAC Chairperson	Basic salary	Travel, motor car and other allowance	Cell phone allowance	Pension and medical aid	Skills development levy	Total
Cllr. M Vilakazi	308 994	-	14 518	13 653	3 299	340 464
Cllr. SJ Mbiwe	171 944	63 409	14 518	23 866	2 429	276 166
Cllr. MS Maduna	177 073	78 509	17 918	19 338	2 385	295 223
Cllr. M M Twala	98 169	32 723	-	-	1 244	132 136
Cllr. AC Msibi	391 059	143 260	25 900	-	5 290	565 509
Cllr. LU Makhalema	279 327	112 766	25 900	-	3 580	421 573
Cllr. TJ Mokoena	257 936	90 302	25 900	-	3 609	377 747
Cllr. ES Chabeli	244 698	97 657	25 900	-	3 253	371 508
Subtotal	1 929 200	618 626	150 554	56 857	25 089	2 780 326
	1 929 200	**618 626**	**150 554**	**56 857**	**25 089**	**2 780 326**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

19. Remuneration related cost (continued)

Mayoral committee members	Basic salary	Travel, motor car and other allowance	Cell phone allowance	Pension and medical aid	Skills development levy	Total
Cllr. G Bengell	176 666	73 602	17 918	50 817	2 409	321 412
Cllr. K Tsoene	141 015	59 636	14 518	52 866	2 000	270 035
Cllr. TI Mkhwanazi	187 171	59 636	14 518	-	2 338	263 663
Cllr. J Radebe	140 889	64 512	14 518	53 022	2 056	274 997
Cllr. M Mamba	154 247	59 636	14 518	50 484	2 150	281 035
Cllr. SM Visagie	263 872	136 845	14 518	61 545	3 851	480 631
Cllr. ND Mofokeng	97 568	34 473	-	15 690	1 367	149 098
Cllr. TJ Tshabalala	163 105	59 636	14 518	23 098	2 412	262 769
Cllr. TN Masiteng	150 970	63 628	-	-	1 980	216 578
Cllr. A Fume	269 075	115 838	25 900	-	3 781	414 594
Cllr. TJ Mahlambi	145 319	48 440	-	-	1 841	195 600
Cllr. MJ Vilakazi	249 367	103 986	25 900	19 708	3 699	402 660
Cllr. MS Mosia	145 319	54 704	-	-	1 841	201 864
Subtotal	2 284 583	934 572	156 826	327 230	31 725	3 734 936
	2 284 583	**934 572**	**156 826**	**327 230**	**31 725**	**3 734 936**

	Basic salary	Travel, motor car and other allowance	Cell phone allowance	Pension and medical aid	Sitting allowance	Total
Other councillors	2 894 323	-	-	-	177 196	3 071 519
Subtotal	2 894 323	-	-	-	177 196	3 071 519
	2 894 323	**-**	**-**	**-**	**177 196**	**3 071 519**

The prior term ended on 8th November 2021 and new councillors were elected in to council on the same date. The new term will run from the 8th November 2021 to 31 October 2025.

In-kind benefits

The Executive Mayor, Speaker, Chief Whip, MPAC Chairperson and Mayoral Committee Members are full-time councillors. The Executive Mayor, Speaker, Chief Whip and MPAC Chairperson are provided with offices and secretarial support at the cost of the Council. The Mayoral Committee Members are provided with pool secretarial support and offices at the cost of council.

The Executive Mayor and the Speaker each have the use of separate Council owned vehicles for official duties.

The Executive Mayor and the Speaker have a full-time driver / bodyguard.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
20. Cash (used in) generated from operation		
Surplus	28 736 449	8 436 542
Adjustments for:		
Depreciation and amortisation	3 882 720	3 287 892
Finance costs	1 205 000	1 088 000
Movements in provisions	396 948	2 228 389
Non-cash donations	(15 779 813)	-
Actuarial gain/loss	(788 000)	864 000
Gain / loss on sale of assets and liabilities	1 193 472	(63 458)
Interest received	(203 600)	(1 782 959)
Gains on debt impairment provision adjustment	-	(114 877)
Changes in working capital:		
Receivables from exchange transactions	(1 566 494)	(1 162 272)
Receivables from non-exchange transactions	2 100 241	2 054 351
Payables from exchange transactions	(3 841 977)	(7 705 566)
Unspent conditional grants and receipts	(910 202)	-
	14 424 744	**7 130 042**

21. Financial liability by category

The accounting policies for financial instruments have been applied to the column items below:

2022	Financial liabilities at amortised cost	Total
Payables from exchange transactions	14 468 324	14 468 324

2021	Financial liabilities at amortised cost	Total
Payables from exchange transactions	18 297 767	18 297 767

22. CETA agency fees

Commission income [Agency services (CETA)]	1 816 325	2 213 571

The municipality, as an implementing agent, does not recognise revenue and expenses that arise from transactions with third parties in a implementing agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an implementing 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 implementing agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

The municipality received an aggregate amount of R22 816 991.34, TMDM paid due stipends to the learners in accordance with the binding arrangement with CETA and revenue was recognised subsequent to payment of learner stipends amounting to R1 816 324.95 consisting of administration and rural allowance

The municipality did not have liability held on behalf of learner stipends as at 30 June 2022, there is no corresponding reimbursement for year under review.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

23. Contingencies

Ktravel agency vs Thabo Mofutsanyana Demand for payment in execution. Default judgment rescinded on 05 August 2022. Agency has applied for an appeal.	153 262	-
Free State Provident Fund Employees who resigned from Free State Provident Fund and joined other provident funds.	3 369 022	-
Submission made to the Department to withdraw the matter.		
Ex-Employees vs Thabo Mofutsanyana Claim pro rata bonus and accrued Leave annual leave days	248 083	-
Maluti-A-Phofung seconded Councillors vs Thabo Mofutsanyana Civil claim for councillors remuneration.	5 497 850	5 497 850
Podbeilski Mhlambi Attorneys vs Thabo Mofutsanyana RSC levies collections. Matter is defended and pending in Bloemfontein High Court.	36 423 638	36 423 638
DW Wessels and 6 others vs Thabo Mofutsanyana Veld fire that destroyed farms. Matters is defended and pending.	4 432 501	4 432 501

Name of employee	Effective date		
Ngobese Malefu	22/03/2006	17 000	17 000
Moloi Khesa	25/05/2005	17 000	17 000
Moloi Materonko	08/10/2002	13 000	13 000
Motloung Sylvia	30/01/2007	17 000	17 000
Mthombeni Sthembiso	01/10/2004	14 000	14 000
Mani Koahela	01/07/2009	17 000	17 000
		95 000	**95 000**

Figures in Rand	2022	2021

24. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:
- entities that are directly or indirectly controlled by the municipality;
- associates;
- joint ventures and management;
- management personnel, and close members of the family of management personnel;
- entities in which a substantial ownership interest is held, directly or indirectly, by management personnel or entities over which such a person is able to exercise significant influence.
- entities that control or exert significant influence over the municipality.

The economic entity's management personnel includes the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

In terms of the MFMA, the municipality may not grant loans to its councillors, management, staff and public with effect from 1 July 2004.

The related party transactions for the current financial year were with management personnel. Refer to Note 19 for detailed disclosure of remuneration.

Figures in Rand	2022	2021

25. 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.

This note presents information about the entity's exposure to each of the financial risks below and the entity's objectives, policies and processes for measuring and managing financial risks. Further quantitative disclosures are included throughout the Annual Financial Statements.

The Council has overall responsibility for the establishment and oversight of the entity's risk management framework.

The entity's audit committee oversees the monitoring of compliance with the entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The audit committee is assisted in its oversight role by the entity's internal audit function.

The entity monitors and manages the financial risks relating to the operations of the entity through internal risk reports which analyse exposures by degree and magnitude of risks.

The entity seeks to minimise the effects of these risks in accordance with the entity's policies approved by the Council. The policies provide written principles on foreign exchange risk, interest rate risk, credit risk and in the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The entity does not enter into or trade in financial instruments for speculative purposes.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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.

Liquidity risk is the risk that the economic entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the entity maintains flexibility in funding by maintaining availability under committed credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an on going review of future commitments and credit facilities.

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

The entity has not defaulted on external loans, payables and lease commitment payments and no re-negotiation of terms were made on any of these instruments.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

All of the entity's financial assets have been reviewed for indicators of impairment. Certain receivables were found to be impaired and a provision has been recorded accordingly.

Notes to the Annual Financial Statements

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25. Risk management (continued)

At 30 June 2022

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	5 661 362	-	-	-

At 30 June 2021

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	9 093 856	-	-	-

Credit risk

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.

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 on going 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.

All of the entity's financial assets have been reviewed for indicators of impairment. Certain receivables were found to be impaired and a provision has been recorded accordingly. The impaired receivables are mostly due from customers defaulting on service costs levied by the entity.

Receivables are presented net of an allowance for impairment.

Financial assets which exposed the economic entity to credit risk at year end were as follows:

Financial instrument	2022	2021
ABSA Bank - Cheque account	13 651 947	1 767 473
ABSA Bank - Fixed deposit 2	3 185 318	3 068 236
ABSA Bank - Fixed deposit 3	17 025 866	1 505 126
ABSA Bank - Fixed deposit 4	6 789 401	5 775 068
Nedbank - Fixed deposit	6 250 767	20 840 694
Receivables from exchange transactions	2 168 272	618 335
Receivables from non-exchange transactions	55 893	2 156 134

The entity is exposed to a number of guarantees for housing loans of employees.

The balances represent the maximum exposure to credit risk.

Receivables from exchange and non-exchange transactions

The ageing of receivables from exchange and non-exchange at the reporting date:		
3 to 6 months	-	-
Over 6 months	10 087 864	10 494 111
Less: Provision for Impairment	(3 526 919)	(3 526 919)
	6 560 945	**6 967 192**

The movement in the allowance for impairment in respect of receivables from exchange and non-exchange over the year was:

Balance at the beginning of the year	3 526 919	3 641 796

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
25. Risk management (continued)		
Adjustments for impairment	-	(114 877)
	3 526 919	**3 526 919**

The allowance for impairment in respect of receivables from exchange and non-exchange is used to record impairment losses until the municipality is satisfied that no recovery of the amount owing is possible

Market risk

Cash flow and fair value interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in an amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, receivables and bank and cash balances. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The financial assets are based on the interest rate provided by the banks at the reporting date. As the municipality,we are not exposed to volatility of the market risk/ interest rate like the corporate is exposed. our investments in the banks are based on a solid interest rate agreed prior investment.

During 2021 and 2022, the municipality's borrowings and investments at variable rates were denominated in Rand.

26. Going concern

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

During the year ended 30 June 2022, the municipality incurred a surplus of R 28 736 449 and the municipality's total assets exceed its total liabilities by R 49 257 477, in addition the municipality has a possible obligation of R50.2 million pending the court ruling as disclosed in note 23. These conditions and events do not cast doubt on the municipality's ability to continue as a going concern.

27. Events after the reporting date

There were no material events to report after the reporting date.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

28. Unauthorised expenditure

Opening balance as previously reported	4 267 519	4 884 813
Opening balance as restated	**4 267 519**	**4 884 813**
Less: Amount written off - current period	(2 934 084)	(617 294)
Closing balance	**1 333 435**	**4 267 519**

A Municipal Public Accountant Committee is to convene to analyse and review the findings on unauthorised expenditure incurred, upon the recommendations provided by the Municipal Public Accountant Committee to Council, Council will resolve either to condone or recover the unauthorised expenditure as stated above as waiting to be condoned.

29. Irregular expenditure

Opening balance as previously reported	33 508 573	32 093 340
Opening balance as restated	**33 508 573**	**32 093 340**
Add: Irregular Expenditure - current period	9 791 475	16 920 949
Less: Amount written off - current	(8 805 380)	(15 505 716)
Closing balance	**34 494 668**	**33 508 573**

Management has performed a review of transactions and identified transactions which did not comply with SCM Regulation, expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-bearers Act to be irregular expenditure in accordance to the guidelines set per Chapter 1 of the MFMA.

A Municipal Public Accountant Committee is to convene to analyse and review the findings on irregular expenditure incurred, upon the recommendations provided by the Municipal Public Accountant Committee to Council, Council will resolve either to write off or recover the irregular expenditure as stated above as waiting to be condoned

The figures reported above are exclusive of VAT and the full extent of the irregular expenditure is still under investigation.

Irregular expenditure arising from:		
Three quotations not sourced	1 087 057	1 052 271
BBEE not considered on PPPF	-	1 659 863
Bid adjudicated by committee not in line with the regulation	1 968 318	704 273
Evaluation criteria changed	-	57 773
Expansion or variation of orders against the original contract not approved	-	3 115 812
No declaration of interest obtained	283 793	384 077
Regulation 32 contract not complied with	1 329 334	401 665
Contract management monitoring not in place	777 520	-
SCM Reg 17, 18 and 19 not in place	3 278 103	-
Valid contract not in place	300 035	-
Competitive bidding not followed	767 317	9 545 215
	9 791 477	**16 920 949**

30. Fruitless and wasteful expenditure

Opening balance as previously reported	51 959	377 976
Opening balance as restated	**51 959**	**377 976**
Add: Fruitless and wasteful expenditure - current period	-	3 626
Less: Amount written off - current	(48 333)	(329 643)
Closing balance	**3 626**	**51 959**

Municipal Public Accounts Committee is to convene to analyse and review the findings on fruitless and wasteful expenditure incurred, upon the recommendations provided by the Municipal Public Accountant Committee to Council, Council will resolve either to condone or recover the fruitless and wasteful expenditure as stated above as waiting to be condoned.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

31. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	940 252	878 109
Amount paid - current year	(940 252)	(878 109)
	-	-

Audit fees

Current year subscription / fee	3 845 035	2 521 938
Amount paid - current year	(3 845 035)	(2 521 938)
	-	-

PAYE, SDL and UIF

Current year subscription / fee	17 063 875	18 511 746
Amount paid - current year	(15 559 875)	(18 511 746)
	1 504 000	-

Pension and Medical Aid Deductions

Current year subscription / fee	12 254 262	12 481 969
Amount paid - current year	(12 254 262)	(12 481 969)
	-	-

VAT

VAT receivable	4 209 281	4 065 203

32. Municipal office occupation

The municipal head office situated at 1 Mampoi Street, Old parliament Building, Witsieshoek. The building is leased from Free State Department of Public Works for no rental consideration.

33. Contracted services

Consultants and Professional Services		
System support consultancy	1 792 649	1 718 659
Professional fees on Grant expenditure	2 412 528	909 505
	4 205 177	**2 628 164**

34. Revenue

Agency services (CETA)	1 816 325	2 213 571
Recoveries (gains on impairment adjustment)	-	114 877
Sundry income	475 414	253 336
Interest received - investment	2 373 665	1 782 959
Service in Kind revenue	5 750 872	5 298 479
Government grants & subsidies	151 484 918	142 080 726
Public contributions and donations	15 779 813	-
Gain on disposal of assets	-	63 458
	177 681 007	**151 807 406**

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

34. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:		
Agency services (CETA)	1 816 325	2 213 571
Debt impairment recovered	-	114 877
Interest received - investment	2 373 665	1 782 959
	4 189 990	**4 111 407**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Service in Kind revenue	5 750 872	5 298 479
Transfer revenue		
Government grants & subsidies	151 484 918	142 080 726
Public contributions and donations	15 779 813	-

35. Sundry income

Recoveries (gains on impairment provision adjustment)	-	114 877
Sundry income	475 414	253 336
	475 414	**368 213**

36. Auditors' remuneration

Fees	3 845 035	2 521 938

37. Budget differences

Material differences between budget and actual amounts (Reasons provided in cases where the difference exceeds 10%)

37.1. Agency services (CETA) - The budgeted amount is higher than the actual due to the decrease in the number of projects and decrease in several learners

37.2. Sundry income – The budgeted amount is less compared to the actual due to the LG SETA grant and medical aid refunds that were not projected for.

Figures in Rand	2022	2021

37. Budget differences (continued)

37.3. Interest investment - The budgeted amount is less compared to the actual due to higher investment amount due to less procurement resulting from the suspension of the preferential Procurement Regulations which were rendered invalid from 25 February 2021.

37.4 Non-cash reserves (Depreciation) – increase in property, plant and equipment warrants a higher depreciation cost for the year.

37.5 Cash backed reserves – Cash reserves were budgeted from the municipality `s surplus cash to fund for operations was not utilized to suspension of invalidity of the 2017 Preferential Procurement Regulations on 25 February 2021.

37.6 Capital replacement reserve – was not utilized to suspension of invalidity of the 2017 Preferential Procurement Regulations on 25 February 2021.

37.7 Service in kind – The budget amount is less than the actual amount due to an increase in rental rates per square meter.

37.8Goverment grants & subsidies – variance is less than 10%, no reason required.

37.9 Donations (PPE Kestel Lab) – Cogta donated building and property, plant and equipment to the district.

37.10 Employee related costs - variance is less than 10%, no reason required.

37.11 Remuneration of councillors - The new council has a lower number of councillors as compared to the old council with which budget figures were based.

37.12 Depreciation and amortisation – increase in property, plant and equipment warrants a higher depreciation cost for the year.

37.13 Finance costs – allocation made to cater for unforeseen finance cost.

37.14 Lease rentals on operating lease – actual cater for unforeseen operating lease on motor vehicles for the Mayor and the Speaker.

37.15 Contracted Services – The budgeted amount is less than the actual amount due to the increase in Professional Grant expenditure .

37.16 Operating Expenses - The operating expenses indicate a decrease against the final budget due to the Covid 19 pandemic during the first semester of the financial year and the appointment of the new council which resulted in most SDBIP approved projects not being executed because of the suspension of the preferential Procurement Regulations which were rendered invalid from 25 February 2021.

37.17 Actuarial gains/(losses) - allocation made to cater for unforeseen finance cost.

37.18. Receivable from exchange transactions – The Actual amount against the final budget indicates a decrease due to repayments received from long outstanding debtors.

37.19 Receivable from non-exchange transaction - provision indicates a decrease due to Impairment of unpaid debts.

37.20. Cash and Cash Equivalents – Increase in cash and cash equivalent actual against the budget is due to more capital investment made during year and the suspension of the preferential Procurement Regulations which were rendered invalid from 25 February 2021

37.21. Property plant and equipment – The actual PPE indicates an increase against the final budget due to additions to Machinery and Equipment, Furniture and Fixtures,building and IT Equipment made during the year.

37.22. Intangible assets – A decrease due amortization of software .

37.23. Payables from exchange transactions - Actual payables from exchange transactions are higher than budgeted actual payable are higher than budgeted amount due to suppliers not submitting invoices timeously year end.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021

37. Budget differences (continued)

37.24. Employee benefit obligation (current portion) - The future medical aid liability and long service bonus budgeted for was lower than the liability calculated by actuaries at year end, an adjustment to the budget was made to cover the full extent of the liability. However, the revised estimation is only done at year-end

37.25 Employee benefit obligation (Non-current portion) - The future medical aid liability and long service bonus budgeter for was lower than the liability calculated by actuaries at year end, an adjustment to the budget was made to cover the full extent of the liability. However, the revised estimation is only done at year-end

Figures in Rand	2022	2021

38. Prior period errors

38.1. Employee related costs

Shift allowance was erroneously added to basic salary line in the prior year and therefore needs to be split accordingly to rectify the error.

The correction of the error resulted in adjustment as follows;

Note 21 Statement of Financial Performance (30 June 2021)		
Increase in Shift allowance	-	869 679
Decrease in Basic salary	-	(869 679)
	-	-

38.2. Payables from exchange transactions

Creditors for the year 2021 were not raised and therefore accounted for in the 2022 financial year resulting in a cut-off issue.

The impact is as follows:

Statement of Financial Performance (30 June 2021)		
Increase in Operational expenses	-	849 997

Statement of Financial Position (30 June 2021)		
Increase in payables from exchange transactions	-	(977 496)
Increase in receivables from exchange transactions	-	127 500
	-	**(849 996)**

39. Deviations

Deviations from normal supply chain procedures.

Category	**Supplier**	**Amount**
Price: R2 000 to R10 000	N/A	-
		-
Price: R10 000 to R30 000	N/A	-
		-
		-
Price: R30 000 and above		-
	Ferreira Broers/ Motors Hoogland Bethlehem	86 809
	MMG Toyota Harrismith	36 343
	Amtech Service Centre (Pty) Ltd	75 253
	Ramosena Electrical Construction	113 600
	Ramosena Electrical Construction	127 995
	Ramosena Electrical Construction	84 805
	Ramosena Electrical Construction	127 000
	QwaQwa Radio	39 000
	Ferreira Broers/ Motors Hoogland Bethlehem	43 988
		734 793

Figures in Rand	2022	2021

40. Segment reporting

Segmental information on property, plant and equipment, as well as income and expenditure, is set out based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board. The jurisdiction of Thabo Mofutsanyana District Municipality comprises of the following local municipalities, Maluti-A-Phofung Local Municipality, Dihlabeng Local Municipality, Setsoto Local Municipality, Mantsopa Local Municipality, Nketoana Local Municipality and Phumelela Local Municipality.

Thabo Mofutsanyana District Municipality in the year under review does not have a reportable segment that generates economic benefits or service potential, Laboratory based in Maluti -A- Phofung Local Municipality donated to the District Municipality is currently being reviewed by management during the year under review.

Decisions about resources to be allocated to that activity and in assessing its performance and whether the Laboratory will have separate financial information is under consideration. To achieve this, the municipality has advertised the post of Principal Scientist..

41. Change in estimate

New information was apparent at the beginning of the year which indicated that the Property, Plant and Equipment was nearing the end of their useful lives but were however still in working condition. As a result the municipality decided to revise the useful life of the Property, Plant and Equipment to extend the carrying value of the Property, Plant and Equipment by increasing the remaining useful life.

The aggregate effect of the changes in estimate on the annual financial statements for the year ended 30 June 2022 is as follows:

Statement of financial position

2022

	Note	Net impact	After change	Before change
Property, Plant and Equipment	7	(240 838)	21 489 946	21 249 108

Statement of financial performance

2022

	Note	Net impact	After change	Before change
Depreciation	16	240 838	3 624 599	3 865 437

The effect in future periods cannot be disclosed as it is impractical to do so.