

2024/2025



FINAL ANNUAL REPORT

Volume I

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REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium-Term Strategic Framework, particularly through the IDP strategic objectives; the cross-cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial, and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury

July 2012

Chapter 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

It is with great honour and a deep sense of responsibility that I present the annual report of Kagisano-Molopo Local Municipality for the 2024/2025 financial year. This report reflects our shared commitment to accountable governance, responsive service delivery, and inclusive development across all our communities.

Kagisano Molopo is a municipality rich in heritage and culture. Despite the vast geographical size of our municipality and the many service delivery challenges that come with rural development, we remain committed to building a municipality that delivers quality services and creates opportunities for all.

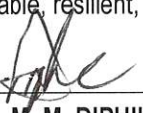
This reporting period has been marked by both progress and persistent challenges. We have made notable strides in improving basic services such as water, sanitation, road infrastructure, high-mast lights, and electrification in various wards. Through partnerships with provincial, national departments, and the private sector, we have also begun to address issues of local economic development and youth unemployment, critical elements in building a sustainable development.

We have prioritized community participation through the IDP review process, ensuring that development is informed by the voices and needs of our people. Public accountability remains a cornerstone of our work, and we have strengthened oversight and monitoring mechanisms to improve financial management and the quality of our service delivery.

However, we acknowledge that more work lies ahead. Infrastructure backlogs, financial constraints, and the urgent need for local economic transformation continue to test our resilience. We are committed to intensifying our efforts, strengthening institutional capacity, and fostering greater collaboration with all stakeholders to achieve our vision of a developmental municipality that provides sustainable and impactful services.

I wish to express my sincere gratitude to the Municipal Council, the administration, traditional leaders, ward committees, community-based organizations, and every resident of Kagisano-Molopo who continues to play an active role in our developmental journey. Together, let us remain focused on building a better life for the residents of this municipality.

As we move forward, we recommit ourselves to delivering quality-driven timeously, the values of Batho Pele, good governance, and inclusive development. Let us continue to work together to build a Kagisano Molopo that is equitable, resilient, and prosperous.


HON. M. M. DIPIKWE
MAYOR
21 JANUARY 2026

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

The Kagisano Molopo Local Municipality hereby presents its Annual Report for the 2024/2025 financial year, in accordance with Section 121 of the Local Government: Municipal Finance Management Act (Act No. 56 of 2003), as well as relevant National Treasury circulars, templates, and reporting guidelines.

This report serves to account to the Municipal Council and stakeholders on the performance of the municipality across the five National Government Strategic Key Performance Areas (KPA's). It also reflects the collective efforts undertaken to fulfil our constitutional and legislative obligations under challenging conditions.

During the period under review, the municipality continued to grapple with severe financial constraints, operating under an unfunded budget. This situation, exacerbated by instability that hindered revenue collection, significantly impacted the delivery of essential services. To address immediate financial obligations, the municipality sought financial assistance from the District Municipality and implemented cost containment measures in line with Treasury regulations.

Despite these fiscal and operational challenges, the municipality remained steadfast in its commitment to enhancing service delivery and promoting good governance. Key strategic documents, including the Integrated Development Plan (IDP), the Budget, and the Service Delivery and Budget Implementation Plan (SDBIP), were adopted in compliance with applicable legislation. Furthermore, performance agreements were signed by Senior Managers to reinforce accountability.

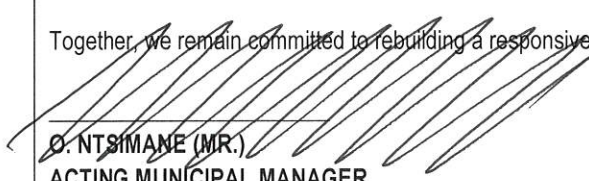
The leadership transition continued, with the substantive Municipal Manager remaining on suspension and an Acting Municipal Manager appointed to ensure continuity. The municipality currently experiences a high vacancy rate among Senior Management positions and is actively engaged in the recruitment process to stabilize the administration.

Regrettably, the Office of the Auditor-General issued an adverse audit opinion for the 2023/2024 financial year. In response, the municipality has committed to implementing corrective measures and addressing all audit findings by the end of the 2024/2025 financial year.

On the governance front, while the municipality has not yet achieved optimal maturity in its risk management systems, regular risk assessments are conducted by the risk management shared service. These assessments are integral in enabling the municipality to proactively manage emerging risks, adapt to changes, and make informed decisions in pursuit of our developmental mandate.

In conclusion, I would like to express my sincere appreciation to the Honourable Mayor, the Executive Committee, and all Councillors for their unwavering strategic leadership and oversight. I also extend my gratitude to the hardworking staff members of the Kagisano Molopo Local Municipality for their dedication and perseverance in delivering services to our communities, even under trying circumstances.

Together, we remain committed to rebuilding a responsive, financially sustainable, and developmental municipality.


O. NTSIMANE (MR.)
ACTING MUNICIPAL MANAGER
21 JANUARY 2026

Chapter 1

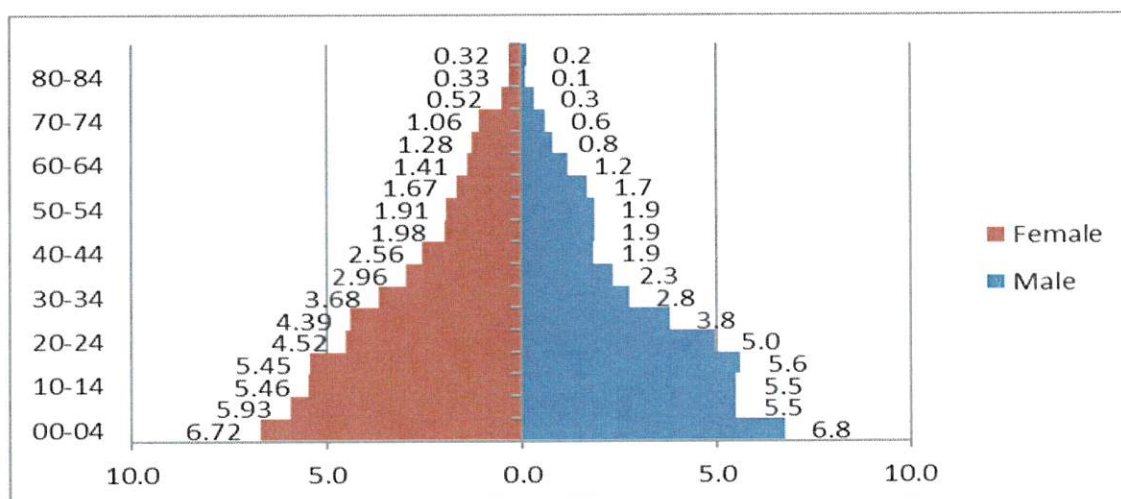
1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Kagisano-Molopo Local Municipality is classified as a category B Municipality as confirmed by the Demarcation Board in terms of the Municipal Structures Act, 1998.

Kagisano-Molopo Local Municipality has no municipal entities. Housing provision is primarily a function of the Department of Local Government and Human Settlement, The District municipality is responsible for Water and Sanitation services.

Kagisano-Molopo local municipality Population Pyramid



The image depicts the population pyramid of Kagisano-Molopo Local Municipality. It shows the population distribution by age and sex. The population of youth and children is high. The female population is higher than those of males in all age categories. This shows that the Population is more youthful.

The high proportion of children and youth age groups would mean the municipality would have to focus its limited resources on addressing day-to-day challenges faced by these age groups in terms of education, employment, and basic services.

Black	79 769
Colored	911
Indian & Asian	284
Whites	3 739
Total	112 130

Chapter 1

	Census 2022		Community Survey 2016	
	Persons	Households	Persons	Households
Kagisano-Molopo	112 130	29 850	102 703	28 274

Natural Resources	
Major Natural Resources	Relevance to Community
Land	▣ Access to land ▣ Security of tenure ▣ High Agricultural Potential ▣ Food Security
Water	Access to water Food production

COMMENT ON BACKGROUND DATA:

The latest 2022 Census shows that the total population of Kagisano-Molopo Local Municipality stands at about 112 130 people, which has increased from 102 713 in the Community Survey in 2016.

The municipality is already under pressure from existing basic service backlogs, including housing, water and sanitation, and refuse removal. Electricity provision remains on a steady rise. An increase in the number of people who are not economically active paints a bleak future. A High unemployment rate continues to hinder economic growth. There is an abundance of natural resource bases that are not yet tapped into where new growth opportunities could be sought.

Chapter 1

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

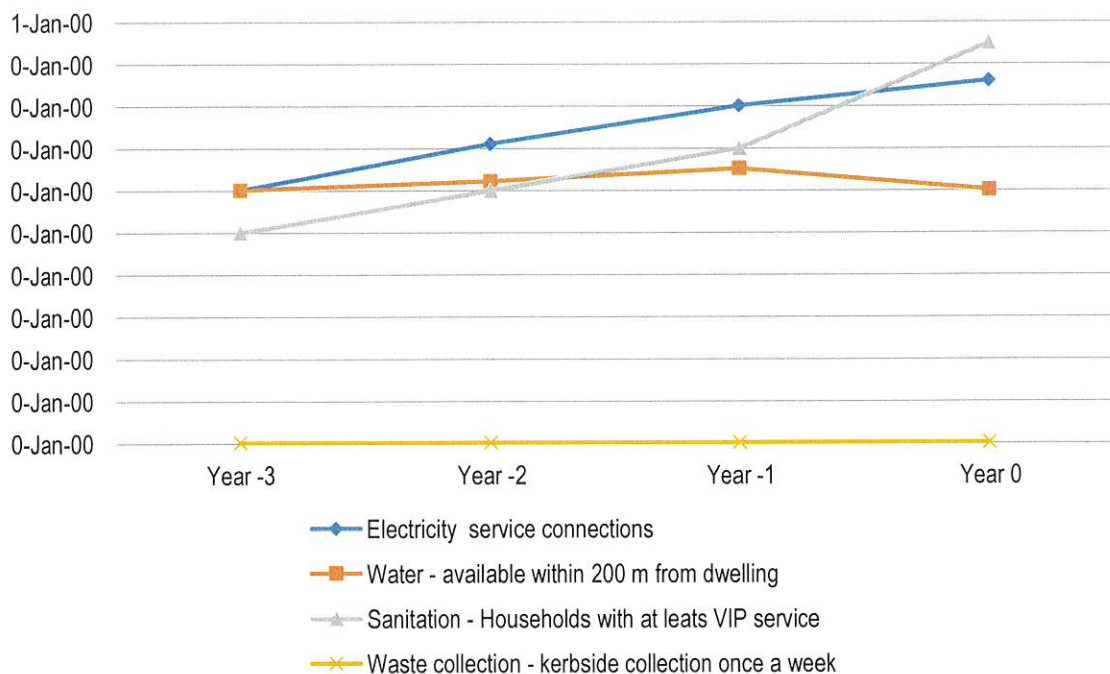
Census 2022 has shown a marked improvement in the provision of services such as electricity, where 93,3% of the households have access to electricity for lighting as compared to 83,2% in 2011.

In terms of sanitation, the most utilized toilet facility is a VIP toilet (12 346 households) followed by pit latrines (6 612 households). Pit latrines pose problems of contaminating the underground water source.

The Municipality through its water service provider which is Magalies Water is providing Free Basic Water to all consumers in all 15 wards.

The municipality is providing free basic electricity to registered indigents in our municipal indigent register, which is updated every month.

Proportion of households with access to basic services



Chapter 1

COMMENT ON ACCESS TO BASIC SERVICES:

The municipality relies on the underground water which makes some of the villages especially those in the western part experience regular water shortages due to the dropping of the water table. The district municipality is performing well with the provision of Ventilated Improved Pit Toilets. Electrification programmes at most do not meet the demand due to communities building houses when the planning for electrification has long been completed.

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

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 realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

During the 2024/2025 financial year, the municipality continued to ensure compliance with laws and regulations in managing its financial affairs despite operating with limited financial resource. The rising challenges of limited financial resources threatened the financial viability of the municipality. Strict controls and cost containment measures are being implemented on the budget and will contribute to curbing unauthorised, irregular, and wasteful expenditures during the financial year.

Numerous goals could be accomplished despite the municipality's challenges. The municipality's financial responsibilities have increased along with the tougher financial circumstances. These financial pressures and challenges are mainly due to the high dependence on conditional grant funding. The municipality was unable to collect debts due to political unrest and farmers who decided not to pay rates and taxes.

In general, the financial health of Kagisano Molopo Local Municipality, faces significant challenges, struggling to meet their financial obligations and deliver essential services. The municipality is in financial distress and they have insufficient revenue to cover their expenses and may be facing debt issues.

COMMENT ON OPERATING RATIOS:

Kindly refer to the audited Annual Financial Statement attached in Chapter 5.

Chapter 1

COMMENT ON CAPITAL EXPENDITURE

A total of R 28 109 191.42 was spent on capital expenditure, which is 100% of the total budget. Capital expenditure relates to movable assets and infrastructure assets. Capital expenditure was funded from conditional grants.

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

Every Municipality, in terms of the Constitution and the Municipal Systems Act, Act 32 of 2000, has to have a staff establishment reflecting the organizational design of the Municipality. The Organizational Design needs to be in line with the IDP and an updated organizational development overview for the Kagisano Molopo Local Municipality was conducted in May 2025 to align the structure with the IDP and to provide a structure to enable the Municipality to deliver in its mandate and service delivery.

The municipality has created a path towards transformation, demonstrated by focused attention to reviewing the organizational structure in line with the Integrated Development Plan adopted by the council in May 2025. Development of a Human resource plan and the review of Human Resource policies.

Performance Management

The performance Management is monitored through quarterly, Mid-term reporting and finally by annual performance reporting. Reporting is done through the electronic performance management system.

The following KEY PMS elements were implemented

- The SDBIP was completed and aligned to the IDP and Budget and it was approved by the Mayor.
- Performance agreements were signed by the Municipal Manager and Section 56 Managers.
- PMS Policy Framework adopted by Council.
- Performance Management Development System Policy adopted by Council.

Chapter 1

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2024/2025 (CURRENT YEAR)

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen the country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. In short, the Auditor-General checks the spending of public money by looking at whether it has been used ideally and for the purposes intended. This process is concluded by annually checking all government spending. In turn, this can be described as an audit.

The Auditor-General's annual audit examines 3 areas:

- Fair presentation and absence of significant misstatements in financial statements
- Reliable and credible performance information for predetermined objectives
- Compliance with all laws and regulations governing financial matters

The municipality received an adverse audit opinion for the year 2024/2025. The audit opinions for the last four financial years, including the current year indicate that the Municipality must focus on control issues on other matters that the Auditor-General focuses on during its audits.

1.6.1. Audited Outcomes

2023/2024: Adverse audit opinion with other matters;
2022/2023: Qualified audit opinion with other matters;
2021/2022: Qualified audit opinion with other matters;
2020/2021: Qualified audit opinion with other matters.

Chapter 1

1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July-December
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year.	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General.	
5	Municipal entities submit draft annual reports to MM.	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant).	August
8	Mayor tables the unaudited Annual Report.	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase.	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data.	September – November
12	Municipalities receive and start to address the Auditor General's comments.	January-March
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report.	
14	Audited Annual Report is made public, and representation is invited.	
15	Oversight Committee assesses Annual Report.	
16	Council adopts Oversight report.	March
17	Oversight report is made public.	
18	Oversight report is submitted to relevant provincial councils.	
19	Commencement of draft Budget/ IDP for the next financial year. Annual Report and Oversight Reports to be used as input.	January

T 1.7.1

Chapter 1

COMMENT ON THE ANNUAL REPORT PROCESS:

It is necessary that the municipality derive maximum benefit from its efforts in submitting reports. Such benefits are typically obtained in the form of being able to compare and benchmark against other municipalities and to learn from the feedback mechanisms.

The Annual Report processes provide a framework for the municipality to follow in completing various reports within each financial year cycle. The Municipal Manager must ensure that reports are submitted timeously. If the process flow is followed, the municipality should be able to provide an unaudited Annual Report in August of each year, which is consistent with the MFMA. One of the advantages of compiling an unaudited Annual Report in August is that it can be used to influence the strategic objectives indicated in the IDP for the next financial year as well as the budgetary requirements related to each vote.

An Unaudited Annual Report submitted in August will further provide the municipality with an opportunity to review the function areas that receive attention during the current financial year and take the necessary corrective actions to align the IDP and budget to other priority areas needing attention.

The Annual report of the municipality must be tabled in the municipal council on or before 31st January each year (MFMA S127). In order to enhance the oversight function of the Council, this must be interpreted as an outer deadline; hence the municipality must submit the Annual Report as soon as possible after year-end, namely August. The entire processes are concluded in the first or second week of December for all municipalities, the same year in which the financial ends and not a year later, as is currently the case.

The Annual Report must be aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, Budget, SDBIP, in-year reports, annual performance and Annual report should have similar and consistent information to facilitate understanding and to enable the linkages between plans and actual performance.

The above can only occur if the municipality sets appropriate key performance indicators and performance targets with regard to the development of priorities and objectives in its IDP and outcomes (MSA S41). This requires an approved budget together with a resolution approving measurable performance objectives for revenue from each source and each vote in the budget (MFMA, S24).

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The council or political wing of the municipality ensures that there is regular communication with the community through Ward Committee meetings, Ward meetings, Community-Based Planning meetings, IDP and Budget processes or consultations. These processes ensure that the community is engaged and or involved in making inputs for which they aspire.

The community, therefore, participates in identifying their needs and providing inputs on the performance of the municipality. Through these processes, the municipality ensures that there is a healthy relationship between the municipality as an institution and the community, which effort minimizes conflicts and creates a sound relationship.

Administrative governance ensures that political aspirations are always upheld by giving feedback regularly to the community. It is incumbent upon the administration to ensure that compliance is always done as per the legislation. Most importantly Administration regularly advises the political wing.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Kagisano Molopo Local Municipal Council consists of twenty-nine (29) Councillors, fifteen (15) are elected Ward Councillors and the other fifteen (14) are Proportional Representative (PR) Councillors from different political parties. There are six (6) Executive Committee (EXCO) members led by the mayor established in terms of Section 45 of Local Government: Municipal Structures Act 117 of 1998. Political parties represented in Kagisano Molopo Local Municipality are ANC, DA, UCDP, EFF and AICM.

Kagisano Molopo Local Municipal Council further consists of three (3) Tribal Council representative (Dikgosi). The said Traditional Council's representative participates in the proceedings of the council and they compensated per sitting. Traditional representatives are also subjected to the appropriate Code of Conduct set out in Schedule 1 of the Local Government Municipal Systems Act, 2 000.

The municipality has an established functional Municipal Public Accounts Committee (MPAC) which carries out oversight.

Chapter 2

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Mayor and the EXCO. Its primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their function as policy makers, Councillors are also actively involved in community work and the various social programmes in the municipal area.

The Mayor is appointed by the council and has executive powers and duties. He provides general political guidance over the fiscal and financial affairs of the municipality and in doing so, monitors and oversees the exercise of responsibilities assigned to the accounting officer in terms of MFMA; Act 56 of 2003, without interference. Council meetings are always preceded by portfolio committee meetings and executive committee meetings. The council appoints members of the Executive committee (EXCO) to chair the portfolio committees indicated below:

- **Corporate Support Services;**
- **Basic Services and Infrastructure Development;**
- **Community Services;**
- **Local Economic Development;**
- **Budget and Treasury; and**
- **Planning & Development.**

The municipality has further established the **Rules Committee** to oversee the conduct of councillors.

The municipality utilizes District Internal Audit shared services and the Performance and Audit Committee that provides opinions and recommendations on financial processes and performance, and provides comments to the Oversight Committee on the Annual Report.

The Municipal Public Accounts Committee (MPAC) has been established in terms of section 79 of the Municipal Structures Act, No. 117 of 1998. The main purpose of the committee is to exercise oversight over the executive functionaries of the council and to ensure good governance in the municipality, and to consider the annual report and submit an oversight report on the annual report to the council. The committee consists of six (06) non-executive councillors. The Oversight Report will be published separately in accordance with MFMA guidance.

Chapter 2

POLITICAL STRUCTURE	FUNCTIONS
MAYOR  Cllr. M. M. DIPHIKWE	• Provides political guidance and over the fiscal and financial affairs of the municipality; • Oversees the preparation of the annual Budget; • Submits quarterly reports to Council on the implementation of the Budget and the financial status of the municipality; • Coordinates the annual review of the IDP; • Ensures that the Executive Committee performs its functions properly; • Convenes public hearings and meetings; • Identifies the needs of the community in terms of the IDP processes; • Reviews those needs in order of priority; • Recommends to the municipal council strategies, programmes, and services to address priority needs through the IDP, estimates revenues and expenditures, considering any applicable National and Provincial Plans; • Recommends and determines the best way, including partnership and other approaches, to deliver those strategies, programmes, and services to the maximum benefit of the community.
SPEAKER  Cllr. P. MOIRWAGALE	• Presides over the council meetings and maintains order during council meetings; • Ensures that the council meets at least quarterly; • Ensures that the rules of order are complied with during the council meetings; • Executes any other duty as delegated to the Speaker in terms of the Council delegation systems; • Ensures that Councillors adhere to the Code of Conduct; • Supports Councillors; • Facilitates public participation; • Coordinates the establishment and functionality of Ward Committees.
EXECUTIVE COMMITTEE MEMBERS Cllr. P. M. Mereyabone Cllr. P. V. Baikgaki Cllr. T. E. Chweneemang Cllr. K. Mothwane Cllr. K. P. Maikeco Cllr. K. S. Moreki	• Assists and advises the mayor; • Presides over Portfolio Committee meetings; • Maintains order during Portfolio Committee meetings; • Performs any Mayoral powers as delegated by the mayor; • Performs any specific responsibility delegated by the mayor; • Play an oversight role in their respective departments.

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COUNCILLORS

Councillors provide a vital link between the communities they serve. They are responsible for representing the needs and interests of the people they represent, regardless of whether they voted for them. Although councillors are not usually full-time professionals, they are bound by a code of conduct. The Councillors serve for five years. Kagisano Molopo Local Municipal Council consists of twenty-nine (29) Councilors, fifteen (15) are elected Ward Councilors and fourteen (14) are Proportional Representative (PR) Councilors from different political parties. The Executive Committee consists of (5) five members led by the mayor:

PR COUNCILLORS

Cllr. M. M. Diphikwe
Cllr. O. P. Moirwagale
Cllr. G. K. Nthebotsenyane
Cllr. I. Maano
Cllr. I. Molaolwa
Cllr. A. Moithwe
Cllr. B. B. Makwati
Cllr. T. S. Phokoje
Cllr. J. M. Grobelaar
Cllr. N. J. D. Muller
Cllr. T. E. Chweneemang
Cllr. N. K. Sekopecwe
Cllr. P. D. Monchwe
Cllr. O. M. Serame

WARD COUNCILLORS

Cllr. K. Mothwane
Cllr. T. J. Thetswe
Cllr. K. P. Maikeco
Cllr. M. M. Mokgothu
Cllr. M. S. Mosarwa
Cllr. K. S. Moreki
Cllr. T. B. Golelelwang
Cllr. T. V. Shepherd
Cllr. P. M. Mereyabone
Cllr. K. M. Lekgotle
Cllr. P. V. Baikgaki
Cllr. K. G. Ogaseng
Cllr. L. A. Theko
Cllr. K. M. Kumile
Cllr. P. S. Petrus

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POLITICAL DECISION-MAKING

The Kagisano Molopo Local Municipality is a collective executive type and has established six portfolio committees, each chaired by a member of the Executive Committee. Section 33 of the Local Government: Municipal Structures Act, 1998, which provides for the establishment of committees in terms of Sections 79 and 80 of the act. All the committees are chaired by Councillors who are full-time and coordinated by relevant senior managers and officials who also serve as technical resource persons.

The committees meet monthly to consider items that need to be forwarded to the Executive Committee. Recommendations of the Committees are submitted on a quarterly basis to the Council's Statutory Sitings for Resolutions and implementation.

Section 80 Committees

Each member of the Executive Committee heads a Portfolio Committee in terms of Section 80 of the Municipal Structures Act of 1998. The Section 80 Committees are set up to deal with oversight roles, support, and perform the advisory role to the Mayor and Council.

The Executive Committee of the municipality has the following portfolios:

- Corporate Services
- Basic Service and Infrastructure Development
- Community Service
- Local Economic Development
- Budget and Treasury Offices
- Planning and Development

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2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

In terms of Part 7 Section 82 of the Municipal Structures Act 117 of 1998 as amended, the Municipality must appoint the Municipal Manager who is the head of administration and therefore the Accounting Officer. In terms of section 55 of the Municipal Systems Act, 32 of 2000, as amended the Municipal Manager as head of administration is subject to policy directives of the municipal council responsible for the formation and development of an efficient, economical, effective and accountable administration and must manage the municipality in accordance with all legislation and policies about Local Government.

In terms of section 50 of the Municipal Systems Act 32 of 2000, as amended, the Council in consultation with the Municipal Manager must appoint managers who are directly responsible to the Municipal Manager who must have relevant and requisite skills and expertise to perform the duties associated with the posts they each occupy.

The Municipal Manager is also accountable for all the income and expenditure and all assets as well as the discharge of liabilities of the municipality including proper and diligent compliance with the Municipal Finance Management Act, 53 of 2003. Each senior manager or director who reports directly to the Municipal Manager has delegated functions which the Municipal Manager has to them and is responsible for all those matters delegated to them including financial management as well as discipline and capacitating of officials within their areas of responsibility and compliance to all legislation governing Local Government, its policies and by-laws.

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TOP ADMINISTRATIVE STRUCTURE	
DESIGNATION	FUNCTIONS
ACTING MUNICIPAL MANAGER  MR. O. NTSIMANE	• Establishing and developing an economic, efficient, effective, and accountable administration; • Implementing and managing the local municipality's performance management system; • Coordinating and implementing the municipality's IDP • Managing the Municipality's Administration in accordance with the Constitution, the Local government Structures Act, the Municipal Systems Act, and all other National and Provincial legislations applicable to the local Municipality; • Managing the provision of services to the community in a sustainable manner; • Developing and maintaining a system to access community satisfaction with municipal services; • Appointing, managing, and effectively utilising and training staff and discipline; • Promoting sound labour relations and compliance with applicable labour legislations; • Advising political structures and political office bearers of the municipality, managing communication between them, administering, implementing council resolutions, and carrying out council decisions; • Being responsible for all income and expenditure of the municipality, all assets, the discharge of all liabilities of the municipality with proper and diligent compliance with Municipal Finance management legislation; • Implementing strategic goals of the municipality through cooperation and innovative teamwork.
ACTING DIRECTOR: CORPORATE SERVICES  MRS. D. KGATLHANE	• Managing and controlling various line functions within the Directorate which include general administration, Human resources, Council Support, Corporate strategy, Information Technology and Communications and security Services; • Leading, directing, and managing staff within the Department so that they are to meet their objectives; • Staff control and discipline; • Rendering support by advising and overseeing all matters of procedure relating to minutes and resolutions of the Council Committees;

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	• Planning, organising, coordinating, and controlling the activities of management and administration section; • Providing administration support to political Office Bearers; • Managing and controlling the compilation and execution of the departmental capital and operating budget; • Executing any function delegated by the Municipal Manager in terms of powers and delegations in the relevant legislation and related to this post Developing, implementing Collective Agreements, and managing strategic goals, policies, procedures, and plans; • Administering records/archives registry, skills development, legal matters, and Employment Equity; • Ensuring proper administration of the Council delegation System; • Providing secretarial services to the council and its committees.
ACTING CHIEF FINANCIAL OFFICER  MS. K. SEKGOME	• Reporting directly to the municipal Manager on key departmental activities; • Overall management of the Budget and Treasury office; • Implement the Integrated Development Plan (IDP) as well as the strategic goals of the budget & Treasury office/Directorate; • Implement Service Delivery and Budget Implementation Plan (SDBIP); • Develop and develop key strategic/business plans including Supply Chain Management, Revenue Management, Expenditure Management and Budget reporting; • Prepare and implement municipal budget; • Prepare Annual Financial statements and other mandatory financial management reports; • Manage Departmental budget, human resources, and other resources in accordance with local government legislation; • Establish, operate, and maintain support structures, processes, and systems; • Direct and control key deliverables and outcomes for the department, liaise with internal and external stakeholders; • Facilitate stakeholder participation and involvement; • Ensure legislative, regulatory, policy, practices, and operating standards compliance; • management and monitoring of all income, expenditure, assets and liabilities, Cash-flow management; • Ensure implementation of GRAP standards; • Ensure the development of appropriate Strategies, Policies and

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	plans for all Areas in the department linked to the IDP and that will also have a measurable positive impact on the financial performance; • Develop and implement Supply Chain Management Policy, specific procedures, systems, and controls; • Ensure timely preparation of Budget and Financial Statements; • Implement all Budget Policies and ensure they comply with applicable legislation and National Treasury Regulations.
DIRECTOR: COMMUNITY SERVICE  MR. B. G. SELEBOGO	• To provide strategic management and leadership to the Department; • Ensure coordination, integration, and uninterrupted provision of Community services; • Integrate service delivery in the context of the Council's IDP and oversee implementation; • Participate in the IDP, SDBIP, and budget processes of the municipality; • Manage the Directorate budget planning, implementation, and Budget review to support priorities and deliverables; • Manage Departmental personnel; • Prepare and submit reports on the department's Service Delivery and Budget Implementation Plan (SDBIP). Implement adequate community participation strategies;
ACTING DIRECTOR: PLANNING & DEVELOPMENT  MR. L. BOGODILE	• Overseeing the execution of the IDP Programmes attached to the Department and monitoring individual performance management; • Prepare and submit reports on the department's Service Delivery and Budget Implementation Plan (SDBIP) Implement adequate community participation strategies; • Integrate service delivery in the context of the Council's IDP and oversee implementation; • Responsible for monitoring the day-to-day activities in the offices of the Mayor, Speaker, and the Municipal Manager; • Liaise with the Departments in the organization and monitoring of Programmes related to service delivery; • Oversee the department, implementation, and development of the Communication strategy for the municipality; • Ensure consistent communication between the office of the Mayor, and internal and external stakeholders regarding Programmes pursued by the municipality; • Develop, implement, and review policies regarding special Programmes such as youth development, older persons, disability rights, children's rights, women empowerment and gender equality,

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	HIV and AIDS, STI, and TB Programmes, sports development, and moral regeneration; • Ensure advocacy for and monitoring of the mainstreaming of the designated Programme developmental targets into municipal sectorial plans as well as performance contracts of Section 56 Managers; • Prepare and re on the SDBIP and manage personnel in the offices of the mayor and speaker.
ACTING DIRECTOR: BASIC SERVICE AND INFRASTRUCTURE  MR. K. MOTSHWANE	• Prepare and manage the Budget of the Directorate; • Manage and direct staff of the Directorate; • Technical support and evaluation of municipal capital projects in alignment with the Municipal IDP, District, Provincial, and National Growth and Development Strategies; • Ensure compliance with all legal aspects and conditions required from the different spheres of government; • Conduct site visits/meetings to ensure compliance with business plan conditions; • Manage committed projects expenditure; • Verify payment certificates and preparation of monthly payment schedule documentation; • Maintain project performance data on the national database; • Manage other related municipal infrastructure grant (MIG) Programmes.
ACTING DIRECTOR: LED AND TOURISM  MR. D. MARUMO	• To provide strategic management and leadership to the Department; • Participate in the IDP, SDBIP, and budget processes of the municipality; • Manage the Directorate budget planning, implementation, and Budget review to support priorities and deliverables; • Promotion of Local Economic Development projects; • Manage Departmental personnel; • Develop and manage LED and tourism strategies in line with DGDS, PGDS, NSGD, ASSGISA and JIPSA; • Prepare and submit reports on the department's Service Delivery and Budget Implementation Plan (SDBIP) Implement adequate community participation strategies; • Source funding for economic development projects through donors and investors; • Facilitate partnerships between investors, donors, and business community in the area.

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COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The Constitution of the Republic of South Africa Act 106 of 1996 provides for the system of cooperative government and inter-governmental relations (IGR) in section 40. The provision emphasizes the distinctive, interdependence and interrelatedness of the three spheres of government.

This provision is further augmented by the provision section 3 of the Municipal System Act, No. 32 of 2000. In line with these provisions, the municipality has established a Local IGR Forum comprised of representatives of the sub-district offices of the sector departments and the representative of the Office of the Speaker.

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

Kagisano-Molopo Local Municipality actively participates in various intergovernmental activities within the following National Forums, e.g.:

- SALGA National Assembly
- PMS National Forum

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Municipality actively participates in various Provincial intergovernmental activities. Municipality delegated Councilors and Officials to the following forums:

- Premier's Coordinating Council
- District Development Model (DDM)
- SALGA working groups
- CFOs Forum
- IDP Provincial Forum
- Northwest Town Planning Forum
- Northwest GIS Forum

RELATIONSHIPS WITH MUNICIPAL ENTITIES

Kagisano-Molopo Local Municipality does not have any municipal entities.

DISTRICT INTERGOVERNMENTAL STRUCTURES

Kagisano-Molopo Local Municipality actively participates in various intergovernmental activities with the District. e.g.

- District Development Forum (DDM);
- Municipal Manager's Forum;
- Communication Forum;
- IDP District Forum; and
- LED Forum.

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COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Community participation, through appropriate structures, is a fundamental requirement of the Constitution (1996), the Municipal Systems Act (2006), the Municipal Finance Management Act (2003), and all other legislation that is applicable to Local Government in South Africa. KMLM council has institutionalized community participation mechanisms in its affairs to allow communities an opportunity to participate in the decision-making processes of the council.

Section 16 of the MSA requires municipalities to complement formal representative government with a system of participatory governance, and must for this purpose, inter alia, encourage, and create conditions for the local community to participate in the affairs of the municipality, including in the preparation, implementation and review of its integrated development plan, the establishment, implementation and review of its performance management, the monitoring and review of its performance, including the outcomes and impact of such performance and the preparation of its budget. Therefore, in line with this requirement, the centerpiece of the public participation ethos of the Kagisano Molopo Local Municipality is anchored on the processes related to the preparation and reporting on the implementation of the municipality's Integrated Development Plan (IDP) and Budget each year.

KMLM actively pursues meaningful public participation and has structured its activities relevant to the IDP, Budget, and Ward issues accordingly. It also engages in feedback sessions and not only information gathering. This enhances transparency and accountability. In summary, on the overview of public accountability and participation, KMLM embarks extensively on ensuring public participation at ward committee meetings, IDP and Budget public ward meetings, IDP Representative Forum, and other stakeholder engagements. The oversight report is also widely publicized. The Municipal Public Accounts Committee (MPAC) is operational and measures are in place to protect personal information. The municipality has established Ward Committees in all 15 wards to assist the municipality in consulting with its communities.

The Mayor engages in outreaches, which provide a platform for further interaction and engagement with the communities at regular intervals.

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2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

There are a number of forums that the Municipality has established as platforms for consultation, planning, and reporting council plans. Mayoral IDP/Budget Consultative meetings are held to engage communities and other stakeholders during the development and review of the IDP and budget. Meetings are held throughout various wards where communities are mobilized using loudhailers and notices.

The Municipality further consults the community through Community-Based Planning for the development of ward plans.

The Value of Public Engagements:

- Increases involvement in the democratic process;
- Encourages approaches of openness and transparency in community engagement;
- Alarms municipality of ordinary issues from the residents' viewpoint.

WARD COMMITTEES

Ward Committees are established by the provisions of the Municipal Structures Act and the Handbook for Ward Committees produced by the National Department of Corporate Governance and Traditional Affairs (CoGTA). Ward committee's role includes, amongst others:

Enhancing participatory democracy;

Participating in neighborhood and ward-based planning, and encouraging communities to take charge of their livelihood;

Assisting the municipality in service delivery improvement;

Assisting in the economic empowerment of communities;

Enhancing local democracy and accountability;

Enhancing social cohesion, nation-building, and integration of communities across class, race, and culture and religion; and

Assisting in civic education, e.g., rights and responsibilities, etc.

Participate where possible and practical in the affairs of the Municipality, including:

Preparation, implementation, and review of the Integrated Development Plan;

The establishment, implementation, and review of the Performance Management System, in which

Structure of Ward Committee:

A Ward Committee is chaired by ward Councilors as elected during the Local Government Elections, with a maximum of 10 members elected by the community. Members of the ward Committee receive sitting allowances.

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Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councilors	Number of Participating Municipal Administrators	Number of Community members attending	The issue addressed (Yes/No)	Dates and manner of feedback given to the community
MPAC consultations	03 – 06 June 2025 Public Meetings.	5	8	300	Yes	03 – 06 June 2025 Public Meetings.
Draft IDP & Budget consultations	07 – 09 April 2025 Public Meetings.	15	9	600	Yes	07 – 09 April 2025 Public Meetings.

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The public meeting serves several benefits for a municipality. Key to these benefits is informing the public and receiving a mandate from the public on municipal plans. These meetings also enable both the political and administrative office bearers to have a better understanding of public opinions and views. A better understanding of these opinions and views enables the leadership of the municipality to develop plans and Programmes that are responsive to community needs.

2.5 IDP PARTICIPATION AND ALIGNMENT

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

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COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

In KMLM, the principles of good corporate governance as expounded in the King IV report are embraced and applied within the organisation. To the extent that these King IV principles are not directed by legislation (e.g., the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA), it is applied as far as possible in the context that these principles indicate the "right way to do things". These principles relate to, amongst others, ethical governance, implementation of controls to prevent fraud, corruption, and management of risk.

Corporate governance is the set of processes, practices, policies, laws, and stakeholders affecting the way an institution is directed, administered, or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

Corporate governance does cover a broad spectrum of elements that need to be aligned and integrated to ensure the smooth, effective, efficient, and economic functionality of municipalities.

In the instance of KMLM, it requires cooperation between the political and administrative structures, as well as the buy-in and involvement of Traditional Leaders.

2.6 RISK MANAGEMENT

RISK MANAGEMENT

The realization of the institutional strategic plans depends on the ability to take calculated risks in a way that does not jeopardize the direct interests of stakeholders. Sound management of risk will enable the institution to anticipate and respond to changes in the service delivery environment, as well as to take informed decisions under conditions of uncertainty.

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

The management of risk is the process by which the Accounting Officer, the CFO and the other senior management of a Municipality will pro-actively, purposefully and regularly, but at least annually, identify and define current as well as emerging business, financial and operational risks and identify appropriate, business and cost-effective methods of managing these risks within the Municipality, as well as the risk to the stakeholders.

Risk Management plays a crucial role in identifying both risks and opportunities that are present and in taking a strategic position in minimizing the said risks and maximizing present opportunities for the benefit of its citizens.

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The role of Risk Management in the municipality is to provide the expertise and support for institutionalizing Enterprise Risk Management and thereby embedding a risk-intelligent culture. This is achieved through various methods, including employee training on the principles and practices of risk management, coordinating efforts in determining the municipality's risk exposure, and developing mitigating actions by management for addressing the identified risks.

The municipality's Risk Management, Anti-fraud and Anti-corruption Committee (RMAAC) is functional.

Before the beginning of the financial year, the district shared risk unit conducts the risk assessment and, on a quarterly basis conducts the risk update to check mitigation progress on all identified risks.

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, section 112(1)(m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favoritism and unfair and irregular practices, section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud. Kagisano Molopo Local Municipality contributes to the principles of good governance, which require the conduct of business honestly and transparently. KMLM confirms its commitment to fighting fraudulent behavior at all levels within the organisation. In the 2024/2025 financial year, Kagisano Molopo Local Municipality submitted the reviewed Local Government Fraud and Anti-corruption strategy and policy to Council, which includes:

- Whistle Blowing Policy
- Ethics policy
- Fraud and anti-corruption policy
- Fraud Prevention Plan

Chapter 2

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

Sections 110 – 119 of the Municipal Finance Management Act 56 of 2003, Supply Chain Management (SCM) Regulations 2005, and relevant MFMA Circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money, and minimize the opportunities for fraud and corruption.

Kagisano Molopo Local Municipality approved a supply chain management policy that is fair, equitable, transparent, competitive, and cost-effective. In case of an abuse of the supply chain management system, the accounting officer implements the procedures according to the supply chain management policy to combat fraud. The supply chain management policy is aimed primarily at promoting uniformity in SCM processes and also in the interpretation of the government's preferential procurement legislation and policies, which should themselves be seen in the context of other related legislative and policy requirements.

SCM Processes are being updated on an ongoing basis to ensure full compliance with the Municipal Finance Management Act (MFMA) and the Regulations issued under the MFMA. The SCM Manager complies with the MFMA minimum competency levels. Approximately 100% of the officials in the SCM Unit are competent with the regulations on minimum competency levels.

Councillors, after being elected or appointed, declare in writing to the municipal manager the financial interest held by that councillor.

Essentially, SCM refers to managing the demand of goods and services to their acquisition, managing the logistics processes, and finally, after use, to their disposal. It encompasses the procurement, contract management, inventory and asset management, and obsolescence planning processes.

The procurement processes cover:

- Pre-solicitation (need analysis, specification, award criteria)
- Solicitation (bidding process)
- Negotiation (bidding process, drafting of contracts)
- Performance (change orders, review of completed work and sign-offs, compliance assessments of deliverables, release of funding, etc.)
- Administration, within the municipal prescripts and policies.

SCM is centralised, with all bid committees being fully functional. The Bid Adjudication Committee meetings are held regularly, and no councillors are allowed to serve on any SCM committees. Contract management is being adhered to, as stipulated in Section 116 of the MFMA.

The MFMA expects all municipalities to ensure that they develop and maintain a well-documented, operational procurement system, within a system which is fair equitable, competitive, cost-effective and transparent. This process is and will always remain one of the highest exposures to fraud and corruption in any organization in the government. The process is, by necessity, highly regulated and very complex including a wide array of legislative and procedural requirements and prescripts.

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Deviation from the Supply Chain Management Regulations

Paragraph 12(1)(d)(i) of Government Gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process. Regulation 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that the relevant reasons are recorded for any deviations and reported to the next meeting of the Accounting Officer, and include a note to the Financial Statements.

2.9 BY-LAWS

By-laws Introduced during 2024/2025					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
None	No	N/A	N/A	N/A	N/A

COMMENT ON BY-LAWS:

For the year under review, the municipality did not introduce or develop any by-law; however, the Municipal Spatial Planning and Land Use Scheme and Spatial Planning and Land Use Management By-Law were adopted and gazetted in the provincial gazette.

2.10 WEBSITES

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of Section 75 of the MFMA and Section 21A and B of the MSA as amended. The website should serve as a mechanism to promote accountability and transparency to communities, and therefore, information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing, and public participation. It is a communication tool that should allow easy and convenient access to relevant information.

Section 75 of the MFMA requires that municipalities place key documents and information on their website, including the IDP, annual budget, adjustment budget, and budget-related documents and policies.

Chapter 2

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	No	N/A
All current budget-related policies	No	N/A
The previous annual report (2023/2024)	No	N/A
The annual report (2024/2025) published/to be published	No	N/A
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2024/2025) and resulting scorecards	No	N/A
All service delivery agreements (2024/2025)	No	N/A
All long-term borrowing contracts (2024/2025)	No	N/A
All supply chain management contracts above a prescribed value (give value) for 2024/2025	No	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2023/2024	No	N/A
Contracts agreed in 2024/2025 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	N/A
Public-private partnership agreements referred to in section 120 made in 2024/2025	No	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during 2024/2025	No	N/A

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The Municipal Website content is monitored by our IT department, making it impossible for any other party to change the posted content.

The KMLM website was upgraded and became live; the process of upgrading took longer than it was expected, and it is for this reason that the table above mostly indicates no uploading of documents.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

COMMENT ON SATISFACTION LEVELS:

The Municipality has not yet conducted the Community Survey. However, the complaints and suggestions from the community through public meetings and suggestion boxes indicate that there is still more to be done with the maintenance of High Mast Lights, housing, shortage of Water, electricity infills, and extensions, and lack of access road.

The municipality could not determine the satisfaction levels as the community satisfaction survey was not conducted during the year under review.

Chapter 3

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

Performance management is a process that measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure, and review individual performance indicators to ensure efficiency, effectiveness, and the impact of service delivery by the Municipality.

At the local government level, performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

Some of the legislative prescripts include: Section 152 of the Constitution of the Republic (1996), Section 152 local government to be "democratic and accountable government". Section 195 (1) of the Constitution requires the following from local government, inter alia:

- the promotion of efficient, economic, and effective use of resources,
- accountable public administration,
- to be transparent by providing information,
- to be responsive to the needs of the community, and
- to facilitate a culture of public service and accountability amongst staff.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) require the Integrated Development Plan (IDP) to be aligned with the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In terms of section 46(1)(a) of the Municipal Systems Act, a Municipality must prepare for each financial year a performance report reflecting the Municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the Municipality for the following financial year, and measures that were or are to be taken to improve performance.

Chapter 3

COMPONENT A: BASIC SERVICES

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

INTRODUCTION TO BASIC SERVICES

The South African Constitution states that municipalities have the responsibility to make sure that all citizens are provided with services to satisfy their basic needs. Local government (municipality) is the sphere of government closest to the people; they are elected by citizens to represent them and are responsible for ensuring that services are delivered to the community. One way in which municipalities can do this is to provide the service themselves through the use of their own resources - finance, equipment, and employees. A municipality may also outsource the provision of a service. In other words, it may choose to hire someone else to deliver the service, but it remains the responsibility of the municipality to choose the service provider and to make sure that they deliver the service properly.

Many municipalities, however, are unable to deliver services to residents. This might be because of a lack of finances or a lack of capacity to provide a good service at an affordable price.

The main objective of basic services is to improve the lives of community members and provide access to basic services such as Water, Sanitation, Electricity, and Housing.

The municipality constantly engages the district municipality as the powers and functions of water and sanitation lie with them, as well as the Department of Local Government and Human Settlement for housing, and Eskom for electricity, respectively. However, these basic services are being provided even though not to a required standard, particularly water.

The municipality has not yet signed the service level agreements with the District Municipality about water services and Sanitation.

Chapter 3

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

One of the major goals of the South African Government is to ensure access to safe and reliable water services to all communities. Notwithstanding the best possible raw water sources, adequate treatment infrastructure and optimal treatment process can achieve safe and reliable drinking water services to consumers and unexpected incidents can disrupt water supplies. Natural disasters such as floods and manmade incidents can significantly disrupt and impact the quality of water services, thus posing a significant health risk to consumers.

The Water Services Act (No.108 of 1997, section 5(4)) states that in emergencies, a Water Services Authority (WSA) must take reasonable steps to provide basic water supply to any person within its area of jurisdiction and may do so at the cost of the authority. Recent legislation includes the Water Services Act 1997 and the General Enabling Act 2005.

To provide for the rights of access to basic water supply and basic sanitation; to provide for the setting of national standards and norms and standards for tariffs; to provide for water services development plans; to provide a regulatory framework for water services institutions and water services intermediaries; to provide for the establishment and disestablishment of water boards and water services committees and their powers and duties; to provide for the monitoring of water services and intervention by the Minister or by the relevant Province; to provide for financial assistance to water services institutions; to provide for certain general powers of the Minister; to provide for the gathering of information in a national information system and the distribution of that information; to repeal certain laws; and to provide for matters connected therewith.

Water Services Provision is the responsibility or function of the District Municipality as the Water Service Authority. Kagisano Molopo Local Municipality is only responsible for the oversight or monitoring of water projects within the Municipal area. Below is a table depicting the monitoring of projects by the municipality.

The KMLM Water unit has made significant progress in the provision of water services, but some critical challenges remain, i.e. extensions and internal reticulation. Institutional arrangements and strategies have been put in place to overcome the challenges and to meet key policy as well as legislative requirements.

Chapter 3

Water Service Policy Objectives Taken From IDP									
Service Objectives		2023/2024		2024/2025		2022/2023		2021/2022	
Service Indicators	Outline Service Targets	Target	Actual	Target	Actual	Target		Target	
		*Previous Year (iii)	(iv)	*Previous Year (v)	(vi)	*Current Year (vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
(i)	(ii)								
Service Objective: Monitoring and Evaluation to improve service delivery									
To monitor water service/projects to improve access to services	Number of Rural Water Supply Programme Meetings Attended	4 Rural Water Supply Programme Meetings Attended by 30 June 2025	Not Achieved 3 Rural water supply programme meeting attended	4 Rural Water Supply Programme Meetings Attended by 30 June 2024	4 Rural Water Supply Programme Meetings Attended by 30 June 2025	Achieved 4 Rural Water Supply Programme Meetings attended.	None	None	None

Chapter 3

Employees: Water Services					
Job Level	2024/2025				
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
2- 4	0	0	0	0	0%
5 - 6	0	0	0	0	0%
7 – 9	0	0	0	0	0%
10	1	1	1	0	0%
11-12	0	1	0	1	1%
16	0	0	0	0	0%
21	0	0	0	0	0%
Total	1	2	1	1	1%

Chapter 3

3.2 WASTEWATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

Sanitation services are the responsibility or function of the District Municipality; Kagisano Molopo Local Municipality is only responsible for the oversight or monitoring of sanitation projects within the Municipal area.

The District Municipality had provided up to 96% of VIP Toilets in the entire municipality.

Chapter 3

Sanitation Service Policy Objectives Taken From IDP								
Service Objectives		2023/2024		2024/2025		2022/2023		2021/2022
		Target	Actual	Target	Actual	Target		
Service Indicators		*Previous Year	(iv)	*Previous Year (v)	*Current Year (vi)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
(i)		(iii)		{ v i }				
Service Objective: Monitoring and Evaluation to improve service delivery								
To monitor the provision of the housing and sanitation Programme to improve access to services		4 Rural Housing Sanitation Programme Meetings Attended by 30 June 2025	4 Housing Sanitation Program Meetings Attended by 30 June 2024	Not Achieved 3 Sanitation project management projects, Meetings attended	4 Housing Sanitation Program Meetings Attended by 30 June 2024	4 Rural Housing Sanitation Programme Meetings Attended by 30 June 2025	Achieved 4 Housing Sanitation Program Meetings Attended	None
Number of Housing Sanitation Programme Meetings Attended								None

Chapter 3

Employees: Sanitation Services					
Job Level	2023/2024	2024/2025			
	Employees	Pos ts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
2- 4	0	0	0	0	0%
5- 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10	1	1	1	0	0%
Total	1	1	1	0	0%

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

The provision of electricity services is the responsibility or Function of Eskom; Kagisano Molopo Local Municipality is only responsible for the identification of beneficiaries and thereafter the monitoring of electrification projects within the Municipal area.

The municipality together with Eskom has so far provided up to 89% of electricity. The table below illustrates the performance of Kagisano-Molopo Local Municipality regarding monitoring electrification projects implemented by Eskom.

Chapter 3

Electricity Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2023/2024		2024/2025		2022/2023		2021/2022	
		Target	Actual	Target	Actual	*Current Year	*Current Year	*Current Year	*Following Year
Service Indicators		*Previous Year		*Previous Year					
(i)	(ii)	(iii)	(iv)		(v)	(vi)	(vii)	(ix)	(x)
Service Objective: Monitoring and Evaluation to improve service delivery									
To monitor the provision of electrification projects to improve access to services	4 Electricity Project Management Meetings Attended by 30 June 2025	4 Electricity Project Management Meetings Attended by 30 June 2024	Not Achieved 2 Electricity Project Management Meetings Attended	4 Electricity Project Management Meetings Attended by 30 June 2024	4 Electricity Project Management Meetings Attended by 30 June 2025	Not Achieved 2 Electricity Project Management Meetings Attended	None	None	None
Number of Electricity Project Management Meetings Attended									

Chapter 3

Employees: Electricity Services					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
2-4	0	0	0	0	0%
5-6	0	0	0	0	0%
7-9	2	2	2	0	0%
10	2	2	2	0	0%
11-12	0	0	0	0	0%
16	0	0	0	0	0%
21	0	0	0	0	0%
Total	4	4	4	0	0%

Chapter 3

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

INTRODUCTION TO WASTE MANAGEMENT

The Municipality is not yet carrying out refuse collection and waste disposal functions due to a lack of capacity. However, through the EPWP, the municipality can clean up the main streets.

Chapter 3

3.5 HOUSING

INTRODUCTION TO HOUSING

Provision of Housing services is the responsibility or function of the Department of Local Government and Human Settlement; Kagisano Molopo Local Municipality is only responsible for the identification and monitoring of housing projects within the Municipal area. The table below illustrates the performance of Kagisano Molopo Local Municipality regarding monitoring housing projects implemented by the Department of Local Government and Human Settlement.

Chapter 3

Housing Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2023/2024		2024/2025		2022/2023		2021/2022	
		Target	Actual	Target	Actual	*Current Year	Target	*Current Year	*Following Year
Service Indicators		*Previous Year		*Previous Year					
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(ix)	(x)	
Service Objective									
To Monitor housing services/projects to improve access to services	4 Housing Project Management meetings attended by 30 June 2025	4 housing projects management meeting attended by June 2024	Not Achieved 3 Monitored housing projects meeting attended	4 Housing Project Management Meetings Attended by 30 June 2024	4 Housing Project Management Meetings Attended by 30 June 2025	Achieved 5 Housing Project Management Meetings Attended	None	None	None
Number of Housing Project Management Meetings Attended									

Chapter 3

Employees: Housing Services					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employee s	Vacancies (full- time equivalents)	Vacancies (as a % of total posts)
	No.	No.	N o.	No.	%
2- 4	0	0	0	0	0%
5- 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10	0	0	0	0	0%
11- 12	0	0	0	0	0%
16	0	0	0	0	0%
21	0	0	0	0	0%
Total	0	0	0	0	0%

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The overall objective is to substantially eradicate elements of poverty within the Municipal area. Individuals classified as indigent should have access to basic water supply, sanitation, energy, Housing, and refuse services. The municipality has adopted the Indigent policy, which stipulates the criteria for application and the level of services.

To date, the municipality has 4026 beneficiaries in its register who receive free electricity. The municipal indigent register is updated monthly.

The Municipality, through the water service provider (Magalies) is providing free basic water to all consumers in 15 wards.

Chapter 3

Free Basic Services to Low-Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	Access	%	Access	%	Access	%
2022/2023	100 000	28 274	28 000	99%	20 000	71%	5780	32%	0	0%
2023/2024	103 000	28 274	28 000	99%	22 000	85%	5846	33%	0	0%
2024/2025	105 000	28 274	28 000	99%	26 000	95%	4026	30%	0	0%

Financial Performance 2024/2025: Cost to Municipality of Free Basic Services Delivered

The cost of Free Basic Services is issued as part of the audited financial statements on page 164.

Chapter 3

COMPONENT B: ROAD TRANSPORT

This component includes roads, transport, and wastewater (stormwater drainage).

INTRODUCTION TO ROAD TRANSPORT

The Municipal Integrated Transport Management Plan is in the draft stage.

3.7 ROADS

INTRODUCTION TO ROADS

The major road link is R378, which links Ganyesa, Tosca, to Bray from Vryburg and the surrounding villages. Other smaller feeder roads exist connecting villages to the main rural villages. However, most of these are not tarred and are largely unusable during summer when occasional flooding occurs. This makes access between the villages impossible.

The road passing from Kudungwane, Tlakgameng, through Ganyesa to the southwest is a primary route, serving as the main link to Kuruman. In addition, the road from Ganyesa, Morokweng, to Vorstershoop and eventually Botswana (R379) is a primary route that has a high volume of traffic.

Gravel Road Infrastructure				
Kilometres				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2022/2023	2 691	0	0	2691
2023/2024	2 691	5	60	2 040
2024/2025	2 691	3	3	40

Tarred Road Infrastructure

Tarred Road infrastructure is the function or responsibility of the Department of Public Works and Roads. Currently, the department is constructing road Z374 from Ganyesa to Goodwood via Austrey.

Chapter 3

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

The municipality is awaiting a response from the Department of Community Safety and Transport Management for the establishment of a driver licensing and testing centre (DLTC) and a Vehicle testing station. The establishment of the centre will assist the municipality with revenue enhancement.

3.9 WASTEWATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The current access roads that the municipality is constructing have the provision of stormwater drainage.

Chapter 3

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes planning and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

Local Economic Development is an approach to economic development within the municipal area, to ensure job opportunities and better lives for all. The municipality resolved to move from small non-impact projects to big industrialized and labour-intensive projects that are economically viable and will directly address Agriculture, Culture, and Tourism as key sectors in our economic transformation.

These projects are also intended to industrialize our economy. The municipality is in the process of reviewing the LED strategy.

Chapter 3

3.10 PLANNING

INTRODUCTION TO PLANNING

The municipality has adopted the Spatial Planning and Land Use Management Act (SPLUMA), the Spatial Planning and Land Use Scheme, and lastly the Spatial Planning and Land Use By-law.

Department of Agriculture and Rural Development has appointed a service provider to review the municipal Spatial Development Framework (SDF), and it was adopted by the municipal council on 31 March 2023.

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2023/2024	2024/2025	2023/2024	2024/2025	2023/2024	2024/2025
Planning application received	1-Jan-00	1-Jan-00	7-Jan-00	0-Jan-00	0-Jan-00	0-Jan-00
Determination made in the year of receipt	0-Jan-00	0-Jan-00	7-Jan-00	0-Jan-00	0-Jan-00	0-Jan-00
Determination made in the following year	1-Jan-00	0-Jan-00	0-Jan-00	0-Jan-00	0-Jan-00	0-Jan-00
Applications withdrawn	0-Jan-00	0-Jan-00	0-Jan-00	0-Jan-00	0-Jan-00	0-Jan-00
Applications outstanding at year-end	0-Jan-00	0-Jan-00	1-Jan-00	0-Jan-00	0-Jan-00	0-Jan-00

Employees: Planning Services					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	95%
13 - 15	0	0	0	0	0%
16 - 18	0	1	1	1	99%
19 - 20	0	1	1	1	0%
Total	0	2	2	2	100%

Chapter 3

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

Kagisano-Molopo Local Municipality's Economic Development Department's functional mandate is

"To manage and coordinate the economic development function and strategy as mandated by the Constitution to create an enabling environment to ensure the local economy and local businesses can thrive, thus creating job opportunities and growing the local economy."

Municipality has moved from small non-impact projects to big industrialized and labour-intensive projects, which are economically viable and will directly address Agriculture, Culture, and Tourism as key sectors in our economic transformation.

These projects are also intended to industrialize our economy. The municipality is in the process of reviewing the LED strategy.

Expanded Public Works Programme: The municipality administered the grant for the EPWP Programme.

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2022/2023	2	336
2023/2024	2	300
2024/2025	2	300
* - Extended Public Works Programme		

Chapter 3

Local Economic Development Policy Objectives Taken From IDP									
Service Objectives		Outline Service Targets		2023/2024		2024/2025		2022/2023	2021/2022
				Target	Actual	Target		Actual	Target
Service Indicators				*Previous Year	(iii)	*Previous Year	(v)	*Current Year	(vii)
(i)		(ii)						(viii)	(ix)
Service Objective									
To promote LED		4 Brick-making programs implemented per project implementation by 30 June 2025	4 Brick-making programs implemented per the project implementation plan by 30 June 2024	Achieved		4 Brick-making programs implemented per the project implementation plan by 30 June 2024		4 Brick-making programs implemented per project implementation by 30 June 2025	None
Number of brick-making programs implemented per project implementation plan									None
Create an environment that promotes the development of the local economy and facilitates job creation		300 Jobs created through EPWP by June 2025	300 Jobs created through EPWP by June 2024	Achieved		300 Jobs created through EPWP by June 2024		300 Jobs created through EPWP by June 2025	None
Number of Jobs to be created through EPWP									None

Chapter 3

Employees: Local Economic Development Services					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
2-4	0	0	0	0	0%
5-6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10	2	2	2	0	0%
11-12	3	3	3	0	0%
16	3	3	3	0	0%
Total	8	8	8	0	0%

COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The municipality, through the office of the mayor, is contributing immensely to poverty reduction through special programmes that focus on youth, women, children, disability, and HIV. Over and above these programmes, the indigent register serves as one major tool to ease the electrical burden on our society.

Chapter 3

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

Kagisano Molopo Local Municipality is operating two libraries for community members to have access to sources of information for educational reference and borrowing of books. There are also library awareness campaigns conducted by the Municipality to ensure the functionality of these libraries. Thusong service centres are also operational to provide access to government services and information. These projects have contributed to improving the lives of disadvantaged communities around the Municipal area. The table below illustrates the performance of some of the top objectives set by the Municipality in its Integrated Development Plan.

Chapter 3

Libraries and Community Facilities Policy Objectives Taken From IDP											
Service Objectives		Outline Service Targets		2023/2024		2024/2025		2022/2023		2021/2022	
				Target		Actual		Target		Actual	
Service Indicators				*Previous Year		(iv)		*Previous Year		*Current Year	
				(iii)				(v)		(viii)	
(i)		(ii)								(ix)	
										*Following Year	
										(x)	
Service Objective											
To ensure access to information	36 Library Awareness Campaigns held for Ganyesa and Tlaskameng by June 2025	36 (4 campaigns per library) Library awareness campaigns/programmes held for Ganyesa, Morokweng, Tosca & Vorstershoop by 30 June 2024	Not Achieved	36 (4 campaigns per library) Library awareness programmes held for Ganyesa, Morokweng, Tosca & Vorstershoop by 30 June 2024	36 Library Awareness Campaigns held for Ganyesa and Tlaskameng by June 2025	Not Achieved	21 Library Awareness Campaigns held for Ganyesa and Tlaskameng by June 2025	None	None	None	None
Number of Library awareness campaigns/programs held for Ganyesa, Morokweng, Tosca, and Tlaskameng											

Chapter 3

Employees: Libraries and Community Facilities					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
2-4	0	0	0	0	0%
4-6	3	3	3	0	0%
7-9	3	3	3	0	0%
10-12	1	1	1	0	0%
Total	7	7	7	0	0%

3.13 CEMETORIES AND CREMATORIIUMS

INTRODUCTION TO CEMETORIES & CREMATORIIUMS

Municipal fencing of a cemetery typically involves the municipality's responsibility to enclose and secure the burial grounds. This often includes the supply, installation, and maintenance of fencing, gates, and signage. The process may involve public procurement, requiring the municipality to solicit bids for the fencing project. For example, one municipality advertised a request for quotations for the fencing of a specific cemetery.

Chapter 3

Libraries and Community Facilities Policy Objectives Taken From IDP									
Service Objectives		2023/2024		2024/2025		2022/2023		2021/2022	
Outline Service Targets		Target	Actual	Target		Actual		Target	
Service Indicators		*Previous Year	(iv)	*Previous Year	(v)	*Current Year	(vi)	*Current Year	*Following Year
(i)		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objectives									
Fencing of graveyards	3 fenced cemeteries for all 15 Kagisano-Molopo Wards by June 2025	15 fenced cemeteries for all 15 Kagisano-Molopo Wards by June 2024	Not Achieved	15 fenced cemeteries for all 15 Kagisano-Molopo Wards by June 2024	10 fenced cemeteries for all 15 Kagisano-Molopo Wards by June 2025	Not Achieved	None	None	None
Number of fenced cemeteries for all 15 Kagisano-Molopo Wards						Only 3 cemeteries fenced for all 15 Kagisano-Molopo Wards by June 2025			

Chapter 3

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; AND SOCIAL PROGRAMMES

The Municipality provided support to women, the elderly, children, and people with disabilities. The supports include awareness campaigns, educational materials, and training. The table below illustrates the performance of some of the top objectives set by the Municipality in its Integrated Development Plan.

Chapter 3

Child Care; Aged Care; Social Programmes Policy Objectives Taken From IDP									
Service Objectives		2023/2024			2024/2025		2022/2023	2021/2022	
		Target	Actual	Target		Actual	Target		
Service Indicators	Outline Service Targets	*Previous Year	(iv)	*Previous Year	*Current Year	(vii)	*Current Year	*Current Year	*Following Year
		(iii)		(v)	(vi)		(viii)	(ix)	(x)
Service Objective:									
To support the elderly, women, children and LGBTQ	17 interventions conducted to support campaigns for advocacy of elderly rights, violence against women, children and LGBTQ by 30 June 2025	12 Awareness Campaigns for advocacy of elderly rights Programme held by 30 June 2024	Achieved	12 awareness campaigns for advocacy of elderly rights held by the end of June 2024	12 interventions conducted to support campaigns for advocacy of elderly rights, violence against women, children and LGBTQ by 30 June 2025	Achieved 17 interventions conducted for advocacy of elderly rights, violence against women, children and LGBTQ by 30 June 2025	None	None	None
		Number of Awareness Campaigns for advocacy of elderly rights, violence against women, children and LGBTQ Programmes held							

Chapter 3

Employees: Child Care; Aged Care; Social Programmes					
Job Level	2022/2023	2023/2024			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
2-4	0	0	0	0	0%
16	1	1	1	0	0%
Total	1	1	1	0	0%

COMPONENT E: ENVIRONMENTAL PROTECTION

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

INTRODUCTION TO ENVIRONMENTAL PROTECTION

Environmental Protection is the Responsibility or function of the Department of Rural Economic and Agricultural Development.

3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

Pollution control is not within the powers and functions of the municipality.

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

Biodiversity and Landscaping are not within the powers and function of the Municipality.

Chapter 3

COMPONENT F: HEALTH

This component includes clinics, ambulance services, and health inspections.

INTRODUCTION TO HEALTH

Health services is the function or responsibility of the Department of Health.

3.17 CLINICS

INTRODUCTION TO CLINICS

Clinics and other health-related matters are the function or responsibility of the Department of Health.

3.18 AMBULANCE SERVICES

INTRODUCTION TO AMBULANCE SERVICES

Ambulance services and other health-related issues are the responsibility or Function of the Department of Health.

3.19 HEALTH INSPECTION; FOOD AND ABATTOIR LICENSING AND INSPECTION; ETC

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

The municipality through a shared service with the district municipality carries out the function, and all local businesses and the Abattoir are inspected regularly.

Chapter 3

COMPONENT G: SECURITY AND SAFETY

This component includes police, fire, disaster management, licensing and control of animals, and control of public nuisances, etc.

INTRODUCTION TO SECURITY & SAFETY

Security and Safety are not within the powers and functions of the municipality.

3.20 POLICE

INTRODUCTION TO POLICE

Policing is not within the powers and functions of the municipality.

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

Fire Services is the responsibility or function of the District Municipality and there is a Service Level Agreement in place for the Coordination of Fire and Disaster Management in the local municipality.

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

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

Other Disaster management including animal licensing and control of public nuisance is not with the powers and function of the municipality.

Chapter 3

COMPONENT H: SPORT AND RECREATION

This component includes community parks, sports fields, sports halls, stadiums, swimming pools, and campsites.

INTRODUCTION TO SPORT AND RECREATION

For the year under review, the municipality did not plan for the construction of any sports facility.

3.23 SPORT AND RECREATION

SERVICE STATISTICS FOR SPORT AND RECREATION

The municipality has so far constructed 3 sports facilities in three villages with the sole aim of resuscitating sports activities and keeping youth active.

Chapter 3

Sport Policy Objectives Taken From IDP									
Service Objectives		Outline Service Targets	2023/2024		2024/2025			2022/2023	2021/2022
Service Indicators			Target	Actual	Target		Actual	Target	
(i)	(ii)	(iii)		(iv)	*Previous Year	*Current Year		*Current Year	*Following Year
			(iii)	(iv)	(v)	(vi)	(vii)	(ix)	(x)
Service Objective: Provision of sports facilities to improve access to recreational facilities									
Provision of public amenities: Sports Facility	1 Construction of sport facility at Piet Plessis by 30 June 2026 (multi-year project)	1 Construction of sport facility at Piet Plessis by 30 June 2026 (multi-year project)	In progress	In progress	1 Construction of sport facility at Piet Plessis by 30 June 2026 (multi-year project)	1 Construction of sport facility at Piet Plessis by 30 June 2026 (multi-year project)	In progress	None	None
Number of sports facilities constructed at Piet Plessis (Ward 3)									

Chapter 3

Employees: Sport and Recreation					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	2	2	2	0	0%
13 - 15	0	0	0	0	0%
16 - 18	1	1	0	0	0%
19 - 20	0	0	0	0	0%
Total	3	3	2	0	0%

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes corporate policy offices, financial services, human resource services, ICT services, and property services.

3.24 EXECUTIVE AND COUNCIL

This component includes the executive office (mayor; councilors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

Kagisano Molopo Local Municipal Council consists of twenty-nine (29) Councillors, fifteen (15) are elected Ward Councillors and the other fourteen (14) are Proportional Representative (PR) Councillors from different political parties. There are six (6) Executive Committee (EXCO) members led by the Mayor. Political parties represented in the municipal council are ANC, DA, UCDP, AICM and EFF.

Kagisano Molopo Local Municipal Council further consists of one (1) Tribal Council representative (Dikgosi). The said Traditional Council's representative participates in the proceedings of the council and is compensated per sitting. They are also subject to the appropriate Code of Conduct set out in Schedule 1 of the Local Government Municipal Systems Act, 2000.

Chapter 3

The Executive and Council Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2023/2024		2024/2025		2022/2023		2021/2022	
		Target	Actual	*Previous Year	*Current Year	Target	*Current Year	*Current Year	*Following Year
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective: Improve organizational cohesion and effectiveness									
Number of council meetings coordinated	4 Council meetings coordinated by 30 June 2025	4 Council meetings coordinated by 30 June 2024	Achieved 9 Council meetings coordinated by 30 June 2024	4 Council meetings coordinated by 30 June 2024	4 Council meetings coordinated by 30 June 2025	Achieved 5 Council meetings held	None	None	None
Number of council meetings coordinated	24 Portfolio Committee meetings coordinated by 30 June 2025	24 Portfolio Committee meetings coordinated by 30 June 2024	Not Achieved	24 Portfolio Committee meetings coordinated by 30 June 2025	24 Portfolio Committee meetings coordinated by 30 June 2025	Not Achieved 15 Portfolio Committee meetings held	None	None	None
Number of council meetings coordinated	4 EXCO meetings coordinated by 30 June 2025	4 EXCO meetings coordinated by 30 June 2024	Achieved 4 EXCO meetings coordinated	4 EXCO meetings coordinated by 30 June 2024	4 EXCO meetings coordinated by 30 June 2025	Achieved 2 EXCO meetings coordinated	None	None	None

Chapter 3

Employees: The Executive and Council					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	7	7	7	0	0%
13 - 15	0	0	0	0	0%
16 - 18	3	3	3	0	0%
19 - 20	0	0	0	0	0%
Total	10	10	10	0	0%

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The Municipality ensures that creditors are paid within 30 days of receipt of the invoice. Please refer table below for the performance of financial management.

DEBT RECOVERY

Debt recovery is included in the audited 2024/2025 Annual Financial Statements.

Chapter 3

Financial Service Policy Objectives Taken From IDP									
Service Objectives		Outline Service Targets	2023/2024		2024/2025		2022/2023	2021/2022	*Following Year (x)
Service Indicators	(i)		Target	Actual	Target		*Current Year (viii)	*Current Year (ix)	
					*Previous Year (v)	*Current Year (vi)			
		(ii)	(iii)	(iv)					
Service Objective facilitate payments									
To facilitate payments		100% of creditors paid within 30 days of receipt of valid invoice by 30 June 2025	100% of creditors paid within 30 days of receipt of valid invoice by 30 June 2024	Not Achieved	100% of creditors paid within 30 days of receipt of valid invoice by 30 June 2024	100% of creditors paid within 30 days of receipt of valid invoice by 30 June 2025	None	None	None
% Payment Creditors within 30 days of receipt of a valid invoice									

Chapter 3

Employees: Financial Services					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	9	13	9	4	31%
13 - 15	0	0	0	0	0%
16 - 18	4	6	4	2	0%
19 - 20	0	0	0	0	0%
Total	14	20	14	6	30%

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The Human Resource unit is the bedrock support of the broad workforce and is vital to the achievement of objectives set by an organization. The municipality has developed firm controls and policy frameworks to ensure that support, supervision, guiding, and control management over the workforce is firm and geared towards the achievement of set objectives.

Chapter 3

Human Resource Services Policy Objectives Taken From IDP									
Service Objectives		Outline Service Targets		2023/2024		2024/2025		2022/2023	2021/2022
				Target	Actual	Target		Actual	Target
Service Indicators	(i)	{ : : : :}		*Previous Year	(iv)	*Previous Year	*Current Year	(vii)	*Current Year
				(iii)		(v)	(vi)		(viii)
Service Objective: Improve organizational cohesion and effectiveness									
Improve organizational cohesion and effectiveness	Number of policy workshops conducted.	1 Policy workshop conducted by 30 June 2025	1 Policy workshop conducted by 30 June 2024	Achieved	1 Policy workshop conducted by 30 June 2024	1 Policy workshop conducted by 30 June 2025	Achieved	None	None
To review HR Plan	Reviewed HR plan	1 HR plan reviewed by 30 June 2025	Developed HR Plan by 31 May 2024	Achieved	1 HR Plan Developed by 31 May 2024	1 HR Plan reviewed by 30 June 2025	Achieved	None	None

Chapter 3

Employees: Human Resource Services					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	0	0	0	0	0%
7 - 9	27	27	27	0	0%
10 - 12	13	13	13	0	0%
13 - 15	4	4	2	2	50%
16 - 18	2	3	2	1	33%
19 - 20	0	0	0	0	0%
Total	47	48	45	3	6%

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The ICT services provide an advisory, strategic, developmental, and management service to maintain and control the information systems, communication network, and technology resources for the Municipality. Thus, to ensure compliance, availability, continuity, integrity, and security of the Municipality's data and services. The Municipality has identified ICT as an enabler in the delivery of the IDP, delivering on its mandate.

The municipality has reviewed and adopted the ICT policy to deal with Information Technology. There are ongoing processes to improve the ICT infrastructure. The following table illustrates the performance of ICT services.

Chapter 3

ICT Services Policy Objectives Taken From IDP									
Service Objectives		Outline Service Targets		2023/2024		2024/2025		2022/2023	2021/2022
				Target	Actual	Target		Target	
				*Previous Year			*Current Year	*Current Year	*Following Year
Service Indicators		(ii)		(iii)	(iv)		(v)	(vi)	(vii)
(i)									
Service Objective: Improve organizational cohesion and effectiveness									
Improve organizational cohesion and effectiveness	Upgraded ICT infrastructure (access to emails & internet by 30 June 2025	Upgraded ICT Infrastructure (access to emails and internet) by 30 June 2024	Achieved	Upgraded ICT Infrastructure (access to emails and internet) by 30 June 2024	Upgraded ICT Infrastructure (access to emails and internet) by 30 June 2025	Achieved	None	None	None
Upgraded ICT infrastructure (Access to e-mails, internet)									

Chapter 3

Employees: ICT Services					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	2	2	2	0	0%

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes property, legal, risk management, and procurement services.

INTRODUCTION TO PROPERTY, LEGAL, RISK MANAGEMENT, AND PROCUREMENT SERVICES

The Risk management service is a shared service between the Municipality and the District Municipality. The District Municipality ensures that risks are identified, assessed, and managed through internal audit shared services and an audit committee. The Municipality has also ensured that all reported legal cases are addressed appropriately through internal or external services. The following table illustrates the performance on the subject matter.

Chapter 3

Property, Legal, Risk Management, and Procurement Services Policy Objectives Taken From IDP									
Service Objectives		Outline Service Targets		2023/2024		2024/2025		2022/2023	2021/2022
Service Indicators			Target	Actual	Target		Actual	Target	
			*Previous Year	(iv)	*Previous Year	*Current Year	(vii)	*Current Year	*Following Year
			(iii)		(v)	(vi)		(viii)	(ix)
Service Objective: Improve organizational cohesion and effectiveness									
Improve organizational cohesion and effectiveness municipality	100% of Legal matters attended to by 30 June 2025	100% of Legal matters attended to by 30 June 2024	Achieved	100% of Legal matters attended to by 30 June 2024	100% of Legal matters attended to by 30 June 2025	Achieved	None	None	None
% Legal matters attended to									

Chapter 3

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	0	0	0	0	0%

COMPONENT J: MISCELLANEOUS

This component includes the provision of Airports, Abattoirs, Municipal Courts, and Forestry as municipal enterprises.

INTRODUCTION TO MISCELLANEOUS

Provision of Airports, Municipal Courts and Forestry are not within the powers and functions of the municipality.

Chapter 3

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

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

a) KEY PERFORMANCE AREA: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

Municipal Institutional Development and Transformation																	
The administrative and financial capabilities of municipalities are enhanced																	
KPA	Outcome 9 Functional Area / Development priorities	Output 6 Strategic Objective	Baseline 2023/2024				KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure
			Current Status	Demand	Backlog	Annual Performance Target 2024/2025											
Ensuring submission of PMS Reports and Conducting reviews		Ensure that PMS Reports are submitted on time and Reviews conducted	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	None	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	Output	2	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	OpEx	N/A	Achieved Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	N/A	N/A	Quarterly report and electronic PMS system dashboard	Timeous submission of PMS quarterly Reports and complete POE timeously submitted to the office of the Municipal Manager within 05 Days after the end of each quarter	1A
Ensuring submission of PMS Reports and Conducting reviews		Ensure that PMS Reports are submitted on time and Reviews conducted	2023/2024 Mid-Term Report submitted to the Office of the Municipal Manager	Timeous submission of the Mid-Term Report to the Office of the Municipal Manager	None	Timeous submission of the 2024/2025 Mid-Term Report to the Office of the Municipal Manager by 20th January 2025	Output	2	Timeous submission of the 2024/2025 Mid-Term Report to the Office of the Municipal Manager	OpEx	N/A	Achieved Timeous submission of the 2024/2025 Mid-Term Report to the Office of the Municipal Manager	N/A	N/A	2024/2025 Midterm Report and electronic PMS system dashboard	Timeous submission of the 2025/2026 Mid-Term Report to the Office of the Municipal Manager by 20th January 2026	1B

Chapter 3

Municipal Institutional Development and Transformation																	
KPA	The administrative and financial capabilities of municipalities are enhanced																
Outcome 9 Functional Area / Development priorities	Output 6 Strategic Objective	Baseline 2023/2024			Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure	
		Current Status	Demand	Backlog													
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews are conducted	New	New	None	4 Department Quarterly Performance Reviews performed by 30 June 2025	Output	2	Number of Department Quarterly Performance Reviews performed	OpEx	N/A	Not Achieved 3 Department Quarterly Performance Reviews performed	Poor planning and coordination	Develop a yearly meeting calendar	Departmental Attendance register and Minutes	4 Department Quarterly Performance Reviews performed by 30 June 2026	1C	
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews are conducted	4 Municipal Quarterly Performance Reviews performed	4 Municipal Quarterly Performance Reviews performed	None	4 Municipal Quarterly Performance Reviews performed by 30 June 2025	Output	2	Number of Municipal Quarterly Performance Reviews performed	OpEx	N/A	Achieved 4 Municipal Quarterly Performance Reviews performed	N/A	N/A	Attendance register and Minutes	N/A	1D	
Providing structured and coherent approach in regular assessing and updating of Risk Management	To ensure effective Risk management	4 Risk Register Updates conducted per Department	4 Risk Register Updates conducted per Department	None	4 Risk Register Updates conducted quarterly per Department by 30 June 2025	Output	2	Number of Risk Register Updates conducted quarterly per Department	OpEx	N/A	Achieved 4 Risk Register Updates conducted quarterly per Department	N/A	N/A	Updated Risk Register	4 Risk Register Updates conducted quarterly per Department by 30 June 2026	1E	
Development and Review of the Performance Management	To achieve a clean audit opinion	Responses to Internal Auditor's Finding	Responses to Internal Auditor's Finding	None	Responses to Internal Auditor's Finding within 30 days after receiving the report	Output	2	Response to the Internal Auditor's Findings within 30 days after receipt of the report	OpEx	N/A	Achieved Responses to Internal Auditor's Finding within 30 days after receiving the report	N/A	N/A	Internal Audit Report and Management responses	Responses to Internal Auditor's Finding within 30 days after receiving the report	1F	
Provision of effective Corporate Administration and Support	To provide Council Support Services	2 Portfolio committee meetings coordinated	2 Portfolio Committee meetings coordinated	None	4 Portfolio Committee meetings coordinated by 30 June 2025	Output	3	Number of Portfolio Committee meetings coordinated	OpEx	N/A	Achieved 4 Portfolio Committee meetings coordinated	N/A	N/A	Attendance Register and Minutes	4 Portfolio Committee meetings coordinated by 30 June 2026	1G	
Provision of effective Corporate	To provide Council Support	2 EXCO meetings coordinated	2 EXCO meetings coordinated	None	4 EXCO meetings coordinated by 30	Output	3	Number of EXCO meetings coordinated	OpEx	N/A	Not Achieved 3 EXCO meetings	There was no substantive Mayor, hence	To remedy the situation	Attendance Register and Minutes	4 EXCO meetings coordinated by	1H	

Chapter 3

Municipal Institutional Development and Transformation																	
The administrative and financial capabilities of municipalities are enhanced																	
KPA	Outcome 9	Output 6	Baseline 2023/2024			Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure
Functional Area / Development priorities		Strategic Objective	Current Status	Demand	Backlog												
Administration and support		Services				June 2025						coordinated	the EXCO Meeting was not coordinated	the Mayor was elected on the 3 rd of July 2025		30 June 2026	
Provision of effective Corporate Administration and support		To provide Council Support Services	4 Council meetings held	4 Council meetings held coordinated	None	4 Council meetings coordinated by 30 June 2025	Output	3	Number of council meetings coordinated	OpEx	N/A	Achieved 12 Council meetings coordinated	Overachievement was due to special council meetings	N/A	Attendance Register and Minutes	4 Council meetings coordinated by 30 June 2026	1I
Provision of effective Corporate Administration and support		Improve organizational cohesion and effectiveness	100% Legal matters attended to	100% Legal matters attended to	None	100% Legal matters attended to by 30 June 2025	Output	3	% of Legal matters attended to	R1 500 000	R3 729 421.57	Achieved 100% Legal matters attended	N/A	N/A	Progress Report on Legal matters	100% Legal matters attended to by 30 June 2026	1J
Development of and implementation of sound Human resources Management and Policies		Improve organizational cohesion and effectiveness	1 Policy workshop conducted	1 Policy workshop conducted	None	1 HR Policies workshop conducted by 30 June 2025	Output	3	Number of HR Policies workshop conducted	OpEx	N/A	Achieved 1 HR Policies workshop conducted	N/A	N/A	Attendance Register, Report and Policies	1 HR Policies workshop conducted by 30 June 2026	1K
Development and implementation of sound Human Resource management and Policies		To review HR Plan	Reviewed HR plan	Reviewed HR plan	None	1 HR plan reviewed by 30 June 2025	Output	3	Number of Reviewed HR plan	OpEx	N/A	Achieved 1 HR plan reviewed	N/A	N/A	HR Plan and Council resolution	1 HR plan reviewed by 31 March 2026	1L
Alignment of Organizational Structure with IDP		To maintain a proper Organizational structure aligned to the IDP	Alignment of Organizational Structure to the IDP	Alignment of Organizational Structure to the IDP	None	1 Reviewed Organizational Structure aligned to the IDP by 31 May 2025	Output	2	Number of reviewed Organizational Structure aligned to the IDP	OpEx	N/A	Achieved 1 Reviewed Organizational Structure aligned to the IDP	N/A	N/A	Reviewed Organizational Structure and Council resolution	1 Reviewed Organizational Structure aligned to the IDP by 31 March 2026	1M
Promote and maintain sound Labour relations		Improve organizational cohesion and effectiveness	2 LLF meeting held	2 LLF meetings held	None	4 LLF meeting coordinated by 30 June 2025	Output	3	Number of LLF meetings coordinated	OpEx	N/A	Achieved 4 LLF meeting coordinated	N/A	N/A	Attendance Register and Minutes	4 LLF meetings coordinated by 30 June 2026	1N

Chapter 3

Municipal Institutional Development and Transformation																
KPA		The administrative and financial capabilities of municipalities are enhanced														
Outcome 9 Functional Area / Development priorities	Output 6 Strategic Objective	Baseline 2023/2024			KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure	
		Current Status	Demand	Backlog												
Promote and maintain sound Labour relations	Improve organizational cohesion and effectiveness	100% disciplinary cases handled	100% disciplinary cases handled	None	Output	3	% of reported disciplinary cases handled	OpEx	N/A	Achieved 100% of reported disciplinary cases handled	N/A	N/A	Report on disciplinary cases	100% of reported disciplinary cases handled by 30 June 2026	1O	
Development of sound Human Resource management	Improve organizational cohesion and effectiveness	Workplace Skills Plan Submitted to LGSETA	Workplace Skills Plan Submitted to LGSETA	None	Output	3	Number of Workplace Skills Plan Submitted to LGSETA	OpEx	N/A	Achieved 1 Workplace Skills Plan Submitted to LGSETA	N/A	N/A	Workplace Skills Plan Developed and acknowledged	1 Workplace Skills Plan Submitted to LGSETA by 30 April 2026	1P	
Training	Improve organizational cohesion and effectiveness	Annual Training Report submitted to LGSETA	Annual Training Report submitted to LGSETA	None	Output	3	Annual training Report submitted to LGSETA	OpEx	N/A	Achieved Annual training Report submitted to LGSETA	N/A	N/A	Annual Training Report and acknowledged	Annual training Report submitted to LGSETA by 30 April 2026	1Q	
Implementation of sound human resources development	To develop capacity and retain skilled staff in the municipality	New	100% completion of employee skills needs audit performed	None	Output	3	% completion of employee skills needs/ audit performed	N/A	N/A	Achieved 100% completion of employee skills needs audit performed	N/A	N/A	Skills needs/ audit analysis Report	N/A	1R	
Training	Improve organizational cohesion and effectiveness	6 Learning Intervention implemented per WSP	6 Learning interventions implemented per WSP	None	Output	5	Number of learning interventions implemented per Work Skills Plan	R850 000	R35 846.88	Not Achieved 4 Learning interventions implemented per Work Skills Plan	Unavailability of funds	Alternative options to be explored to address funding constraints	Report, Invoices and attendance registers	8 Learning interventions implemented per Work Skills Plan by 30 June 2026	1S	
Training	Improve organizational cohesion and effectiveness	100% of bursaries allocated to qualifying employees	100% of bursaries Allocated to Qualifying Employees	None	Output	3	% of Bursaries allocated to Qualifying Employees	R300 000	R68 975.00	Not Achieved 100% of bursaries allocated to Qualifying Employees	Due to financial constraints	To source alternative funding in the next financial year	Bursary report Letters to beneficiaries	100% of bursaries Allocated to Qualifying Employees by 30 September 2025 & 31 March 2026	1T	
Information Technology	Improve organizational cohesion and effectiveness	100% of procured computers for staff	100% of procured computers for staff	None	Output	5	% of Procured computers for staff and Councilors per	R450 000	R0	Achieved 100% of procured computers for staff	N/A	N/A	Report and Invoices	100% of procured computers for	1U	

KPA	Municipal Institutional Development and Transformation
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Chapter 3

Municipal Institutional Development and Transformation																	
KPA	The administrative and financial capabilities of municipalities are enhanced																
Outcome 9 Functional Area / Development priorities	Output 6 Strategic Objective	Baseline 2023/2024			Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure	
		Current Status	Demand	Backlog													
	Act and Regulations		Manual		Manual by 31 December 2024			Manual			management procedure Manual						
Information Technology	Improve organizational cohesion and effectiveness	Maintenance of ICT infrastructure (access to emails & internet)	Maintenance of ICT infrastructure (access to emails, internet and cabling)	None	100% of ICT queries and complaints attendant to 30 June 2025	Output	4	% of ICT queries and complaints attendant to	OpEx	N/A	Achieved 100% of ICT queries and complaints attendant	N/A	N/A	Report and Invoices	100% of ICT queries and complaints attendant to by 30 June 2026	1AB	
Information Technology	Improve organizational cohesion and effectiveness	New	100% ICT infrastructure installed in the new municipal building	None	100% ICT infrastructure installed in the new municipal building by 30 June 2025	Output	4	% of ICT infrastructure installed in the new municipal building	OpEx	N/A	Achieved 100% ICT infrastructure installed in the new municipal building	N/A	N/A	Report and Invoices	100% ICT infrastructure installed in the new municipal building by 30 June 2026	1AC	
Information Technology	Improve organizational cohesion and effectiveness	New	Timeous establishment of the ICT steering committee	None	Timeous establishment of the ICT steering committee by 30 September 2024	Output	2	Timeous establishment of the ICT steering committee	OpEx	N/A	Achieved Timeous establishment of the ICT steering committee	N/A	N/A	Report and list of the ICT steering committee members	N/A	1AD	
Information Technology	Improve organizational cohesion and effectiveness	New	3 ICT steering committee meetings held	None	3 ICT steering committee meetings held by June 2025	Output	2	Number of ICT steering committee meetings held	OpEx	N/A	Not Achieved 2 ICT steering committee meetings held	Poor planning and coordination	Develop a yearly meeting calendar	Report, Minutes and Attendance Register	4 ICT steering committee meetings held by June 2026	1AE	
Development of municipal website	Good governance and public participation	Updated Municipal Website	Updated Municipal Website	Updated Municipal Website	100% Updated and functional Municipal Website 30 June 2025	Output	2	% Updated and functional Municipal Website	OpEx	N/A	Not Achieved 100% Updated and functional Municipal Website	Lack of contract performance monitoring	Implementation of the contract assessment tool and development of the procedure manual	Report of Updated and functional Municipal Website page	100% Updated and functional Municipal Website 30 June 2026	1AF	
Human Resource	Improve organizational cohesion and effectiveness	New	Timeous submission of employee leave report to the office of the Municipal Manager within 7 days after the end of each quarter	None	Timeous submission of employee leave report to the office of the Municipal Manager within 7 days after the end of each quarter	Output	3	Timeous submission of employee leave report to the office of the Municipal Manager	OpEx	N/A	Achieved Timeous submission of employee leave report to the office of the Municipal Manager	N/A	N/A	Leave Report	Timeous submission of employee leave report to the office of the Municipal Manager within 7 days	1AG	

Chapter 3

Municipal Institutional Development and Transformation																
KPA		The administrative and financial capabilities of municipalities are enhanced														
Outcome 9	Output 6	The administrative and financial capabilities of municipalities are enhanced														
Functional Area / Development priorities	Strategic Objective	Baseline 2023/2024			Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure
		Current Status	Demand	Backlog												
Human Resource	Improve organizational cohesion effectiveness	New	100% employee satisfaction survey conducted	None	100% employee satisfaction survey conducted by 30 June 2025	Output	2	% employee satisfaction survey conducted	OpEx	N/A	Not Achieved 100% employee satisfaction survey conducted	No formal template to conduct a survey	To develop survey template forms and share with other directorates to conduct a satisfactory survey	Employee satisfaction survey Report	N/A	1AH
Effective financial management	To ensure effective financial management	New	100% contracts performance monitored per department	None	100% contracts performance monitored per department by the 30 June 2025	Output	2	% contracts performance monitored per department	OpEx	N/A	Achieved 100% contracts performance monitored per department	N/A	Assessment Report	Assessment Report	100% contracts performance monitored per department by the 30 June 2026	1AI

Chapter 3

Basic Service and Infrastructure Development																	
KPA	The administrative and financial capabilities of municipalities are enhanced																
Outcome 9	Output 6																
Functional Area / Development priorities	Strategic Objective	Baseline 2023/2024 Current status	Demand		Backlog	Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure
	conducted																
Providing structured and coherent approach in regular assessing and updating of Risk Management	To ensure effective Risk management	3 Risk Register Updates conducted per each Department	4 Risk Register Updates conducted per each Department	1 Risk Register Updates conducted per each Department	4 Risk Register Updates conducted quarterly per Department by 30 June 2025	Output	2	Number of Risk Register Updates conducted quarterly per Department	OpEx		N/A	Achieved 4 Risk Register Updates conducted quarterly per Department	N/A	N/A	Updated Risk Register	4 Risk Register Updates conducted quarterly per Department by 30 June 2026	2E
Development and Review of the Performance Management	To achieve a clean audit opinion	Responses to Internal Auditor's Finding	Responses to Internal Auditor's Finding	Responses to Internal Auditor's Finding	Responses to Internal Auditor's Finding within 30 days after receiving the report	Output	2	Response to the Internal Auditor's Findings within 30 days after receipt of the report	OpEx		N/A	Achieved Responses to Internal Auditor's Finding within 30 days after receiving the report	N/A	N/A	Internal Audit Report and Management responses	Responses to Internal Auditor's Finding within 30 days after receiving the report	2F
Provision of effective Corporate Administration and Support	To provide Council Support Services	2 Portfolio committee meetings coordinate	2 Portfolio Committee meetings coordinated	None	4 Portfolio Committee meetings coordinated by 30 June 2025	Output	3	Number of Portfolio Committee meetings coordinated	OpEx		N/A	Not Achieved 3 Portfolio Committee meetings coordinated	Due to the lack of correlation among Portfolio Committee members during the meeting held on 23 – October – 2024	Department to fast-track/schedule a Special Portfolio committee meetings	Attendance Register and Minutes	4 Portfolio Committee meetings coordinated by 30 June 2026	2G
Facilitate the provision of public amenities: housing	To Monitor housing service/projects in order to improve access to services	2 Housing Program Meetings Attended	2 Housing Program Meetings Attended	None	4 Housing Program Meetings Attended by 30 June 2025	Output	3	Number of Housing Program Meetings Attended	OpEx		N/A	Achieved 5 Housing Program Meetings Attended	N/A	N/A	Report, Attendance Register and Minutes	Moved to the Department of Planning and Development	2H
Facilitate the provision of public amenities: water	To Monitor water service/projects in order to improve access to services	2 Rural Water Supply Meetings Attended	2 Rural Water Supply Meetings Attended	None	4 Rural Water Supply Program Meetings Attended by 30 June 2025	Output	3	Number of Rural Water Supply Program Meetings Attended	OpEx		N/A	Achieved 4 Rural Water Supply Program Meetings Attended	N/A	N/A	Report, Attendance Register and Minutes	4 Rural Water Supply Program Meetings Attended by 30 June 2026	2I

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Basic Service and Infrastructure Development											
KPA	Outcome 9 Functional Area / Development priorities	The administrative and financial capabilities of municipalities are enhanced									
		Output 6	Baseline 2023/2024	Current status	Demand	Backlog	Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget
Annexure	Annual Performance Target 2025/2026	POE	Remedial Action	Reason for under/over performance	Actual Performance	Expenditure	Budget	Key Performance Indicators	Budget	Expenditure	Actual Performance
2J	4 Electricity Project Management Meetings Attended by 30 June 2026	Report, Attendance Register and Minutes	Develop a yearly meeting calendar	Poor planning and coordination	Not Achieved	N/A	OpEx	Number of Electricity Project Management Meetings Attended	OpEx	N/A	2 Electricity Project Management Meetings Attended
2K	4 Rural Sanitation Program Meetings Attended by 30 June 2026	Report, Attendance Register and Minutes	N/A	N/A	Achieved	N/A	OpEx	Number of Rural Sanitation Program Meetings Attended	OpEx	N/A	4 Rural Sanitation Program Meetings Attended
2L	Planning and design of solar (photo voltaic) high mast light and in the Pouval, Ethol, Madinyane (ward 8) and Kgokgole, Dipudi (ward 7) Tseoge (ward 11)	Practical completion certificate and invoices	N/A	N/A	Achieved	R4 498 134.04	R4 600 000	Number of High Mast lights constructed at various villages	R4 600 000	R4 498 134.04	45 High Mast lights constructed at various villages (Botsalano – Ward 2), Bona-Bona (Ward 9), Tseoge, Setabeng and Makabole (Ward 12), Austrey and Moswana (Ward 14) and Ganyesa (Ward 4) by 30 June 2025 (rollover project)
2M	1 Construction of sport facility at Piet Plessis by 30 June 2026	Progress reports and invoices	N/A	N/A	Partially Achieved	R7 711 109.93	R5 516 322.06	Number of Sports facilities constructed at Piet Plessis	R5 516 322.06	R7 711 109.93	1 Construction of sport facility at Piet Plessis (multi-year project)
2N	3.2 KM Access Road	Progress reports and invoices	Bi-weekly Technical Meetings	Unsatisfactory performance	Partially Achieved	R 11 899 947.4	R13 846 827.94	Number of kilometers of access road from	R13 846 827.94	R 11 899 947.4	3.2 KM Access

Chapter 3

Basic Service and Infrastructure Development

The administrative and financial capabilities of municipalities are enhanced

KPA	Outcome 9	Output 6	Baseline 2023/2024	Demand	Backlog	Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure
	Functional Area / Development priorities	Strategic Objective	Current status														
		pave in order to improve access to services		from Main Road to Mmusi Primary (Ward 1) by 30 June 2025		from Main Road to Mmusi Primary (Ward 1) by 30 June 2026 (multi-year project)			main road to Mmusi Primary (Ward 1)		9	Road constructed from Main Road to Mmusi (multi-year project)	Completion of the Project abandoned by the contractor	and Monthly Progress Meetings are held to track project progress and the timely resolution of any technical issues impacting the project.		constructed from Main Road to Mmusi Primary (Ward 1) by 30 June 2026	
	Provision of community lighting: High mast light	To ensure provision of high mast light in order to improve access to services and ensure proper operations and maintenance	New	Replacement of 200 high mast lights with efficiency energy bulbs in various wards by 30 June 2025	None	Replacement of 200 high mast lights with efficiency energy bulbs in various wards by 30 June 2025	Output	10	Number of high mast lights replaced with efficiency energy bulbs in various wards	R4 000 000	R4 000 000	Achieved Replacement of 200 high mast lights with efficiency energy bulbs in various wards	N/A	N/A	Invoice and report	Replacement of 400 high mast lights with efficiency energy bulbs in various wards by 30 June 2026	20
	Basic Service Delivery and Infrastructure Development	Fencing of graveyards	33 Fenced cemeteries for all 15 Kagisano-Molopo Wards	135 Fenced cemeteries for all 15 Kagisano-Molopo Wards	None	10 Fenced cemeteries for all 15 Kagisano-Molopo Wards by 30 June 2025	Output	10	Number of fenced cemeteries for all 15 Kagisano-Molopo Wards	R4 500 000	R1 700 809.53	Not Achieved 3 Fenced cemeteries for all 15 Kagisano-Molopo Wards	The fencing program is on hold due to Financial constraints	The Municipality must reprioritise the cemetery fencing program based on urgency, safety, and community need	Close out report and invoices	N/A	2P
	Basic Service Delivery and Infrastructure Development	Development of the operational maintenance plan	New	Development of the operational maintenance plan	None	Development of the operational maintenance plan by 30 September 2024	Output	5	Development of the operational maintenance plan	OpEx	N/A	Achieved Development of the operational maintenance plan	N/A	N/A	Operational maintenance plan	Development of the operational maintenance plan by 30 September	2Q

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Basic Service and Infrastructure Development																		
KPA	The administrative and financial capabilities of municipalities are enhanced																	
Outcome 9	Output 6	Baseline 2023/2024	Current status	Demand	Backlog	Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure	
Functional Area / Development priorities	Strategic Objective																	
Basic Service Delivery and Infrastructure Development	Implementation of the operational maintenance plan	New		Development of the operational maintenance plan	None	100% implementation of the operational maintenance plan by 30 June 2025	Output	15	% implementation of the operational maintenance plan	R9 674 583,33	R0	Not Achieved	0% implementation of the operational maintenance plan	Due to financial constraints	To source alternative funding in the next financial year	Report and invoice	2026	2R
Effective financial management	To ensure effective financial management	New		100% contracts performance monitored per department	None	100% contracts performance monitored per department by the 30 June 2025	Output	3	% contracts performance monitored per department	OpEx	N/A	Achieved	N/A	N/A	Assessment Report		100% contracts performance monitored per department by the 30 June 2026	2S
Basic Service Delivery and Infrastructure Maintenance	To improve and renovate municipal buildings	New		Renovate Gamanyai Community Hall by 30 June 2026	None												Renovate Gamanyai Community Hall by 30 June 2026	
Basic Service Delivery and Infrastructure Maintenance	To improve and renovate municipal buildings	New		Renovate Morokweng Community Hall by 30 June 2026	None												Renovate Morokweng Community Hall by 30 June 2026	
Basic Service Delivery and Infrastructure Maintenance	To improve and renovate municipal buildings	New		Renovate Kgokgojane Thusong Centre by 30 June 2026	None												Renovate Kgokgojane Thusong Centre by 30 June 2026	

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c) KEY PERFORMANCE AREA: COMMUNITY SERVICES

Community Services																
KPA	Administrative and financial capabilities of municipalities are enhanced															
Outcome 9 Functional Area / Development Priorities	Output 6 Strategic Objective	Baseline 2023/2024			Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expendi ture	Actual Performance	Reason for under/over performanc e	Remedial Action	POE	Annual Performance Target 2025/2026	Annex ure
		Current status	Demand	Backlog												
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews conducted	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	None	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	Output	2	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	OpEx	N/A	Achieved Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	N/A	N/A	Quarterly report and electronic PMS system dashboard	Timeous submission of PMS quarterly Reports and complete POE timeously submitted to the office of the Municipal Manager within 05 Days after the end of each quarter	3A
Ensuring submission of PMS Reports and Conduction reviews	Ensure that PMS Reports are submitted on time and Reviews conducted	2023/2024 Mid-Term Report submitted to the Office of the Municipal Manager	Timeous submission of the Mid-Term Report to the Office of the Municipal Manager	None	Timeous submission of the 2024/2025 Mid- Term Report to the Office of the Municipal Manager by 20 th January 2025	Output	2	Timeous submission of the 2024/2025 Mid- Term Report to the Office of the Municipal Manager	OpEx	N/A	Achieved Timeous submission of the 2024/2025 Mid- Term Report to the Office of the Municipal Manager by 20 th January 2025	N/A	N/A	2024/2025 Mid Term Report and electronic PMS system dashboard	Timeous submission of the 2025/2026 Mid- Term Report to the Office of the Municipal Manager by 20th January 2026	3B
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews are conducted	New	New	None	4 Department Quarterly Performance Reviews performed by 30 June 2025	Output	2	Number Department Quarterly Performance Reviews performed	OpEx	N/A	Not Achieved 2 Department Quarterly Performance Reviews performed	Poor planning and coordination	Develop a yearly meeting calendar	Departmental Attendance register and Minutes	4 Department Quarterly Performance Reviews performed by 30 June 2026	3C
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews are conducted	4 Municipal Quarterly Performance Reviews performed	4 Municipal Quarterly Performance Reviews performed	None	4 Municipal Quarterly Performance Reviews performed by 30 June 2025	Output	2	Number of Municipal Quarterly Performance Reviews performed	OpEx	N/A	Achieved 4 Municipal Quarterly Performance Reviews performed	N/A	N/A	Attendance register and Minutes	N/A	3D

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KPA		Community Services													Annexure	
Outcome 9 Functional Area / Development Priorities	Output 6 Strategic Objective	Baseline 2023/2024			Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for underperformance	Remedial Action	POE	Annual Performance Target 2025/2026	
		Current status	Demand	Backlog												
					30 June 2025			Kgokgojane			Tlaskangeng and Kgokgojane				30 June 2026	
Prevention and mitigation against disaster	To ensure rapid & effective response during disaster 95%incidence	100% Relief Material provided to reported Disaster Victim	100% Relief Material provided to reported Disaster Victim	None	100% Reported Disaster Victims provided with Relief Material within 30 days of the incidents by 30 June 2025	Output	10	% Reported Disaster Victims provided with Relief Material within 30 days of the incidents	R2 000 000	R1 126 774.17	Not Achieved 50% Reported Disaster Victims provided with Relief Material within 30 days of the incidents	Due to financial constraints	To source alternative funding in the next financial year	Relief Material report and invoice	100% Reported Disaster Victims provided with Relief Material within 30 days of the incidents by 30 June 2026	3J
Prevention and mitigation against disaster	To ensure rapid & effective response during disaster incidences	4 Disaster Awareness Campaigns Conducted	4 Disaster Awareness Campaigns Conducted	None	4 Disaster Awareness Campaigns Conducted per plan by 30 June 2025	Output	10	Number of Disaster Awareness Campaigns Conducted	R150 000	R0	Achieved 4 Disaster Awareness Campaigns Conducted per plan	N/A	N/A	Campaign Reports and Attendance Register	4 Disaster Awareness Campaigns Conducted per plan by 30 June 2026	3K
EPWP	Create an environment that promotes development of local economy and facilitate job creation	300 Jobs created through EPW	300 Jobs created through EPWP by 30 June 2025	None	300 Jobs created through EPWP by 30 June 2025	Outcome	15	Number of Jobs created through EPWP	R4 5 000 000	R12 608 436.57	Achieved 300 Jobs created through EPWP	N/A	N/A	Employment list, contracts and report	150 Jobs created through EPWP by 30 June 2026	3L
EPWP	Create an environment that promotes development of local economy and facilitate job creation	3 reports on cleaning monitored through EPWP per plan	4 reports on cleaning monitored through EPWP per plan 30 June 2025	None	4 reports on cleaning monitored through EPWP per plan 30 June 2025	Outcome	5	Number of reports on cleaning monitored through EPWP per plan	OpEx	N/A	Achieved 4 reports on cleaning monitored through EPWP per plan	N/A	N/A	Cleaning Report	4 reports on cleaning monitored through EPWP per plan 30 June 2026	3M
To promote healthy environment	To ensure Eco-friendly environment	4 IWMP programs implemented per plan	12 IWMP programs implemented per plan by 30 June 2025	None	12 IWMP programs implemented per plan by 30 June 2025	Output	10	Number of programs implemented per plan	R0	R0	Achieved 12 IWMP programs implemented per plan	N/A	N/A	Report	12 IWMP programs implemented per plan by 30 June 2026	3N
To provide sound working environment that will improve service delivery	To improve efficient fleet management	New	1 Municipal waste fleet purchased by 30 June 2025	None	Purchasing of 1 municipal waste fleet by 30 June 2025	Output	15	Number of Municipal waste fleet purchased	R1 000 000	R0	Not Achieved Purchasing of 1 municipal waste fleet	Due to financial constraints	To source alternative funding in the next financial year	Report and Invoice	N/A	3O

d) KEY PERFORMANCE AREA: LOCAL ECONOMIC DEVELOPMENT AND TOURISM

Local Economic Development and Tourism																
KPA	The administrative and financial capabilities of municipalities are enhanced															
Outcome 9 Functional Area / Development priorities	Output 6 Strategic Objective	Baseline 2023/2024			Annual Performance Target	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annex ure
		Current status	Demand	Backlog												
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews conducted	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	None	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	Output	2	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	OpEx	N/A	Achieved Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	N/A	N/A	Quarterly report and electronic PMS system dashboard	Timeous submission of PMS quarterly Reports and complete POE to the office of the Municipal Manager within 05 Days after the end of each quarter	4A
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews conducted	2023/2024 Mid-Term Report submitted to the Office of the Municipal Manager	Timeous submission of the Mid-Term Report to the Office of the Municipal Manager	None	Timeous submission of the 2024/2025 Mid-Term Report to the Office of the Municipal Manager	Output	2	Timeous submission of the 2024/2025 Mid-Term Report to the Office of the Municipal Manager	OpEx	N/A	Achieved Timeous submission of the 2024/2025 Mid-Term Report to the Office of the Municipal Manager	N/A	N/A	2024/2025 Mid Term Report and electronic PMS system dashboard	Timeous submission of the 2025/2026 Mid-Term Report to the Office of the Municipal Manager by 20th January 2026	4B
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews conducted	New	4 Department Quarterly Performance Reviews performed	None	4 Department Quarterly Performance Reviews performed by 30 June 2025	Output	2	Number Department Quarterly Performance Reviews performed	OpEx	N/A	Not Achieved 2 Department Quarterly Performance Reviews performed	Poor planning and coordination	Develop a yearly meeting calendar	Departmental Attendance register and Minutes	4 Department Quarterly Performance Reviews performed by 30 June 2026	4C

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Local Economic Development and Tourism

Outcome 9 Functional Area / Development priorities	Output 6 Strategic Objective	The administrative and financial capabilities of municipalities are enhanced					Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure
		Baseline 2023/2024 Current status	Demand	Backlog														
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews are conducted	4 Municipal Quarterly Performance Reviews performed	4 Municipal Quarterly Performance Reviews performed	None	4 Municipal Quarterly Performance Reviews performed by 30 June 2025	Output	2	Number of Municipal Quarterly Performance Reviews performed	OpEx	N/A	Achieved 4 Municipal Quarterly Performance Reviews performed	N/A	N/A	Attendance register and Minutes	N/A	N/A	N/A	4D
Providing structured and coherent approach in regular assessing and updating of Risk Management	To ensure effective Risk management	4 Risk Register Updates conducted per Department	4 Risk Register Updates conducted per Department	None	4 Risk Register Updates conducted quarterly per Department by 30 June 2025	Output	2	Number of Risk Register Updates conducted quarterly per Department	OpEx	N/A	Achieved 4 Risk Register Updates conducted quarterly per Department	N/A	N/A	Updated Risk Register	N/A	Updated Risk Register	4 Risk Register Updates conducted quarterly per Department by 30 June 2026	4E
Development and Review of the Performance Management	To achieve a clean audit opinion	Responses to Internal Auditor's Finding	Responses to Internal Auditor's Finding	Responses to Internal Auditor's Finding	Responses to Internal Auditor's Finding within 30 days after receiving the report	Output	2	Response to the Internal Auditor's Findings within 30 days after receipt of the report	OpEx	N/A	Achieved Responses to Internal Auditor's Finding within 30 days after receiving the report	N/A	N/A	Internal Audit Report and Management responses	N/A	Internal Audit Report and Management responses	Responses to Internal Auditor's Finding within 30 days after receiving the report	4F
Provision of effective Corporate Administration and Support	To provide Council Support Services	4 Portfolio committee meetings coordinate	4 Portfolio Committee meetings coordinated	None	4 Portfolio Committee meetings coordinated by 30 June 2025	Output	3	Number of Portfolio Committee meetings coordinated	OpEx	N/A	Not Achieved 0 Portfolio Committee meetings coordinated	Poor planning and coordination	Develop a yearly meeting calendar	Attendance Register and Minutes	Develop a yearly meeting calendar	Attendance Register and Minutes	4 Portfolio Committee meetings coordinated by 30 June 2026	4G
To ensure effective Local Economic Development	To promote LED	6 SMME's supported per plan	6 SMME's supported per plan	None	12 SMME's supported per plan by 30 June 2025	Output	10	Number of SMME's supported per plan	R500 000	R0	Not Achieved 5 SMME's supported per plan	Due to financial constraints	To source alternative funding in the next financial	Report	To source alternative funding in the next financial	Report	12 SMME's supported per plan by 30 June 2026	4H

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Local Economic Development and Tourism																	
KPA	Outcome 9 Functional Area / Developmental priorities	Output 6 Strategic Objective	The administrative and financial capabilities of municipalities are enhanced				KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure
			Baseline 2023/2024	Current status	Demand	Backlog											
To ensure effective Local Economic Development	To promote LED	Developed SMMEs database	Developed SMMEs database	None	Update of SMME's database by 30 June 2025	Output	8	Update of SMME's database	R0	R0	Achieved	Update of SMME's database	N/A	year N/A	SMME Database Update	Update of SMME's database by 30 June 2026	4I
To ensure effective Local Economic Development	To promote LED	4 Number of recycling programs implemented per project implementation plan	4 Number of recycling programs implemented per project implementation plan	None	4 Recycling programs implemented per project implementation plan by 30 June 2025	Outcome	15	Number of recycling programs implemented per project implementation plan	R500 000	R0	Not Achieved	2 Recycling programs implemented per project implementation plan	Due to financial constraints	To source alternative funding in the next financial year	Report and Invoices	4 Recycling programs implemented per project implementation plan by 30 June 2026	4J
To ensure effective Local Economic Development	To promote LED	2 Bona-Bona (Driefontein Heritage site) programs implemented per project Implementation plan	2 Bona-Bona (Driefontein Heritage site) programs implemented per project Implementation plan	3 Bona-Bona (Driefontein Heritage site) programs implemented per project Implementation plan	2 Bona-Bona (Driefontein Heritage site) programs implemented per project Implementation plan by 30 June 2025	Output	8	Number of Bona-Bona (Driefontein Heritage site) programs implemented per project implementation plan	R300 000	R0	Not Achieved	0 Bona-Bona (Driefontein Heritage site) programs implemented per project Implementation plan	We are unable to reach a mutual agreement on land with the Tribal Office	To be removed and changed to support community tourism initiatives	Report and Invoices	N/A	4K
To ensure effective Local Economic Development	To promote LED	2 of Brick making programs implemented per project implementation plan	2 of Brick making programs implemented per project implementation plan	None	4 of Brick making programs implemented per project implementation plan by 30 June 2025	Output	13	Number of Brick making programs implemented per project implementation plan	R1 500 000	R0	Not Achieved	1 of Brick making programs implemented per project implementation plan	Due to financial constraints	To source alternative funding in the next financial year	Report and invoices	4 of Brick making programs implemented per project implementation plan by 30 June 2026	4L
Preserve history and heritage	To support heritage program	1 Heritage initiatives supported per plan	1 Heritage initiatives supported per plan	None	1 Heritage initiative supported per plan by 30 September 2024	Output	5	Number of Heritage initiatives supported per plan	R570 000	R165 100.00	Achieved	1 Heritage initiative supported per plan	N/A	N/A	Report, Attendance register and invoice	1 Heritage initiative supported per plan by 30 September 2025	4M

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Local Economic Development and Tourism																		
KPA	Outcome 9 Functional Area / Development priorities	Output 6 Strategic Objective	The administrative and financial capabilities of municipalities are enhanced				Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure
			Baseline 2023/2024 Current status	Demand	Backlog													
Local Economic Development	Create an environment that promotes development of local economy and facilitate job creation	4 Goat Massification programs implemented per project implementation plan	4 Goat Massification programs implemented per project implementation plan	4 Goat Massification programs implemented per project implementation plan	None	4 Goat Massification programs implemented per project implementation plan by 30 June 2025	Outcome	10	Number of Goat Massification programs implemented per project implementation plan	R1 500 000	R0	Not Achieved	0 Goat Massification programs implemented per project implementation plan	None availability of funds	Target will be met when the funds are available	Report and invoices	4 Goat Massification programs implemented per project implementation plan by 30 June 2026	4N
Local Economic Development	Create an environment that promotes development of local economy and facilitate job creation	New	New	1 Review of feasibility studies on Feedlot and Abattoir programs by 30 June 2025	None	1 Review of feasibility studies on Feedlot and Abattoir programs by 30 June 2025	Outcome	8	Number of feasibility studies on Feedlot and Abattoir programs	R500 000	R0	Not Achieved	0 Review of feasibility studies on Feedlot and Abattoir programs	Due to financial constraints	To source alternative funding in the next financial year	Report and invoices	1 Review of feasibility studies on Feedlot and Abattoir programs by 31 December 2025	4O
To promote healthy environment	To ensure Eco-friendly environment	100% Implementation of the Greening Plan	100% Implementation of the Greening Plan	100% Implementation of the Greening Plan	100% Implementation of the Greening Plan	100% Implementation of the Greening Plan by 30 June 2025	Output	5	% implementation of Greening Plan	R250 000	R0	Not Achieved	25% Implemented on the Greening Plan	Non-availability of funds	Target will be met when the funds are available	Report and Invoice	100% Implementation of the Greening Plan by 30 June 2026	4P
Effective financial management	To ensure effective financial management	New	New	100% contracts performance monitored per department	None	100% contracts performance monitored per department by the 30 June 2025	Output	3	% contracts performance monitored per department	OpEx	N/A	Achieved	100% contracts performance monitored per department	N/A	N/A	Assessment Report	100% contracts performance monitored per department by the 30 June 2026	4Q

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e) KEY PERFORMANCE AREA: MUNICIPAL FINANCIAL MANAGEMENT AND FINANCIAL VIABILITY

Municipal Financial Management and Financial Viability																	
Outcome 9		The administrative and financial capabilities of municipalities are enhanced															Annexure
Functional Area / Development priorities	Strategic Objective	Baseline 2023/2024			Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026		
		Current status	Demand	Backlog													
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews conducted	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	None	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	Output	2	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	OpEx	N/A	Achieved Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	N/A	N/A	Quarterly report and electronic PMS system dashboard	Timeous submission of PMS quarterly Reports and complete POE submitted to the office of the Municipal Manager within 05 Days after the end of each quarter	5A	
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews conducted	2023/2024 Mid-Term Report submitted to the Office of the Municipal Manager	Timeous submission of the Mid-Term Report to the Office of the Municipal Manager	None	Timeous submission of the 2024/2025 Mid-Term Report to the Office of the Municipal Manager by 20th January 2025	Output	2	Timeous submission of the 2024/2025 Mid-Term Report to the Office of the Municipal Manager	OpEx	N/A	Achieved Timeous submission of the 2024/2025 Mid-Term Report to the Office of the Municipal Manager	N/A	N/A	2024/2025 Mid-Term Report and electronic PMS system dashboard	Timeous submission of the 2025/2026 Mid-Term Report to the Office of the Municipal Manager by 20th January 2026	5B	
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews are conducted	New	New	None	4 Department Quarterly Performance Reviews performed by 30 June 2025	Output	2	Number of Department Quarterly Performance Reviews performed	OpEx	N/A	Not Achieved 3 Department Quarterly Performance Reviews performed	Poor planning and coordination	Develop a yearly meeting calendar	Departmental Attendance register and Minutes	4 Department Quarterly Performance Reviews performed by 30 June 2026	5C	
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews are conducted	4 Municipal Quarterly Performance Reviews performed	4 Municipal Quarterly Performance Reviews performed	None	4 Municipal Quarterly Performance Reviews performed by 30 June 2025	Output	2	Number of Municipal Quarterly Performance Reviews performed	OpEx	N/A	Achieved 4 Municipal Quarterly Performance Reviews performed	N/A	N/A	Attendance register and Minutes	N/A	5D	

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Municipal Financial Management and Financial Viability																	
KPA	The administrative and financial capabilities of municipalities are enhanced																
Outcome 9	Output 6	Baseline 2023/2024				Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure
Functional Area / Development priorities	Strategic Objective	Current status	Demand	Backlog													
Providing structured and coherent approach in regular assessing and updating of Risk Management	To ensure effective Risk management	4 Risk Register Updates conducted per each Department	4 Risk Register Updates conducted per each Department	None	4 Risk Register Updates conducted quarterly per Department by 30 June 2025	Output	2	Number of Risk Register Updates conducted quarterly per Department	OpEx	N/A	Achieved 4 Risk Register Updates conducted quarterly per Department	N/A	N/A	Updated Risk Register	4 Risk Register Updates conducted quarterly per Department by 30 June 2026	5E	
		Responses to Internal Auditor's Finding	Responses to Internal Auditor's Finding	Responses to Internal Auditor's Finding	Responses to Internal Auditor's Finding within 30 days after receiving the report	Output	2	Response to the Internal Auditor's Findings within 30 days after receipt of the report	OpEx	N/A	Achieved Responses to Internal Auditor's Finding within 30 days after receiving the report	N/A	N/A	Internal Audit Report and Management responses	Responses to Internal Auditor's Finding within 30 days after receiving the report	5F	
		2 Portfolio committee meetings coordinated	2 Portfolio Committee meetings coordinated	None	4 Portfolio Committee meetings coordinated by 30 June 2025	Output	3	Number of Portfolio Committee meetings coordinated	OpEx	N/A	Not Achieved 2 Portfolio Committee meetings coordinated	Poor planning and coordination	Develop a yearly meeting calendar	Attendance Register and Minutes	4 Portfolio Committee meetings coordinated by 30 June 2026	5G	
Development and Review of the Performance Management System	To achieve a clean audit opinion	4 Report on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	4 Report on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	None	Submission of quarterly reports on the implementation of the Audit Action Plan to the office of the Municipal Manager within 15 days after the end of each quarter	Output	2	Timeous submission of quarterly reports on the implementation of the Audit Action Plan submitted to the office of the Municipal Manager	OpEx	N/A	Achieved Submission of quarterly reports on the implementation of the Audit Action Plan to the office of the Municipal Manager within 15 days after the end of each quarter	N/A	N/A	Report and Acknowledgment register	Submission of quarterly reports on the implementation of the Audit Action Plan to the office of the Municipal Manager within 15 days after the end of each quarter	5H	
Financial Viability and Financial Management	Maximize spending on CAPEX projects to promote implementation of projects	90% of budget spent on capital projects in terms of the IDP and SDBIP	90% of budget spent on capital projects in terms of the IDP and SDBIP	None	90% Budget spent on capital projects on the IDP and SDBIP by 30 June 2025	Output	5	% of Budget spent on capital projects on the IDP and SDBIP	OpEx	N/A	Achieved 100% Budget spent on capital projects on the IDP and SDBIP	N/A	N/A	Expenditure report	90% Budget spent on capital projects on the IDP and SDBIP by 30 June 2026	5I	

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Municipal Financial Management and Financial Viability																		
KPA		The administrative and financial capabilities of municipalities are enhanced																
Outcome 9 Functional Area / Development priorities	Output 6 Strategic Objective	Baseline 2023/2024			Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditur e	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annex ure		
		Current status	Demand	Backlog														
Financial Viability and Financial Management	100% of Operational budget on the IDP and SDBIP	100% of operational budget of the IDP and SDBIP spent	100% of operational budget of the IDP and SDBIP spent	100% Operational budget spent on the IDP and SDBIP by 30 June 2025	Output	5	% of Operational budget spent on the IDP and SDBIP	OpEx	N/A	N/A	Achieved 100% Operational budget spent on the IDP and SDBIP	N/A	N/A	Expenditure report	100% Operational budget spent on the IDP and SDBIP by 30 June 2026	5J		
Financial Viability and Financial Management	100% Payment of creditors within 30 days of receipt of valid invoice	100% Payments creditors within 30 days of receipt of valid invoice	100% Payments creditors within 30 days of receipt of valid invoice	100% of creditors paid within 30 days of receipt of valid invoice 2025	Output	5	% of creditors paid within 30 days of receipt of valid invoice	OpEx	N/A	Not Achieved 100% of creditors paid within 30 days of receipt of valid invoice	The municipality experienced temporary cash flow constraints, which hindered our ability to make timely payments to our creditors	Ensure that we implement cost containment	Creditors Ageing Analysis Report	100% of creditors paid within 30 days of receipt of valid invoice by 30 June 2026	5K			
Financial Viability and Financial Management	To improve overall financial management by developing and implementing appropriate financial management	1 progress report on the implementatio n of valuation roll	1 progress report on the implementatio n of valuation roll	1 progress report on the implementatio n of valuation roll by 30 June 2025	Output	2	Number of progress report on the implementatio n of valuation roll	R1 000 000	R516 843.7 5	Achieved 1 progress report on the implementatio n of valuation roll	N/A	N/A	N/A	Progress Report	1 progress report on the implementation of valuation roll by 30 June 2026	5L		
mSCOA	To improve overall financial management by developing and implementing appropriate financial management	4 quarterly progress report on the implementatio n of MSCOA submitted to the municipal Manager	4 quarterly progress report on the implementatio n of MSCOA submitted to the municipal Manager	4 quarterly progress report on the implementatio n of MSCOA submitted to the municipal Manager by 30 June 2025	Output	2	Number of quarterly progress report on the implementatio n of MSCOA submitted to the Municipal Manager	OpEx	N/A	Achieved 4 quarterly progress report on the implementatio n of MSCOA submitted to the municipal Manager	N/A	N/A	N/A	Progress report and Acknowledg ement letter	4 quarterly progress report on the implementation of MSCOA submitted to the municipal Manager by 30 June 2026	5M		
Finance	To improve overall financial management by developing and implementing appropriate financial management	6 VAT bi- monthly returns submitted	6 VAT bi- monthly returns submitted	6 VAT bi- monthly returns submitted within 10 working days by 30 June 2025	Output	4	Number of VAT bi- monthly returns submitted within 10 working days	OpEx	N/A	Achieved 6 VAT bi- monthly returns submitted within 10 working days	N/A	N/A	N/A	VAT bi- monthly returns	6 VAT bi-monthly returns submitted within 10 working days by 30 June 2026	5N		

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Municipal Financial Management and Financial Viability																		
KPA	The administrative and financial capabilities of municipalities are enhanced																	
	Outcome 9 Functional Area / Development priorities	Output 6 Strategic Objective	Baseline 2023/2024				Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditur e	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annex ure
			Current status	Demand	Backlog													
To maintain sound and effective financial management	To facilitate payment	100% of salaries & allowances paid	100% of salaries & allowances paid	None	100% of Salaries & allowances paid by the 25th of each month	Output	5	% of Salaries & allowances paid by the 25th of each month	OpEx	N/A	Achieved 100% of Salaries & allowances paid by the 25th of each month	N/A	N/A	Bank statements	100% Salaries & allowances paid by the 25th of each month	50		
Compliance with legislative requirements	To ensure adherence to legislative requirement	Timeous Submissions of Annual Financial Statement to the Office of the Auditor General	Timeous Submissions of Annual Financial Statement to the Office of the Auditor General	Timeous Submissions of Annual Financial Statement to the Office of the Auditor General	Timeous Submissions of Annual Financial Statement to the Office of the Auditor General by 31 August 2024	Output	5	Timeous Submissions of Annual Financial Statement to the Office of the Auditor General South Africa	OpEx	N/A	Achieved Timeous Submissions of Annual Financial Statement to the Office of the Auditor General	N/A	N/A	Acknowledgment letter	Timeous Submissions of Annual Financial Statements to the Office of the Auditor General South Africa by 31 August 2025	5P		
Compliance with legislative requirements	To ensure adherence to legislative requirement	9 Section 71 Reports submitted to the Mayor, National and Provincial treasury within 10 working days after the end of each month (Income and expenditure reports)	12 Section 71 Reports submitted to the Mayor, National and Provincial treasury within 10 working days after the end of each month (Income and expenditure reports)	3 Section 71 Reports submitted to the Mayor, National and Provincial treasury within 10 working days after the end of each month (Income and expenditure reports)	12 Section 71 Reports submitted to the Office of the Municipal Manager, National and Provincial treasury within 10 working days after the end of each month (Income and expenditure reports) by 30 June 2025	Output	4	Number of Section 71 Reports submitted to the Office of the Municipal Manager, National and Provincial treasury within 10 working days after the end of each month (Income and expenditure reports)	OpEx	N/A	Not Achieved 5 Section 71 Reports submitted to the Office of the Municipal Manager, National and Provincial treasury within 10 working days after the end of each month (Income and expenditure reports)	System failures or data losses	Recommended regular system maintenance and support	Section 71 Reports, PMS Acknowledgment register and Provincial and National Treasury confirmations Report	12 Section 71 Reports submitted to the Office of the Municipal Manager, National and Provincial treasury within 10 working days after the end of each month (Income and expenditure reports) by 30 June 2026	5Q		
Compliance with legislative requirements	To ensure adherence to legislative requirement	Compile and submit time schedule of key deadlines to council	Compile and submit time schedule of key deadlines to council	None	Compilation and submission of time schedule of key deadlines to council by 31 August 2024	Output	4	Compilation and submit time schedule of key deadlines to council	OpEx	N/A	Achieved Compilation and submission of time schedule of key deadlines to council	N/A	N/A	Council resolution & Time Schedule of Key Deadlines	Compilation and submission of time schedule of key deadlines to council by 31 August 2025	5R		

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Municipal Financial Management and Financial Viability																
KPA	The administrative and financial capabilities of municipalities are enhanced															
Outcome 9 Functional Area / Development priorities	Output 6 Strategic Objective	Baseline 2023/2024			Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditur e	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annex ure
		Current status	Demand	Backlog												
Compliance with legislative requirements	To ensure adherence to legislative requirement	Timeous Tabling of 2024/2025 draft budget, budget related policies and tariffs to Council	Timeous Tabling of 2024/2025 draft budget, budget related policies and tariffs to Council	None	Timeous Tabling of 2025/2026 draft budget and budget related policies and tariffs to Council by the 31 March 2025	Output	4	Timeous Tabling of 2025/2026 draft budget, budget related policies and tariffs to Council	OpEx	N/A	Achieved Timeous Tabling of 2025/2026 draft budget and budget related policies and tariffs to Council	N/A	N/A	2025/2026 draft budget, budget related policies and tariffs and Council resolution	Timeous Tabling of 2026/2027 draft budget and budget related policies and tariffs to Council by the 31 March 2026	5S
Compliance with legislative requirements	To ensure adherence to legislative requirement	Timeous submission of 2024/2025 final budget, Related Policies and tariffs to Council	Timeous submission of 2024/2025 final budget, Related Policies and tariffs to Council	None	Timeous submission of 2025/2026 final budget, Related Policies and tariffs to Council by 31 May 2025	Output	4	Timeous submission of 2025/2026 final budget, Related Policies and tariffs to Council	OpEx	N/A	Achieved Timeous submission of 2025/2026 final budget, Related Policies and tariffs to Council	N/A	N/A	2025/2026 budget, Related Policies and Council resolution	Timeous submission of 2026/2027 final budget, Related Policies and Council tariffs to Council by 31 May 2026	5T
Ensure establishment of fully fledged SCM unit to deal with all components of the SCM policy	To ensure adherence to legislative requirement	New	4 supply chain management reports submitted to the office of the Mayor by 30 June 2024	None	4 supply chain management reports submitted to the office of the Mayor by 30 June 2025	Output	3	Number of supply chain management reports submitted to the office of the Mayor	OpEx	N/A	Achieved 4 supply chain management reports submitted to the office of the Mayor	N/A	N/A	Report	4 supply chain management reports submitted to the office of the Mayor by 30 June 2026	5U
Effective financial management	To ensure effective financial management	12 Bank reconciliation prepared	12 Bank reconciliations prepared	None	12 Bank reconciliations prepared within 20 Days of the following month by 30 June 2025	Output	3	Number of bank reconciliations prepared within 20 Days of the following month	OpEx	N/A	Achieved 12 Bank reconciliations prepared within 20 Days of the following month	N/A	N/A	Signed Bank reconciliatio n	12 Bank reconciliations prepared within 20 Days of the following month by 30 June 2026	5V
Effective assets management	To ensure effective assets management	1 Annual asset reconciliation prepared between General ledge and the Asset register	1 Annual asset reconciliation prepared between General ledge and the Asset register	None	1 Asset reconciliation prepared between General ledge and the Asset register by 30 August 2024 and March 2025	Output	5	Number of Asset reconciliation prepared between General ledge and the Asset register	OpEx	N/A	Achieved 1 Asset reconciliation prepared between General ledge and the Asset register	N/A	N/A	Report and annual asset register	1 Asset reconciliation prepared between General ledge and the Asset register by 30 August 2024 and March 2026	5W

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Municipal Financial Management and Financial Viability																	
KPA		The administrative and financial capabilities of municipalities are enhanced															
Functional Area / Development priorities	Outcome 9	Output 6	Strategic Objective	Baseline 2023/2024			KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annex ure
				Current status	Demand	Backlog											
Effective financial management			To ensure effective financial management	New	100% contracts performance monitored per department	None	Output	3	% contracts performance monitored per department	OpEx	N/A	Achieved 100% contracts performance monitored per department	N/A	N/A	Assessment Report	100% contracts performance monitored per department by 30 June 2026	5AC

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f) KEY PERFORMANCE AREA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Good Governance and Public Participation																		
KPA	The administrative and financial capabilities of municipalities are enhanced																	
Outcome 9	Output 6	Strategic Objective		Baseline 2023/2024			Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure
Functional Area / Development priorities				Current status	Demand	Backlog												
Ensuring submission of PMS Reports and Conducting reviews		Ensure that PMS Reports are submitted on time and Reviews conducted		Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	None	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	Output	2	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	OpEx	N/A	Achieved Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 10 Days after the end of each Quarter	N/A	N/A	Quarterly report and electronic PMS system dashboard	Timeous submission of accurate PMS quarterly Reports and complete POE to the office of the Municipal Manager within 05 Days after the end of each Quarter	6A
Ensuring submission of PMS Reports and Conducting reviews		Ensure that PMS Reports are submitted on time and Reviews conducted		2023/2024 Mid-Term Report submitted to the Office of the Municipal Manager	Timeous submission of the Mid-Term Report to the Office of the Municipal Manager	None	Timeous submission of the 2024/2025 Mid-Term Report to the Office of the Municipal Manager	Output	2	Timeous submission of the 2024/2025 Mid-Term Report to the Office of the Municipal Manager	OpEx	N/A	Achieved Timeous submission of the 2024/2025 Mid-Term Report to the Office of the Municipal Manager	N/A	N/A	2024/2025 Mid-Term Report and electronic PMS system dashboard	Timeous submission of the 2025/2026 Mid-Term Report to the Office of the Municipal Manager by 20th January 2026	6B
Ensuring submission of PMS Reports and Conducting reviews		Ensure that PMS Reports are submitted on time and Reviews are conducted		New	4 Department Quarterly Performance Reviews performed	None	4 Department Quarterly Performance Reviews performed by 30 June 2025	Output	2	Number of Department Quarterly Performance Reviews performed	OpEx	N/A	Achieved 4 Department Quarterly Performance Reviews performed	N/A	N/A	Departmental Attendance register and Minutes	4 Department Quarterly Performance Reviews performed by 30 June 2026	6C
Ensuring submission of PMS Reports and		Ensure that PMS Reports are submitted		4 Municipal Quarterly Performance Reviews	4 Municipal Quarterly Performance Reviews	None	4 Municipal Quarterly Performance Reviews	Output	2	Number of Municipal Quarterly Performance Reviews	OpEx	N/A	Achieved 4 Municipal Quarterly	N/A	N/A	Attendance register and Minutes	4 Municipal Quarterly Performance Reviews	6D

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Good Governance and Public Participation

The administrative and financial capabilities of municipalities are enhanced

KPA	Outcome 9	Output 6	Baseline 2023/2024				Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure
Functional Area / Development priorities		Strategic Objective	Current status	Demand	Backlog													
Conducting reviews		on time and Reviews are conducted	performed	performed			performed by 30 June 2025	Output	2	Reviews performed			Performance Reviews performed				performed by 30 June 2026	
Providing structured and coherent approach in regular assessing and updating of Risk Management		To ensure effective Risk management	4 Risk Register Updates conducted per Department	4 Risk Register Updates conducted per each Department	None		4 Risk Register Updates conducted quarterly per Department by 30 June 2025	Output	2	Number of Risk Register Updates conducted quarterly per Department	OpEx	N/A	Achieved 4 Risk Register Updates conducted quarterly per Department	N/A	N/A	Updated Risk Register	4 Risk Register Updates conducted quarterly per Department by 30 June 2026	6E
Development and Review of the Performance Management		To achieve a clean audit opinion	Responses to Internal Auditor's Finding	Responses to Internal Auditor's Finding	Responses to Internal Auditor's Finding		Responses to Internal Auditor's Finding within 30 days after receiving the report	Output	2	Response to the Internal Auditor's Findings within 30 days after receipt of the report	OpEx	N/A	Achieved Responses to Internal Auditor's Finding within 30 days after receiving the report	N/A	N/A	Internal Audit Report and Management responses	Responses to Internal Auditor's Finding within 30 days after receiving the report	6F
Ensuring submission of PMS Reports and Conducting reviews		Ensure that PMS Reports are submitted on time and Reviews conducted	Timeous tabling of 2023/2024 Mid-Term Report by the 31 st January 2024	Timeous tabling of 2023/2024 Mid-Term Report by the 31 st January 2024	None		Timeous tabling of 2024/2025 Mid-Term Report by the 31 st January 2025	Output	2	Timeous tabling of 2024/2025 Mid-Term Report	OpEx	N/A	Achieved Timeous tabling of 2024/2025 Mid-Term	N/A	N/A	2024/2025 Mid-Term Report and Council resolution	Timeous tabling of 2025/2026 Mid-Term Report by the 31 st January 2026	6G
Ensuring submission of PMS Reports and Conducting reviews		Ensure that PMS Reports are submitted on time and Reviews conducted	Timeous submission of 2022/2023 Annual Performance Report to the Office of the Auditor General of south Africa	Timeous submission of 2022/2023 Annual Performance Report to the Office of the Auditor General of south Africa	None		Timeous submission of 2023/2024 Annual Performance Report to the office of Auditor General of	Output	2	Timeous submission of 2023/2024 Annual Performance Report to the office of Auditor General of	OpEx	N/A	Achieved Timeous submission of 2023/2024 Annual Performance Report to the office of Auditor General	N/A	N/A	2023/2024 Annual Performance Report and Acknowledgement letter	Timeous submission of 2024/2025 Annual Performance Report to the office of Auditor General of	6H

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Good Governance and Public Participation

The administrative and financial capabilities of municipalities are enhanced

KPA	Outcome 9	Output 6	Baseline 2023/2024			KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure
Functional Area / Development priorities	Strategic Objective	Current status	Demand	Backlog	Annual Performance Target 2024/2025											
Ensuring submission of PMS Reports and Conducting reviews	Ensure that PMS Reports are submitted on time and Reviews conducted	Timeous tabling of 2022/2023 Annual Report to council	Timeous tabling of 2022/2023 Annual Report to council	None	Timeous tabling of 2023/2024 Annual Report to council by 31 January 2025	Output	2	Timeous tabling of 2023/2024 Annual Report to council	OpEx	N/A	Achieved	N/A	N/A	2023/2024 Annual Report and Council resolution	Timeous tabling of 2024/2025 Annual Report to council by 31 January 2026	6I
Provision of effective Corporate Administration and Support	To provide Council Support Services	4 Portfolio Committee meetings coordinated	4 Portfolio Committee meetings coordinated	None	4 Portfolio Committee meetings coordinated by 30 June 2025	Output	2	Number of Portfolio Committee meetings coordinated	OpEx	N/A	Not Achieved	Poor planning and coordination	Develop a yearly meeting calendar	Attendance register and Minutes	4 Portfolio Committee meetings coordinated by 30 June 2026	6J
Development and review of the Integrated Development Plan	Execution of IDP Processes	Timeous submission of the 2024/2025, IDP Process Plan to Council	Timeous submission of the 2024/2025, IDP Process Plan to Council	None	Timeous submission of the 2025/2026 IDP Process Plan to Council by 30 August 2024	Output	2	Timeous submission of the 2025/2026 IDP Process Plan to Council	OpEx	N/A	Achieved	N/A	N/A	2025/2026 IDP process plan and Council resolution	Timeous submission of the 2026/2027 IDP Process Plan to Council by 30 August 2025	6K
Development and review of the Integrated Development Plan	Execution of IDP Processes	2 Strategic IDP Steering Committee meeting held	2 Strategic IDP Steering Committee meetings held	None	2 Strategic IDP/PMS Steering Committee meetings held by 30 June 2025	Output	2	Number of Strategic IDP/PMS Steering Committee meetings held	OpEx	N/A	Not Achieved	The administration advised the mayor, but it could not materialize	To create a platform where we engage on legislative compliance	Attendance register and Minutes	2 Strategic IDP/PMS Steering Committee meetings held by 30 June 2026	6L
Development and review of the Integrated Development Plan	Execution of IDP Processes	1 IDP Rep Forum meeting convened	1 IDP Rep Forum meetings convened	None	1 IDP Rep Forum meetings convened by 30 June 2025	Output	2	Number IDP Rep Forum Meetings Convened	OpEx	N/A	Not Achieved	Due to financial constraints	To source alternative funding in the next financial year	Attendance register and Minutes	1 IDP Rep Forum meetings convened by 30 June 2026	6M
Development and review of the Integrated Development Plan	Execution of IDP	Timeous tabling of the 2024/2025	Timeous tabling of the 2024/2025	None	Timeous tabling of the 2025/2026	Output	2	Timeous tabling of the 2025/2026	OpEx	N/A	Achieved	N/A	N/A	2025/2026 Draft IDP and Council	Timeous tabling of the 2026/2027	6N

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Good Governance and Public Participation

The administrative and financial capabilities of municipalities are enhanced

KPA	Outcome 9	Output 6	Baseline 2023/2024				KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure
			Current status	Demand	Backlog	Annual Performance Target 2024/2025											
Functional Area / Development priorities	the Integrated Development Plan	Strategic Objective	Processes	Draft IDP to Council		Draft IDP to Council by 31 March 2025			Draft IDP to Council			of the 2025/2026 Draft IDP to Council			resolution	Draft IDP to Council by 31 March 2026	
				Timeous submission of the 2024/2025 Final IDP to Council for adoption	None	Timeous submission of the 2025/2026 Final IDP to Council for adoption by 31 May 2025	2	Timeous submission of the 2025/2026 Final IDP to Council for adoption	OpEx	N/A	Achieved	Timeous submission of the 2025/2026 Final IDP to Council for adoption	N/A	N/A	2025/2026 Final IDP and Council resolution	Timeous submission of the 2026/2027 Final IDP to Council for adoption by 31 May 2026	6O
				100% implementation of Spatial Planning and Land Use Management	None	100% implementation of Spatial Planning and Land Use Management by 30 June 2025	2	% implementation of Spatial Planning and Land Use Management	OpEx	N/A	Achieved	100% implementation of Spatial Planning and Land Use Management	N/A	N/A	Report	100% implementation of Spatial Planning and Land Use Management by 30 June 2026	6P
				1 Community Based Planning meeting conducted	None	1 Community Based Planning meeting conducted by 31 December 2024	2	Number of Community Based Planning meeting conducted	R300 000	R0	Not Achieved	0 Community Based Planning meeting conducted	Due to financial constraints	To source alternative funding in the next financial year	Attendance Register and Report	1 Community Based Planning meeting conducted by 31 December 2025	6Q
Mayoral Outreach program	Good governance and public participation	Good governance and public participation	1 Mayoral IDP and Budget Consultations	1 Mayoral IDP and Budget Consultations	None	1 Mayoral IDP and Budget Consultations by 31 May 2025	2	Number of Mayoral IDP and Budget Consultations	R1 400 000	R651 450.00	Achieved	1 Mayoral IDP and Budget Consultations	N/A	N/A	Attendance Register and Report	1 Mayoral IDP and Budget Consultations by 31 May 2026	6R
				Reviewed 2023/2024 PMS policy framework	None	Reviewed 2024/2025 PMS policy framework by 30 June 2025	2	Reviewed 2024/2025 PMS policy framework	OpEx	N/A	Achieved	Reviewed 2024/2025 PMS policy framework	N/A	N/A	PMS Policy Framework and Council resolution	Reviewed 2026/2027 PMS policy framework by 30 June 2026	6S

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Good Governance and Public Participation

The administrative and financial capabilities of municipalities are enhanced

KPA	Outcome 9	Output 6	Strategic Objective	Baseline 2023/2024			KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure
				Current status	Demand	Backlog											
Performance Management	Performance Management	Development of SDBIP document	Development of SDBIP document	Developed 2024/2025 Draft SDBIP	Developed 2024/2025 SDBIP	None	Output	2	Development of 2025/2026 Draft SDBIP	OpEx	N/A	Achieved Development of 2025/2026 Draft SDBIP	N/A	N/A	2025/2026 Draft SDBIP and Council resolution	Development 2026/2027 Draft SDBIP by 31 March 2026	6T
				Development of 2024/2025 Final SDBIP	Development of 2024/2025 Final SDBIP	None	Output	2	Development of 2025/2026 Final SDBIP	OpEx	N/A	Achieved Development of 2025/2026 Final SDBIP	N/A	N/A	2025/2026 Final SDBIP	Development of 2026/2027 Final SDBIP by 30 June 2026	6U
				7 Performance Agreements signed by Senior Managers	9 Performance Agreements signed by Senior Managers	None	Output	2	Number of Performance Agreements Signed by Senior Managers	OpEx	N/A	Achieved 6 Performance Agreements Signed by Senior Managers	N/A	N/A	Performance Agreements Signed by Senior Managers	6 Performance Agreements Signed by Senior Managers by 31 st July 2025	6V
Performance Management	Performance Management	Development of SDBIP document	Development of SDBIP document	7 Performance Agreements signed by Senior Managers	9 Performance Agreements signed by Senior Managers	None	Output	2	Number of Performance Agreements Signed by Senior Managers	OpEx	N/A	Achieved 6 Performance Agreements Signed by Senior Managers	N/A	N/A	Reviewed Performance Agreements Signed by Senior Managers	6 Reviewed Performance Agreements Signed by Senior Managers by 31 st July 2025	6W
				7 Performance Agreements signed by Senior Managers	9 Performance Agreements signed by Senior Managers	None	Output	2	Number of Performance Agreements Signed by Senior Managers	OpEx	N/A	Achieved 6 Performance Agreements Signed by Senior Managers	N/A	N/A	Reviewed Performance Agreements Signed by Senior Managers	6 Reviewed Performance Agreements Signed by Senior Managers by 31 st January 2026	6X
				New	1 Senior Managers' performance assessment performed	None	Output	2	Number of Senior Managers' performance assessment performed	OpEx	N/A	Not Achieved 0 Senior Managers' performance assessment performed	Lack of clear, quantifiable metrics to assess senior managers' performance effectively	Performance assessment of the senior managers to be achieved in the next financial year	Performance Assessment Report	1 Senior Managers' performance assessment performed by 30 June 2026	
Performance Management	Performance Management	Line Managers' performance assessment performed	Line Managers' performance assessment performed	New	4 Line Managers' performance assessment performed by 30 June 2024	None	Output	2	Number of Line Managers' performance assessments performed	OpEx	N/A	Not Achieved 0 Line Managers' performance assessments performed	Awaiting finalization of the employee job descriptions	To be implemented in the next financial year	Performance Assessment Report	4 Line Managers' performance assessments performed by 30 June 2026	6Y
				New	4 Line Managers' performance assessment performed by 30 June 2024	None	Output	2	Number of Line Managers' performance assessments performed	OpEx	N/A	Not Achieved 0 Line Managers' performance assessments performed	Awaiting finalization of the employee job descriptions	To be implemented in the next financial year	Performance Assessment Report	4 Line Managers' performance assessments performed by 30 June 2026	
				100% contracts performance monitored per department	100% contracts performance monitored per department	None	Output	2	% contracts performance monitored per department	OpEx	N/A	Achieved 100% contracts performance monitored per	N/A	N/A	Assessment Report	100% contracts performance monitored per department	6Z

Chapter 3

Good Governance and Public Participation																		
Outcome 9			The administrative and financial capabilities of municipalities are enhanced															
Functional Area / Development priorities	Strategic Objective	Baseline 2023/2024			Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure		
		Current status	Demand	Backlog														
					the 30 June 2025						department				by the 30 June 2026			
Development of Newsletter	Good governance and public participation	2 Municipal newsletters published	3 Municipal newsletters published	3 Municipal newsletters published	2 Municipal newsletters published by 30 June 2025	Output	2	Number of municipal newsletters published	R100 000	R0	Achieved	N/A	N/A	Municipal newsletter	2 Municipal newsletters published by 30 June 2026	6AA		
Good governance and public participation	To encourage public participation	168 Ward committee meetings coordinated	168 Ward committee Meetings coordinated	None	168 Ward Committee Meetings coordinated by 30 June 2025	Output	2	Number of Ward Committee meetings coordinated	R2 700 000	R1 843 225	Not Achieved	Minutes were not submitted to the Speaker's Office	Develop a schedule of ward and public meetings in order for councillors to submit and remind them to submit in time	Attendance register and Minutes	168 Ward Committee Meetings coordinated by 30 June 2026	6AB		
Good governance and public participation	To encourage public participation	47 Ward Public Meetings	120 Ward Public Meetings	73 Ward Public Meetings	168 Ward Public Meetings coordinated by 30 June 2025	Output	2	Number of Ward Public meetings coordinated	OpEx	N/A	Not Achieved	Minutes were not submitted to the Speaker's Office	Develop a schedule of ward and public meetings in order for councillors to submit and remind them to submit in time	Minutes and Attendance register	168 Ward Public Meetings coordinated by 30 June 2026	6AC		
Good governance and public participation	To encourage public participation	4 Ward Committee Forum Meetings Held	4 Ward Committee Forum Meetings Held	None	4 Number of Ward Committee Forum meetings Held by 30 June 2025	Output	2	Number of Ward Committee Forum meetings Held	R300 000	R28 500	Not Achieved	Due to financial constraints	To source alternative funding in the next financial year	Minutes and Attendance register	4 Number of Ward Committee Forum meetings Held by 30 June 2026	6AD		
To perform an oversight function and promote transparency	Improved level of corporate governance and compliance through efficient and effective standards, practices	1 Oversight public consultation on the Annual Report held	1 Oversight public consultation on the Annual Report held	None	1 Oversight public consultations on the Annual Report held by 31 March 2025	Output	2	Number of Oversight public consultations on the Annual Report held	R757 000	R282 480.0	Achieved	N/A	N/A	Attendance Register and Report	1 Oversight public consultations on the Annual Report held by 31 March 2026	6AE		

Chapter 3

Good Governance and Public Participation

The administrative and financial capabilities of municipalities are enhanced

KPA	Outcome 9	Output 6	Baseline 2023/2024				Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure
Functional Area / Development priorities		Strategic Objective	Current status	Demand	Backlog													
To perform an oversight function and promote transparency		Improved level of corporate governance and compliance through efficient and effective standards, practices and systems	Timeous tabling of the 2022/2023 Oversight Report to Council for approval	Timeous tabling of the 2022/2023 Oversight Report to Council for approval	None		Timeous tabling of the 2023/2024 Oversight Report to Council for approval by 31 March 2025	Output	2	Timeous tabling of the 2023/2024 Oversight Report to Council for approval	OpEx	N/A	Not Achieved Timeous tabling of 2023/2024 Oversight Report to Council for approval	Due to the late submission of the Annual Financial Statements, the tabling to the council of the 2023/24 Annual Report has been delayed	Oversight Report to be tabled in the next financial year	2023/2024 Oversight report tabled to Council for approval	Timeous tabling of the 2024/2025 Oversight Report to Council for approval by 31 March 2026	6AF
To perform an oversight function and promote transparency		Improved level of corporate governance and compliance through efficient and effective standards, practices and systems	Timeous submission of the 2022/2023 oversight report to the Legislature and Auditor General of South Africa within seven (7) days after adoption	Timeous submission of the 2022/2023 oversight report to the Legislature and Auditor General of South Africa within seven (7) days after adoption	None		Timeous submission of the 2023/2024 oversight report to the Legislature and Auditor General of South Africa within seven (7) days after adoption by 30 June 2025	Output	2	Timeous submission of the 2023/2024 oversight report to the Legislature and Auditor General of South Africa within seven (7) days after adoption	OpEx	N/A	Not Achieved Timeous submission of the 2023/2024 oversight report to the Legislature and Auditor General of South Africa within seven (7) days after adoption	Due to the late submission of the Annual Financial Statements, the tabling to the council of the 2023/24 Annual Report has been delayed	1 Oversight Report to be submitted in the next financial year	Acknowledgement Letter	Timeous submission of the 2024/2025 oversight report to the Legislature and Auditor General of South Africa within seven (7) days after adoption by 30 June 2026	6AG
To perform an oversight function and promote transparency		Improved level of corporate governance and compliance through efficient and effective standards, practices and systems	2 MPAC quarterly reports submitted to Council	2 MPAC quarterly reports submitted to Council	None		4 MPAC quarterly reports per plan submitted to Council by 30 June 2025	Output	2	Number of MPAC quarterly reports per plan submitted to Council	OpEx	N/A	Not Achieved 2 MPAC quarterly reports per plan submitted to Council	MPAC Committee did not sit to note the report	Report to be achieved in the 1st quarter of 2025/2026	Report and Council Resolution	4 MPAC quarterly reports per plan submitted to Council by 30 June 2026	6AH

Chapter 3

Good Governance and Public Participation																		
Outcome 9		The administrative and financial capabilities of municipalities are enhanced																
KPA	Output 6	Strategic Objective	Baseline 2023/2024			Annual Performance Target 2024/2025	KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure	
Functional Area / Development priorities			Current status	Demand	Backlog													
		effective standards, practices and system																
To promote customer feedback		To facilitate effective relationship between the Municipality and the public	100% queries Or Complaints registered to within 7 days after the reported incident date	100% queries Or Complaints registered to within 7 days after the reported incident date	None	100% Queries or Complaints registered within 7 working days after the reported incident date by 30 June 2025	Output	2	% Queries or Complaints registered within 7 working days after the reported incident date	OpEx	N/A	Achieved 100% Queries or Complaints registered within 7 working days after the reported incident date	N/A	N/A	Complaints register and Report	100% Queries or Complaints registered within 7 working days after the reported incident date by 30 June 2026	6AI	
To promote customer feedback		To facilitate effective relationship between the Municipality and the public	Queries or Complaints responded to within 30 days after the reported incident date	Queries or Complaints responded to within 30 days after the reported incident date	None	Queries or Complaints responded to within 30 days after the reported incident date	Output	2	Queries or Complaints responded to within 30 days after the reported incident date	OpEx	N/A	Achieved Queries or Complaints responded to within 30 days after the reported incident date	N/A	N/A	Complaints register and Report	Queries or Complaints responded to within 30 days after the reported incident date	6AJ	
Advocacy for the rights of the elderly, children and persons with disability		To support people with disabilities	4 Disability Program Supported per plan	4 Disability Program Supported per plan	None	4 Disability Programs Supported per plan by 30 June 2025	Output	2	Number of Disability Program Supported per plan	R400 000	R0	Achieved 4 Disability Programs Supported per plan	N/A	N/A	Report, attendance register	4 Disability Programs Supported per plan by 30 June 2026	6AK	
To promote youth development		To harness the potential of young people to enable them to play a meaningful role in society	4 Youth development Programs supported per plan	4 Youth development Programs supported per plan	None	4 Youth development Programs supported per plan by 30 June 2025	Output	2	Youth Development Programs supported per plan	R915 000	R0	Achieved 7 Youth development Programs supported per plan	Overachievement was due to collaboration and partnership with sector department	N/A	Report, attendance register	4 Youth development Programs supported per plan by 30 June 2026	6AL	

Chapter 3

Good Governance and Public Participation

The administrative and financial capabilities of municipalities are enhanced

KPA	Outcome 9	Output 6	Strategic Objective	Baseline 2023/2024			KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure
				Current status	Demand	Backlog											
	Functional Area / Development priorities																
	To promote youth development	To take a Girl Child to a practical Work Environment		20 Girl Child taken to practical work Environment	20 Girl Child taken to practical work Environment	None	Output	2	Number of Children taken to practical work environment	R90 000	R0	Achieved 20 Children taken to practical work Environment	N/A	N/A	Report, attendance register	20 Children taken to practical work Environment by 30 June 2026	6AM
	Training	To improve organization al cohesion and effectiveness		100 bursaries allocated to qualifying community members	75 bursaries allocated to qualifying community members	None	Output	3	Number of bursaries allocated to qualifying community members	R2 000 000	R0	Not Achieved 0 bursaries allocated to qualifying community members	Due to financial constraints	To source alternative funding in the next financial year	Bursary report and Letters to beneficiaries	Moved to Department of Corporate Services	6AN
	Promote education	To motivate and support Top Grade 12 Achievers with necessary study equipment		1 Grade 12 Top Achievers award ceremony held	1 Grade 12 Top Achievers award ceremony held	None	Output	2	Number of Grade 12 Top Achievers award ceremony held	R460 000	R0	Not Achieved 0 Grade 12 Top Achievers award ceremony held	Due to financial constraints	To source alternative funding in the next financial year	Report, attendance register and Invoice	1 Grade 12 Top Achievers award ceremony held by 31 March 2026	6AO
	To develop and promote Community Based Organizations	To support different organisation s within the community		9 NGO s/ CBO s and Moral regeneration programs supported per plan	9 NGO s/ CBO s and Moral regeneration programs supported per plan	None	Output	2	Number of NGO s/ CBO s and Moral regeneration programs supported per plan	R605 000	R0	Achieved 12 NGO s/ CBO s and Moral regeneration programs supported per plan	N/A	N/A	Report, attendance register	12 NGO s/ CBO s, Moral regeneration, and Social Cohesion programs supported per plan by 30 June 2026	6AP
	To develop and promote Community Based Organizations	To mobilize community s against social impacts of HIV/Aids		4 HIV/Aids Program Awareness supported per plan	4 HIV/Aids Program Awareness supported per plan	None	Output	2	Number of HIV/Aids Programs supported per plan	R225 000	R0	Not Achieved 2 HIV/Aids Programs supported per plan	Due to financial constraints	To source alternative funding in the next financial year	Report, attendance register	4 HIV/Aids Programs supported per plan by 30 June 2026	6AQ
	Advocacy for the rights of the elderly	To support the elderly within the community		12 interventions conducted to support	9 interventions conducted to support campaigns for	None	Output	2	Number of interventions conducted to support	R275 000	R0	Achieved 4 interventions conducted to	N/A	N/A	Report, attendance register	4 interventions conducted to support	6AR

Chapter 3

Good Governance and Public Participation

The administrative and financial capabilities of municipalities are enhanced

KPA	Outcome 9	Output 6	Strategic Objective	Baseline 2023/2024			KPI TYPE	%	Key Performance Indicators	Budget	Expenditure	Actual Performance	Reason for under/over performance	Remedial Action	POE	Annual Performance Target 2025/2026	Annexure
				Current status	Demand	Backlog											
				campaigns for advocacy of elderly rights, violence against women, children, LGBT+	advocacy of elderly rights, violence against women, children, LGBT+				campaigns for advocacy of elderly rights			support campaigns for advocacy of elderly rights				campaigns for advocacy of elderly rights by 30 June 2026	
	Advocacy for the rights of the women	To support the women within the community		12 interventions conducted to support campaigns for advocacy of elderly rights, violence against women, children, LGBT+	9 interventions conducted to support campaigns for advocacy of elderly rights, violence against women, children, LGBT+	None	Output	2	Number of interventions conducted to support campaigns for advocacy of violence against women and LGBTQIA+	R305 000	R0	Not Achieved 3 interventions conducted to support campaigns for advocacy of violence against women and LGBTQIA+	Due to financial constraints	To source alternative funding in the next financial year	Report, attendance register	4 interventions conducted to support campaigns for advocacy of violence against women and LGBTQIA+	6AS
	Advocacy for the rights of the women	To harness the potential of young people to enable them to play a meaningful role in society		12 interventions conducted to support campaigns for advocacy of elderly rights, violence against women, children, LGBT+	9 interventions conducted to support campaigns for advocacy of elderly rights, violence against women, children, LGBT+	None	Output	2	Number of interventions conducted to support campaigns for advocacy of children	R330 000	R76 245.00	Achieved 10 interventions conducted to support campaigns for advocacy of children	Overachievement was due to the Thutisa Lerole	N/A	Report, attendance register	N/A	6AT
	Making a difference in various villages	Support to Community Matsema		4 Community initiated Matsema supported per plan	4 Community initiated Matsema supported per plan	None	Output	2	Number of Community initiated Matsema supported per plan	R650 000	R49 480	Achieved 4 Community initiated Matsema supported per plan	N/A	N/A	Report, attendance register	4 Community initiated Matsema supported per plan by 30 June 2026	6AU
	Providing decent burials to disadvantaged families	To support needy families		100% Pauper Funerals assisted per request	100% Pauper Funerals assisted per request	None	Output	2	% Pauper Funerals assisted per request	R300 000	R214 400.25	Achieved 100% Pauper Funerals assisted per request	N/A	N/A	Report and Invoice	100% Pauper Funerals assisted per request by 30 June 2026	6AV

Chapter 3

Annual PMS Summary Report – 2024/2025

No	Key Performance Area	Total KPI's	KPI's achieved		KPI's not achieved	
1	Corporate Services	35	25	71%	10	29%
2	Basic Services	19	15	79%	4	16%
3	Community Services	15	11	73%	4	27%
4	Local Economic Development, Agriculture and Tourism	17	8	47%	9	53%
5	Budget and Treasury Office	29	22	76%	7	24%
6	Planning and Development	48	32	67%	16	33%
Overall municipal performance		163	113	69%	50	31%

Chapter 3

Service Providers' Strategic Performance

In terms of Section 76(b) of the Municipal System Act, 2000 (Act No. 32 of 2000), municipal services can be rendered by entering into a Service Delivery Arrangement with an external service provider. The Municipality is responsible for monitoring and evaluating the execution of the agreement, including the performance of the service provider in compliance with Section 41 of the Municipal Systems Act, 32 of 2000.

The performance of service providers that have been selected to provide assistance in the provision of a municipal service, otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies, is required, by section 116 of the Municipal Finance Management Act, to be monitored and reported on. Contained hereunder is the list of external service providers used in the 2024/2025 financial year and the assessment of their performance:-

ANNUAL PERFORMANCE ASSESSMENT OF SERVICE PROVIDERS FOR FINANCIAL YEAR 2024/2025												
No	Project name	Name of Service provider	Source of funding	Start date	Completion date	Progress to date	Challenges and interventions	Assessment of the service provider				Assessment comments
								(Scale 1-5) 1 - Poor 2 - Fair 3 -				
								Average 4 - Good 5 - Excellent				
								Q 1	Q 2	Q 3	Q 4	
1	High mast lights	BVI Consulting Engineers	MIG	01/07/2024	30/06/2025	98%	None	4	4	3	5	Satisfactory
2	High mast lights	018 Bokamoso & Agroevolution	MIG	01/07/2024	30/06/2025	98%	Strikes	4	4	3	4	Satisfactory
3	High mast lights	Tebo 5260 Trading & Lethando Engineering	MIG	01/07/2024	30/06/2025	100%	Dispute	4	4	3	4	Satisfactory
4	Kudungwane internal roads	Dikelellong Project Managers	MIG	03/12/2024	03/10/2025	45%	None	5	5	4	5	Satisfactory
5	Kudungwane internal roads	SM Construction & Mmanyane	MIG	03/12/2024	03/10/2025	45%	None	0	0	2	3	Poor construction Management
6	Sports Facility	Tiki Architect	MIG	01/07/2024	20/06/2026	100%	None	5	5	2	4	Site establishment
7	EEDSM	Energy Dots	DMRE	01/07/2024	30/06/2025	100%	None	5	5	5	5	Satisfactory
8	Sports Facility	SM Construction & Mmanyane	MIG	20/06/2025	30/06/2026	2%	None	0	0	2	4	Site establishment
9	Provision of a performance management system	IGS	Operational budget	01/10/2023	30/09/2026		None	4	4	4	4	Satisfactory

Chapter 3

10	Rental of Photocopiers	Mchriben (PTY) LTD	Operational budget	01/08/2023	31/07/2026		None	4	4	4	4	4	Satisfactory
11	ICT Support	IR Tech JV Agapet Solution	Operational budget	08/09/2022	30/06/2025		None	5	5	5	5	5	Satisfactory
12	Biometrics	Kelello Consortium	Operational budget	08/09/2022	30/06/2025		On Hold	5	5	5	1	1	Under investigation
13	AFS Review	Maine Management & CA Inc	Operational budget	20/09/2023	30/09/2026		None	4	4	4	4	4	Satisfactory
14	Bitsware (Pty) Ltd	Bitsware (Pty) Ltd	Operational budget	26/07/2023	25/07/2026		None	5	5	5	5	5	Satisfactory
15	OS Holdings Proprietary Limited	OS Holdings Proprietary Limited	Operational budget	08/08/2024	08/08/2026		Incorrect mapping of accounts	4	4	4	4	4	Satisfactory

Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION

Human Resources provide the bedrock for support of the broad workforce and are vital to the achievement of objectives set by an organization. Municipality further needs to strengthen internal controls and policy framework to ensure that there is support, and supervision of the workforce to ensure that the institution is geared towards the attainment of its set objectives.

Chapter 4

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employee s					
Description	2023/2024	2024/2025			
	Appointed Employees	Approved and budgeted Posts	Appointed Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Roads, Storm Water and Sanitation	5	5	5	0	0.
Electricity	6	6	6	0	0
Waste Management	0	0	0	0	0
Housing	0	1	0	1	0
Planning	2	3	2	1	33%
Local Economic Development	6	7	6	1	14%
Community & Social Services	13	19	13	6	32%
Environmental Protection	0	0	0	0	0
Health	0	0	0	0	0
Security and Safety	0	0	0	0	0
Sport and Recreation	0	0	0	0	0
Corporate Offices and Other	72	146	72	74	51%
Totals	104	187	104	83	44%
Vacancy Rate: 2024/2025					
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using full-time equivalents)	*Vacancies (as a proportion of total posts in each category)		
	No.	No.	%		
Municipal Manager	1	0	0.00		
CFO	1	0	0.00		
Other S57 Managers (excluding Finance Posts)	4	1	25%		
Other S57 Managers (Finance posts)	0	0	0.00		
Police officers	0	0	0.00		
Firefighters	0	0	0.00		
Senior management: Levels 16 (excluding Finance Posts)	19	7	37%		
Senior management: Levels 16 (Finance posts)	5	1	20%		
Highly skilled supervision: levels (excluding Finance posts)	0	0	0.00		
Highly skilled supervision: levels (Finance posts)	0	0	0.00		
Total	33	9	27%		

Chapter 4

Turn-over Rate			
Details	Total Appointments as of the beginning of the Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2023/2024	0	0	0%
2024/2025	2	4	3%

COMMENT ON VACANCIES AND TURNOVER:

Our current level of vacancies and employee turnover suggests potential challenges in attracting talent. The municipality has not filled all the critical posts, particularly section 56 or Senior Management. The high rate of vacancies and frequent turnover among senior municipal managers is both concerning and destabilizing. This trend can undermine the effectiveness of local governance, delay service delivery, and erode institutional knowledge. Senior managers play a critical role in strategic planning, financial oversight, and operational leadership. When these positions remain unfilled or experience high turnover, municipalities often struggle to maintain continuity and implement long-term projects.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Employees Bursary	100%	100%	31 May 2025
2	Community Bursary	100%	100%	31 May 2025
3	Recruitment, Selection and Appointments	100%	100%	31 May 2025
4	ICT	100%	100%	31 May 2025
5	Fleet Management	100%	100%	31 May 2025
6	Smoking	100%	100%	31 May 2025
7	HIV/AIDS	100%	100%	31 May 2025
8	Occupational Health and Safety	100%	100%	31 May 2025
9	Leave and Overtime	100%	100%	31 May 2025
10	Record Management	100%	100%	31 May 2025

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

The above HR policies were 100% reviewed during the 2024/2025 financial year.

Chapter 4

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion of employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	0	0	0%	0	0
Temporary total disablement	0	0	0%	0	0
Permanent disablement	0	0	0%	0	0
Fatal	0	0	0%	0	0
Total	0	0	0%	0	0

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employee	Estimated cost
	Days	%	No.	No.	Days	R' 000
Other	0	0	0	0	0	0
Technician & Professionals	0	0	0	0	0	0
Managers	0	0	0	0	0	0
MM and S57	0	0	0	0	0	0
Total	0	0%	0	0	0	0

COMMENT ON INJURY AND SICK LEAVE:

The municipality has established a Health and Safety Committee to deal with all risks and health hazards in the workplace.

Chapter 4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action Taken or Status of Case and Reasons Why not Finalised	Date Finalised
N/A	N/A	N/A	N/A	N/A

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and the Rand value of any loss to the Municipality	Disciplinary action taken	Date Finalised
During 2024/2025, the municipality has not recorded any case of Financial Misconduct.			

4.4 PERFORMANCE REWARDS

COMMENT ON PERFORMANCE REWARDS:

No performance rewards were awarded to any employees during 2024/2025.

Chapter 4

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Municipality is providing Bursaries to all Employees as a capacity development intervention, and further through the Works Skills Development Programme (WSP) for short courses.

Chapter 4

4.5 SKILLS DEVELOPMENT AND TRAINING

Management level	Gender	Employees in post as at 30 June 2025	Skills Matrix											
			Learnerships			Number of skilled employees required and actual as at 30 June 2025			Other forms of training			Total		
			Actual: End of 2022/2023	Actual: End of 2023/2024	2024/2025 Target	Actual: End of 2022/2023	Actual: End of 2023/2024	2024/2025 Target	Actual: End of 2022/2023	Actual: End of 2023/2024	2024/2025 Target	Actual: End of 2022/2023	Actual: End of 2023/2024	2024/2025 Target
MM and s57	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0	0	0	0	0
Councillors' senior officials and manager	Female	8	2	0	0	6	0	0	0	0	0	8	0	0
	Male	8	3	0	0	4	0	0	1	0	0	8	0	0
Technician and professional others	Female	9	0	0	0	9	0	0	0	0	0	9	0	0
	Male	5	0	0	0	5	0	0	0	0	0	5	0	0
	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	7	0	0	0	6	0	0	1	0	0	7	0	0
	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	Female	17	2	0	0	15	0	0	0	0	0	17	0	0
	Male	20	3	0	0	15	0	0	2	0	0	20	0	0
Total		37	5	0	0	30	0	0	9	0	0	37	0	0

Chapter 5

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Accounting officer	1	0	1	1	1	1
Chief financial officer	1	0	1	1	1	1
Senior managers	1	0	1	1	1	1
Any other financial officials	7	0	7	7	7	7
Heads of supply chain management units	1	0	1	1	1	1
Supply chain management senior managers	1	0	1	1	1	1
TOTAL	12	0	12	12	12	12

Chapter 5

Skills Development Expenditure										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on Skills Development as at 2024/2025							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female				500 000				500 000	
	Male									
Legislators, senior officials and managers	Female			116 000		20 410.00				136 410.00
	Male			174 000		30 420.00		2 045.42		206 465.42
Professionals	Female					15 438.00				15 438.00
	Male					5 721.00				5 721.00
Technicians and associate professionals	Female					41 988.00				41 988.00
	Male					17 294.00				17 294.00
Other	Female									
	Male					59 700		1 500		61 200
Sub total	Female			116 000		77 836.00				193 836.00
	Male			174 000		113 135.00				290 680.42
Total		0	500 000	290 000	500 000	190 971.00	0	3 545.42	500 000	484 516.42
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									***	*R

Chapter 5

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Section 66 of the MSA states that the Accounting Officer of a Municipality must report to the Council on all expenditure incurred by the Municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

The Municipality is in a rural area, thus it is difficult to attract and retain qualified staff. Moreover, with the small income, as most people in the municipal jurisdiction are indigents, the salary bill ratio is high. Thus, the Organisational structure must be carefully managed. It is against this that many posts have been frozen so as not to put unnecessary financial pressure on the budget.

The Municipality had a high turnover due to stringent consequence management being applied, but other than that, staff turnover has been consistent.

The municipality has put aside R450 000 to train its employees through WSP and also budgeted R300 000 to provide employees with bursaries for the municipality to comply with MFMA competency regulation.

4.6 EMPLOYEE EXPENDITURE

NUMBER OF EMPLOYEES WHOSE SALARIES WERE INCREASED DUE TO THEIR POSITIONS BEING UPGRADED

None

EMPLOYEES WHOSE SALARIES LEVEL EXCEED THE GRADE DETERMINED BY JOB EVALUATION

None

EMPLOYEES APPOINTED TO POSTS NOT APPROVED

None

COMMENT ON THE UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE

No posts were upgraded during the year under review.

DISCLOSURES OF FINANCIAL INTERESTS

A Declaration of Interest was circulated to all employees of the municipality and CIPRO search was performed. No related party transaction occurred between the Municipality and its Key Management.

Chapter 5

COMMENT ON WORKFORCE EXPENDITURE

Workforce expenditure is a major part of the operational expenditure of the Kagisano Molopo Local Municipality. As it is mostly a fixed cost, proper planning and assessment of post requirements are necessary to make sure that the best available personnel are employed to meet the mandate of the municipality in service delivery to the community, as well as obtaining its objectives.

The remuneration part of the employment costs is determined through the bargaining council and, therefore out of our hands. Three variables that we have to keep monitoring and controlling are the vacancy rate, employee performance, and overtime paid.

The Municipality has workshopped a new Performance Development Management System policy, and will cascade it down after finalization of job descriptions, which will ensure performance assessments and evaluate if officials achieve value for money.

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

5.1 Statement of Financial Performance	2025 (R)	2024 (R)	Analysis
Total revenue	238,257,890	234 852 288.00	2.8%
Total expenditure	223,846,581	- 319,480,760	-29.9%
Fair value adjustment	1 065 906	217 280.00	79%
Loss on disposal of assets and liabilities	(2 398 386)	0	100%
Reversal of impairments/ (Impairment loss)	10 979 957	-81 322	134%

The municipality's overall surplus increased by R63 541 554, this is due to a decrease in expenditure which emanates from cost containment strategies implemented by the municipality

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The financial statements presented in this report are presented on the basis that the municipality is a going concern. The principles of GRAP have been taken into consideration when preparing these annual financial statements. The annual financial statements have been prepared by both the consultant appointed and the finance personnel, and later reviewed by the audit committee and a consultant. Analyzing the financial position of the municipality as outlined in the statement of financial position, in the annual financial statements, the municipality is still financially viable.

The statement of financial performance, as included in the annual financial statements, presented negative results. The detailed statement of financial performance will be included in the financial statements. The highest cost driver for the municipality remains personnel costs.

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

5.1 Statement of Financial Performance	2025 (R)	2024 (R)	Analysis
Total revenue	238,257,890	234 852 288.00	2.8%
Total expenditure	223,846,581	- 319,480,760	-29.9%
Fair value adjustment	1 065 906	217 280.00	79%
Loss on disposal of assets and liabilities	(2 398 386)	0	100%
Reversal of impairments/ (Impairment loss)	10 979 957	-81 322	134%

5.2 GRANTS

5.2 GRANTS	2025 (R)	2024 (R)	Analysis
Operational grants	R 167 037 013	R 155 727 599	7%
Capital grants	R 29 802 000	R 26 577 020.00	12%
Total grants	196 839 013	182 304 619	19%

COMMENT ON OPERATING TRANSFERS AND GRANTS:

Operational grants increased by 7% in the 2024/2025 financial year and all the grants were utilized. Compared to operational grants, the allocation of capital grants increased by 12% in the 2024/2025 financial.

Chapter 5

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT			
5.3 Asset management	2025 (R)	2024 (R)	Analysis
Land	1 824 099.00	R 1 824 099.00	0%
Buildings	58 357 074	R 59 386 193.00	1%
Infrastructure	292 976 878	R 282 273 336.00	4%
Community	208 426 003	R 202 400 792.00	3%
Other PPE	10 370 144	R 12 020 203.00	-13%
Landfill site asset	32 029 936	R 35 662 576.00	-10%
Total Carrying value PPE	603 984 134	594 206 863	1.6%

The overall total carrying value for Property, Plant, and Equipment only moved slightly by 1.6%. This is due to a reduction in the carrying value of other PPE and landfill site assets. Although there's an increase in infrastructure, and buildings, the overall movement of Property, Plant, and Equipment is not significant.

Chapter 5

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The overall total carrying value for Property, Plant, and Equipment only moved slightly by 0.32%. This is due to a reduction in the carrying value of community assets and landfill site assets. Although there's an increase in other PPE, infrastructure, and buildings, the overall movement of Property, Plant, and Equipment is not significant as it reflects a factual movement of R1 916 474.

There were no assets disclosed in the 2023/2024 financial year. Conditional assessments were conducted as of 30 June 2024 and no assets were deemed to be impaired and this is reflected by the overall impairment loss reversal of R25 269.

5.3.1 Repairs and Maintenance	2025	2024	Analysis
Repairs and maintenance	R 1 378 507	R 2 011 538	-32%
TOTAL	R 1 378 507	R 2 011 538	-32%

The total percentage spent on repairs and maintenance is 0.2% of the carrying value of assets. This is extremely lower than the 8% norm. The municipality does not have a maintenance plan in place.

Chapter 5

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

FINANCIAL RATIO ANALYSIS									
RATIO	CURRENT YEAR ACTUAL				PRIOR YEAR ACTUAL				MANAGEMENT'S CONSIDERATIONS
Current ratio:									
Current Assets	110 711.00	6	=	7%	060 111.00	6	=	6%	A slight improvement of 1 percentage point, but the ratio remains extremely low. The municipality's current assets still cover less than 10% of its short-term obligations, highlighting ongoing liquidity constraints
Current Liabilities	165 891.00	87			510 673.00	101			
Working capital Ratio:									
(Current Assets - Current Liabilities (Adj for Provisions))	642 952.00	-80	=	-12%	057 143.00	-95	=	-15%	The deficit narrowed by 3 points, indicating marginal progress in managing short-term assets and liabilities. However, working capital remains negative, meaning the municipality cannot meet its obligations without external assistance.
Total assets	834 050.00	654			940 271.00	643			

Chapter 5

[illegible]

Chapter 5

[illegible]

Chapter 5

[illegible]



Chapter 5

COMMENT ON FINANCIAL RATIOS:

COMMENT ON FINANCIAL RATIOS:

While certain financial indicators remain unfavorable, management concludes that Kagisano Molopo Local Municipality remains a going concern. The municipality continues to meet its obligations through equitable share funding, conditional grants, and improved financial management controls. Ongoing efforts to strengthen revenue collection, expenditure control, and governance stability are expected to gradually improve financial ratios and sustainability in the medium term.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

An amount of R37 838 150 was budgeted for capital projects in the 2025 financial year.

5.5 CAPITAL EXPENDITURE

A total of R29 802 000 was spent on capital expenditure which is 79% of the total budget. Capital expenditure relates to movable assets and infrastructure assets.

Chapter 5

5.6 SOURCES OF FINANCE

COMMENT ON SOURCES OF FUNDING:

Capital expenditure was funded from conditional grants... A total of R29 802 000 was spent on capital expenditure which is 79% of the total budget. Capital expenditure relates to movable assets and infrastructure assets.

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Project	Total
Implementation of solar (Photo VOLTAlC) high mast lights in various villages (Botsalano, Bona Bona, Tseoge, Setabeng Makabole) - Municipal Infrastructure Grant	R 4 498 134
Construction of Piet Plessis Sports Facility	R 7 711 109.93
Construction of Kudungwane internal roads and stormwater	R 11 899 947.49
Energizing of high-mast lights	R 4 000 000
Total	R 28 109 191.42

Chapter 5

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

No events or conditions were identified that cast significant doubt on the municipality's ability to continue as a going concern. The municipality's total assets exceed its total liabilities.

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus/(deficit) of R 526 118 338 and that the municipality's current liabilities exceed its current assets by R -81 055 182

We draw attention to the fact that at 30 June 2025, a material uncertainty exists regarding the ability of the municipality to continue as a going concern. These factors are listed below:

1. Suppliers are not paid within the legislative 30 days.
2. The provisions for rehabilitation of landfill sites and employee benefit provisions are not cash backed.
3. Slow collection and low recoverability of outstanding consumer accounts.
4. Unfavorable financial ratios.

Even though the above uncertainties exist regarding the municipality's ability to continue as a going concern, The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continues to procure funding for the ongoing operations of the municipality.

Furthermore, the municipality has embarked on implementing strategies which will strengthen its ability to continue as a going concern. The most significant of these is that the municipality is currently implementing a system to enhance revenue collection and cash flow by improving on the debt recoverability.

The municipality still has the ability to levy rates and taxes and will continue to receive funding from government as evident from the Equitable Share allocation in terms of the Division of Revenue Act.

Chapter 5

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Unit is established according to Section 111 of the MFMA, which states that the municipality has to adopt and implement the SCM Policy. Supply Chain Management System of the municipality provides a mechanism to ensure fair, equitable, transparent, competitive, and cost-effective procurement whilst promoting black economic empowerment.

The municipality developed and implemented the revised supply chain management policy adopted by the council on 31 May 2025 for the 2024/25 financial year. All supply chain management officials have the minimum prescribed levels required for their positions.

The municipality developed an audit action plan derived from the 2024/25 Auditor General Report and developed remedial actions to address the root causes identified. These remedial actions will be monitored regularly.

Non-compliance with supply chain management and contract management regulations was identified by the Auditor General.

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

The municipality ensured that the GRAP checklist was completed to ensure that all relevant disclosures as required by GRAP are appropriately and adequately disclosed in the annual financial statements.

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

Note: The Constitution S188 (1) states that the functions of the Auditor-General include the audit and reporting on the accounts, financial statements, and financial management of all municipalities. The Municipal System Act Section 45 states that the results of performance measurement must be audited annually by the Auditor General.

The Kagisano Molopo Local Municipality submitted the Annual Financial Statement on the 31st August 2025 in line with section 126 of the Municipal Finance Management Act for auditing by the Auditor General. The municipality will be audited from September until the end of 2025 and will receive the audit report from the auditor general in December.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2023/2024

6.1 AUDITOR GENERAL REPORTS 2023/2024 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance: Year 2023/2024

Kagisano Molopo Local Municipality received the adverse audit opinion for 2023//2024. Please refer to the 2023/2024 Audit Action Plan on pages 305 to 316.

Auditor-General Report on Service Delivery Performance: Year 2023/2024

Kagisano Molopo Local Municipality received the adverse audit opinion for 2023//2024. Please refer to the 2023/2024 Audit Action Plan on pages 305 to 316.

Chapter 6

COMPONENT B: AUDITOR-GENERAL OPINION 2024/2025 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT 2024/2025

COMMENTS ON AUDITOR-GENERAL'S OPINION 2024/2025

The municipality has received a qualified audit opinion from the Office of the Auditor General for the year 2024/2025. The municipality is working tirelessly to address these findings before the end of the 2024/2025 financial year.

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Acting Chief Financial Officer):.......... Dated: 21/01/2026

GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries can access services or outputs.
Accountability documents	Documents used by executive authorities to give " <i>full and regular</i> " reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year, and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe " <i>what we do</i> ".
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report is to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by the council or a provincial or national executive.
Baseline	The current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year before the planning period.
Basic municipal service	A municipal service is necessary to ensure an acceptable and reasonable quality of life for citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment, and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• service delivery & infrastructure • Economic development • Municipal transformation and institutional development

GLOSSARY

	- Financial viability and management - Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes, and impacts. An indicator is a type of information used to gauge the extent to which output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measures.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for a specific department or functional area. Section 1 of the MFMA defines a "vote" as: a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

APPENDICES

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full/Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
Cllr. P. Moinwagale	Full Time	Speaker	Party Representative	100%	0%
Cllr M. M. Diphikwe	Full Time	Mayor	Ward Representative	100%	0%
Cllr. K. Mothwane	Full Time	Community Services	Ward Representative	100%	0%
Cllr. P. V. Baikgaki	Full Time	Infrastructure	Ward Representative	100%	0%
Cllr. Chweneemang	Full Time	Budget and Treasury	Party Representative	100%	0%
Cllr. P. M Mereyabone	Full Time	Corporate Support	Ward Representative	100%	0%
Cllr. M. M. Moagaesi	Full Time	Planning and Development	Ward Representative	100%	0%
Cllr. G. K. Nthebotsenyane	Part-Time	Corporate Support	Party Representative	100%	0%
Cllr. I. Maano	Part-Time	MPAC	Ward	100%	0%
Cllr. I. Molaolwa	Part-Time	Infrastructure	Party Representative	100%	0%
Cllr. A. Moithwe	Part-Time	Planning and Development	Party Representative	100%	0%
Cllr. B. B. Makwati	Part Time	MPAC	Ward Representative	100%	0%
Cllr. K. S. Moreki	Part-Time	Corporate support	Ward	100%	0%
Cllr. J. M. Grobelaar	Part-Time	Corporate Support	Ward Representative	100%	0%
Cllr. N.J. D. Muller	Part-Time	Budget & treasury	Ward Representative	100%	0%
Cllr. N. K. Sekopecwe	Part-Time	Community Services & LED	Party Representative	100%	0%
Cllr. P. D. Monchwe	Part-Time	Infrastructure	Ward Representative	100%	0%
Cllr. O. M. Serame	Part-Time	MPAC	Ward Representative	100%	0%
Cllr. T. J. Thetswe	Part-Time	Planning and Development	Ward	100%	0%
Cllr. M. M. Mokgothu	Part-Time	Budget & treasury	Ward	100%	0%
Cllr. M. S. Mosarwa	Part Time	MPAC	Ward	100%	0%
Cllr T. B. Golelelwang	Part-Time	Planning & Development	Ward	100%	0%

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Cllr T. V. Shepherd	Part-Time	MPAC	Ward	100%	0%
Cllr K. M. Lekgotle	Part-Time	Budget & treasury	Ward	100%	0%
Cllr K. G. Ogaseng	Part-Time	Community Services & LED	Ward Representative	100%	0%
Cllr L. A. Theko	Part-Time	Corporate Support	Ward	100%	0%
Cllr K. M. Kumile	Part-Time	MPAC	Ward	100%	0%
Cllr P. S. Petrus	Part-Time	Community Services & LED	Ward Representative	100%	0%
Cllr T. S. Phokoje	Part-Time	Not yet placed	Ward Representative	100%	0%

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APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Corporate Support Services	Focus on Institutional Development, Transformation, Budget, and Budget-related Policies.
Basic Services	Focus on Infrastructure Development.
Community Services	Focus on Community Services
LED, and Tourism	Focus on issues of Local Economic Development and Tourism.
Budget and Treasury	Focus on financial management.
Planning & Development	Focuses on Spatial Planning, IDP, Good Governance and Public Participation.

APPENDIX C – THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Corporate Support Services	Director: Vacant
Basic Services	Director: Vacant
Community Services	Director: Bakang Selebogo
LED and Tourism	Director: Vacant
Budget & Budget Treasury	CFO: Vacant
Planning & Development Portfolio	Director: Vacant

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APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	No	N/A
Building regulations	No	N/A
Childcare facilities	Yes	N/A
Electricity and gas reticulation	No	N/A
Firefighting services	No	N/A
Local tourism	No	N/A
Municipal airports	No	N/A
Municipal planning	Yes	N/A
Municipal health services	No	N/A
Municipal public transport	No	N/A
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No	N/A
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	N/A
Stormwater management systems in built-up areas	Yes	N/A
Trading regulations	No	N/A
Water and sanitation services are limited to potable water supply systems and domestic waste-water and sewage disposal systems	No	N/A
Beaches and amusement facilities	No	N/A
Billboards and the display of advertisements in public places	Yes	N/A
Cemeteries, funeral parlours and crematoria	Yes	N/A
Cleansing	Yes	N/A
Control of public nuisances	Yes	N/A
Control of undertakings that sell liquor to the public	No	N/A
Facilities for the accommodation, care and burial of animals	No	N/A
Fencing and fences	Yes	N/A
Licensing of dogs	No	N/A
Licensing and control of undertakings that sell food to the public	Yes	N/A
Local amenities	Yes	N/A
Local sport facilities	Yes	N/A
Markets	No	N/A
Municipal abattoirs	No	N/A
Municipal parks and recreation	Yes	N/A
Municipal roads	Yes	N/A
Noise pollution	No	N/A
Pounds	No	N/A
Public places	No	N/A
Refuse removal, refuse dumps and solid waste disposal	No	N/A
Street trading	Yes	N/A
Street lighting	Yes	N/A
Traffic and parking	No	N/A

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APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward Committee Members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during the year
1	CLLR. K. MOTHWANE GAODUELWE SYLVESTER MODISE KGALALELO THEISANE SALOME MOTLOKIWA THEBEYAME MOCHWARI KHUMOETSILE MOCWARIKESETSELEMANG MOTASE LESEDI SEITSANG SEGAKULUDI TSIMANE PETRIC MOTLOGELWA PONCHO	Y	4	4	0
2	CLLR. T. J. THETSWE BATUMILE MOTSEI BINANG VERONICA SESEPI DOREEN OAGENG SEGAMETSI SAPHUTHI BOIPELO MAKOE DANIEL TLADINYANE AMOS MOTSHABI POPPIE MAKGATLHE TSHEPO MATHE OTLARONGWA	Y	4	4	0
3	CLLR. K. P. MOAGAESI MOTHBI MOKALAKANE NALEDI THIBELANG OBAKENG THEBEYATSHIPI BOTSIME SEBONWAENG JENNY EJANG KGALALELO TAKALASE SETSHEGO THIBELANG LERAPEGO ZAKAERIA	Y	4	4	0
4	CLLR. MOKGOTHU TIETIES BOITSHOKO GAKEITUMELE DOREEN MOTHIBI KEALEBOGA MOTLHAPING MMAMOTSE GABE ESTHER RAMADILE KEIKANTSEONE BAREKI MOSIMANEGAPE DITLHATLHARE RONNY SHUPING BERNARD GABOITSIWE JOYCE	Y	4	4	0

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5	CLLR. M.S. MOSARWA GOITSILWE BOITUMELO SELOME KESAObAKA ARIES MARIA BOOI KGALALELO MATSIME GAOLATLHE MASIGA LEBURU LEKOMA MOKGAKALA SEFUTHE BOITSHEPO NTOKO DIMAKATSO BALIBI ELIZABETH	Y	4	4	0
6	CLLR. K. S. MOREKI KGOSIETSILE NGWAKO MARTHA SEOKOLO GRACE ABSALOM ONEBIY MOHUBU KELEBOGILE MOREKI THIBO KESELIPILE MAGADI MODISENYANE JANE BABASE CLIMANT SMOUS MODISAKGOTLA MARUPING	Y	4	4	0
7	CLLR. T. B. GOLELELWANG AWI GOMOLEMO LOETO LORATO PELAELO GOMOTSEGANG MOKGANEDI IPOGANYENG MATHE JOCOLINE PELAELO SEGOMOTSO MONCHWE TUMISANG SETLHODI TLAMELO MAGWATANE DINAH OTSHABENG ISAAC	Y	4	4	0
8	CLLR. T. V. SHEPHERD MOREETSI GONTLEMANG VAN WYK GONTLEMANG KEHAPETSWA MATSHIDISO GABOREWE ONKARABETSE MAFURA MPHIO MAHATLHE KELEBOGILE MONCHO KEITUMETSE KGOSIEARENG MASEGOMANTLE SESWAI PATRIC	Y	4	4	0

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9	CLLR. P. M. MEREYABONE FILANDER TSHEPISO KEOAGILE KGOMOTSO NGOBENI KHUTSAFALO HORWE VICTOR DIBETSO POLOKEGO LERAPEGO DINEO SERAPELWANE RUTH PAUL KEALEBOGA SEMOKO MASEGO SHUPING GODFREY	Y	4	4	0
10	CLLR. K. M. LEKGOTLE KGOTHEGO KEIKANTSEMANG KUKI BABA MASIANE MONTLE PAUL DITSHENOLO LEEPILE DILELE MODISE NURSE MOTSAATHEBE KEALEBOGA MPOTSANG KEROMEMANG MAROPE KETSHEPILEONE PITSO MODISA	Y	4	4	0
11	CLLR. P. V. BAIKGAKI BARAPAMI GOITSEMANG BABEILE POGISEGO KGOSIDINTSI SHOKOLOGANG SETLHABETSI MONEI MOOKETSI TEBOGO MODISAOTSILE KELEBOGILE KOKONYANA OARABILE SHUPING TLAMELO SEBONELO LUCAS MOELENYANE MPHONG	Y	4	4	0
12	CLLR. K. G. OGASENG	N	0	0	0
13	CLLR. L. A. THEKO TUMEDISO LEGALAMITLWA THATISO MOIRELENG IDAH HENGERO DONALD MODIMOSANE RAGENDA LETLHOGILE PAUL MOTLHABEDI LUCAS MASIGA MOILAKGOTLHA NAMETSEGANG KGOSIETSILE KEDISALETSE	Y	4	4	0
14	CLLR. K. M. KUMILE TSIETSI GASEITSHOBELWE KELEBOGILE MCLEAN KEARABILE DITLHOBOLPO	Y	4	4	0

APPENDICES

	MOJAH! MOJAH! THATAONE MONGALA TITUS ROKIE BASIME KEABAKA MOTHIBEDI TLAMELO JENNET MOSIAPOA KEAGALETSE SHABENG				
15	CLLR. P. S. PETRUS BADISE GAOLAOLWE PHANKISI TUMELO MONCHO NORMAN MOSESANE UTLWANANG SEKOPETSWKE KEALEBOGA SEHULARO TSAONE SANANE TSHEPO GABAPHETHE KELEBILEONE TSHESBE KITSO	Y	4	4	0

APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Four Largest in 2024/2025 (Full List at Appendix O)				
No.	Project Name and details	Start Date	End Date	Total Value
1	Construction of 45 high-mast lights in various villages (rollover project)	July 2023	June 2025	R 4 498 134
2	Construction of sports facility at Piet Plessis by 30 June 2026 (multi-year project)	July 2024	June 2026	R 7 711 109,93
3	3.2 KM Access Road constructed from Main Road to Mmusi Primary (Ward 1) by 30 June 2026 (multi-year project)	July 2024	June 2026	R 11 899 947.49
4	Replacement of 200 high mast lights with efficiency energy bulbs in various wards	July 2024	June 2025	R 4 000 000

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2024/2025

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2024/2025	Recommendations adopted (enter Yes). If not adopted (provide explanation)
N/A	N/A	N/A

APPENDICES

APPENDIX H – LONG-TERM CONTRACTS AND PUBLIC-PRIVATE PARTNERSHIPS

No Public Private Partnerships in the 2024/2025 financial year.

LONG-TERM CONTRACT

No	Description of goods, services projects	Contract start date	Contract end date	Contracted value
1	Provision of banking services for a period of 72 months	2024/11/14	2030/10/13	R6.44
2	Construction of Piet Plessis Sports Facility	2025/04/02	2026/03/30	R25 002 689.35
3	Construction of the upgrade of Kudunkwane access roads and stormwater	2024/11/13	2025/10/12	R19 618 823.00
4	Appointment of an ICT Professional Service provider	2022/07/19	2024/06/30	R9 085 000.00
5	Appointment for rental, supply, delivery, installation, and maintenance of rental multi-functional photocopy	2023/07/26	2026/07/31	R9 977 400.00
6	Review of Internally Prepared Annual Financial Statement for Period of Three (3) Years	2023/07/20	2026/06/19	R8 746 095.00
7	Rental, Supply, Delivery. Installation and Maintenance of Rental Multi-Functional Photocopies for a period of (3) years	2023/07/26	2026/07/31	R9 977 400.00
8	Provision of Short-Term Insurance for Periods 2023/2024 To 2025/2026	2023/07/24	2026/06/18	R12 017 414.57
9	Panel of Legal Service Providers for a period of three years	2023/07/27	2026/07/27	
10	Provision of Performance Management System for a Period of 3 Years	2023/09/11	2026/08/05	R4 990 321.50
11	Implementing an Agent to provide full service for the design and implementation of Energy Efficiency for 3 Years	2024/09/23	2027/08/23	R4 000 000.00
12	Integrated Financial Management and internal control system	2024/08/01	2026/07/30	R3 980 870.26
13	Supply, Installation, and Maintenance of Municipal Business enhancement process on supply Chain Management, Audit Action Plan Management	2021/06/07	2024/06/07	R8 433 816.64
14	Provisions of Biometrics Access Control, Time And Attendance System, Human Resource Management System, and CCTV For KMLM For 36 Months	2023/09/05	2026/08/04	R7 990 973.00
15	Appointment for the valuation roll	2023/12/06	2030/11/05	R792 493.75
16	Provision of professional engineering services, design, monitoring and supervision of Kudunkwane access road	2024/07/11	2026/07/10	R2 622 351.49
17	Integrated Financial Management and internal control system	2024/08/24	2026/07/23	R3 980 870.26
18	Appointment of revenue strategy processes and funding	2025/06/13	2028/06/13	25%
19	Appointment of VAT recovery/review	2025/06/11	2027/05/10	5%
20	Appointment of security at Kagisano Molopo Local Municipality for a Period of 3 years	2025/07/01	2028/06/30	R75 433 380.05
21	Appointment of an ICT Professional Service provider	2025/07/01	2028/06/30	R11 988 000.00

APPENDICES

APPENDIX I – DISCLOSURES OF FINANCIAL INTERESTS

A Declaration of Interest was circulated to all employees of the municipality and CIPRO search was performed. No related party transaction occurred between the municipality and its Key Management.

APPENDIX J: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

Revenue collection was low for the 2024/2025 financial year. Revenue enhancement strategy needs to be implemented, and debt collection processes need to be enforced to improve the revenue collection rate.

APPENDIX K: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Total revenue recognized from operational grants is R202 469 000 (2025) and R155,727,599 (2024). Operational grants were fully utilised.

APPENDIX L: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

Project	Total
IMPLEMENTATION OF SOLAR (PHOTO VOLTAIC) HIGH MAST LIGHTS IN VARIOUS VILLAGES (Botsalano, Bona Bona, Tseoge, Setabeng and Makabole) - Municipal Infrastructure Grant	R 4 498 134
Construction of Piet Plessis Sports Facility	R 7 711 109.93
Construction of Kudunkgwane internal roads and stormwater	R 11 899 947.49
Energizing of high mast light	R 4 000 000
Total	R 28 109 191.42

APPENDICES

APPENDIX M – CAPITAL PROGRAMME BY PROJECT 2024/2025

Project	Total
Implementation of solar (Photo VOLTAIC) high mast lights in various villages (Botsalano, Bona Bona, Tseoge, Setabeng Makabole) - Municipal Infrastructure Grant	R 4 498 134
Construction of Piet Plessis Sports Facility	R 7 711 109.93
Construction of Kudungwane internal roads and stormwater	R 11 899 947.49
Energizing of high mast light	R 4 000 000
Total	R 28 109 191.42

APPENDIX N – CAPITAL PROGRAMME BY PROJECT BY WARD 2024/2025

Project	Total	Ward no.
Implementation of solar (Photo VOLTAIC) high mast lights in various villages (Botsalano, Bona Bona, Tseoge, Setabeng Makabole) - Municipal Infrastructure Grant	R 4 498 134	Ward 2, 9, 12, 14, & 4
Construction of Piet Plessis Sports Facility	R 7 711 109.93	Ward 01
Construction of Kudungwane internal roads and stormwater	R 11 899 947.49	Ward 01
Energizing of high mast light	R 4 000 000	All Wards
Total	R 28 109 191.42	

APPENDIX O – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

N/A

APPENDIX P – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:		
Construction of New Ganyesa Clinic	100%	Overcrowding at the current Ganyesa Community Health Centre
Housing:	60%	There is a huge backlog of Housing services, e.g. Bray Housing
Licencing and Testing Centre:		Municipality still awaiting the approval of the MEC
Reservoirs		
Schools (Primary and High):		
Construction of Loretlweng P. School	100%	Children travel long distances to access the nearby primary school. Primary Schools are full to capacity.
Bona-Bona Primary	100%	Completed
Roads:	100%	The road is complete

APPENDICES

APPENDIX Q – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

No loans were made by the municipality during the 2024/2025 financial year.

Grants and subsidies paid

Subsidies	Amount
SMME development	R 359 597
Disaster Management	R 850 000
Total	R 1 209 597

APPENDIX R – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes of Local Government		
Outcome/output	Progress to date	Number or percentage achieved
Output: improving access to basic services	93,3% of the Households are provided with electricity 98% of households are provided with VIP toilets (Sanitation)	93,3 % Electricity 98 % Sanitation
Output: implementation of Community Works Programme	Community Works Programme is implemented in all wards in the municipality with an employment of 250 jobs	100%
Output: Deepening Democracy through a refined ward committee model	Municipality through Ward Committees consult with the community. Planning and prioritisations are also communicated through ward Committees	100%
Output: administrative & financial capabilities	The administrative wing of the municipality is stable, as well as the financial muscles however it is not enough to provide more service to the community	90%

APPENDICES

ASSESSMENT OF ANY ARREARS ON MUNICIPAL TAXES AND SERVICES

As of 30 June 2025, trade and other receivables were impaired and provided for. The amount of the provision was R (189 876 489) as of June 30, 2025 (2024: (190 451 213). The ever-increasing impairment of receivables is due to low revenue collection from property rates debtors, and rental debtors. Strict debt collection measures need to be implemented to improve the collection rate.

ASSESSMENT OF MUNICIPALITY'S PERFORMANCE AGAINST OBJECTIVES

The Annual Performance Report for the financial year ended 30 June 2025, demonstrates the Municipality's ability to report on all aspects of performance for the aforementioned period, as it serves as a key record revealing the continuation of service delivery and performance of the Kagisano Molopo Local Municipality. The Municipality continues to conduct its business in an open, transparent, and accountable manner. The municipality targeted to achieve 80% but managed to achieve 69% in the 2024/2025 financial year. In the end, the financial position of Council and its inability to generate revenue negatively impacted the overall performance of Council during the 2024/25 financial year.

PARTICULARS OF CORRECTIVE ACTIONS TAKEN ON ISSUES RAISED

Please refer to the 2024/2025 Audit Action Plan on page 317

EXPLANATIONS TO CLARIFY ISSUES ON FINANCIAL STATEMENTS

Please refer to the 2024/2025 Audit Action Plan on page 317

MUNICIPALITIES AND ENTITIES REMINDER

As of June 30, 2025, other receivables from non-exchange transactions of R **192 268 786** (2023: R 52,501,427) were impaired and provided for.

The ageing of amounts current and past due but not impaired	2024/2025	2023/2024
Current	13 900 311	64 986 800
1 Month past due	(24 097 507)	(253 115)
2 Months past due	10 370 665	474 807
3 Months + past due	192 171 072	127 249 524
Total	192 268 786	192 814 188

As of 30 June 2025, trade and other receivables were impaired and provided for.

The amount of the provision was R **(189 876 489)** as of June 30, 2024 (2024: **(190 451 213)**).

APPENDICES

STATUTORY COMMITMENTS

The municipality met all statutory commitments during the 2024/2025 financial year.

MONITORING OF NATIONAL AND PROVINCIAL ALLOCATIONS

The reconciliation of grants allocation by the national and provincial government is performed by the municipality for the 2024/2025 financial year.

APPENDICES

APPENDIX S – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Municipal Entity/Service Provider Performance Schedule							
Name of Entity & Purpose (i)	(a) Service Indicators (ii)	(b) Service Targets	2023/2024		2024/2025		Actual (vii)
			Target *Previous Year (iii)	Actual (iv)	Target *Previous Year (v)	Target *Current Year (vi)	
BVI Consultant & Tebo S260 Trading & Lethando (Austry, Moshwana & Ganyesa), 018 Bonkamoso Engineers & Agroevolutions JV (Botsalano, Bona Bona, Tseoge)	45 High Mast lights constructed at various villages	45 High Mast lights constructed at various villages (Botsalano – Ward 2), Bona-Bona (Ward 9), Tseoge, Setabeng and Makabole (Ward 12), Austry and Moswana (Ward 14) and Ganyesa (Ward 4) by 30 June 2025 (rollover project)	45 High Mast lights constructed at various villages (Botsalano – Ward 2), Bona-Bona (Ward 9), Tseoge, Setabeng and Makabole (Ward 12), Austry and Moswana (Ward 14) and Ganyesa (Ward 4) by 30 June 2025 (rollover project)	In progress	45 High Mast lights constructed at various villages (Botsalano – Ward 2), Bona-Bona (Ward 9), Tseoge, Setabeng and Makabole (Ward 12), Austry and Moswana (Ward 14) and Ganyesa (Ward 4) by 30 June 2025 (rollover project)	45 High Mast lights constructed at various villages (Botsalano – Ward 2), Bona-Bona (Ward 9), Tseoge, Setabeng and Makabole (Ward 12), Austry and Moswana (Ward 14) and Ganyesa (Ward 4) by 30 June 2025 (rollover project)	Completed
Dikelellong Project Managers	Kudunkgwane internal roads	3.2 KM Access Road constructed from Main Road to Mmusi Primary (Ward 1) by 30 June 2026 (multi-year project)	N/A	N/A	N/A	3.2 KM Access Road constructed from Main Road to Mmusi Primary (Ward 1) by 30 June 2026 (multi-year project)	In progress
SM Construction & Mmanyane	Kudunkgwane internal roads	3.2 KM Access Road constructed from Main Road to Mmusi Primary	N/A	N/A	N/A	3.2 KM Access Road constructed from Main Road to	In progress

Contents

		(Ward 1) by 30 June 2026 (multi-year project)				Mmusi Primary (Ward 1) by 30 June 2026 (multi-year project)	
Tiki Architect	Construction of Sports Facility	1 Construction of sport facility at Piet Plessis by 30 June 2026 (multi-year project)	1 Construction of sport facility at Piet Plessis by 30 June 2026 (multi-year project)	In progress	1 Construction of sport facility at Piet Plessis by 30 June 2026 (multi-year project)	1 Construction of sport facility at Piet Plessis by 30 June 2026 (multi-year project)	In progress
Energy Dots	Energizing of high-mast lights	Replacement of 200 high mast lights with efficiency energy bulbs in various wards by 30 June 2025	N/A	N/A	N/A	Replacement of 200 high mast lights with efficiency energy bulbs in various wards by 30 June 2025	Completed

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS



KAGISANO-MOLOPO LOCAL MUNICIPALITY - NW397

(Demarcation code: NW397)

Trading as Kagisano-Molopo Local Municipality

**AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

Kagisano-Molopo Local Municipality - NW397

(Demarcation code: NW397)

Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

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Kagisano-Molopo Local Municipality - NW397

(Demarcation code: NW397)

Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

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Abbreviations used:

AO	Accounting Officer
ASB	Accounting Standards Board
CIGFARO	Chartered Institute of Government Finance, Audit and Risk Officers
CFO	Chief Finance Officer
CLLR	Councilor
CPI	Consumer Price Index
CRC	Current Replacement Cost
DoRA	Division of Revenue Act
EPWP	Expanded Public Works Programme
FMG	Finance Management Grant
GRAP	Generally Recognized Accounting Practice
GLCCM	General Landfill Closure Costing Model
IAS	International Accounting Standards
IDP	Integrated Development Plan
IPSAS	International Public Sector Accounting Standards
INEP	Integrated National Electrification Programme
LFG	Landfill Gas
LG SETA	Local Government Sector Education Training Programme
LSA	Long Service Awards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MLCCM	Municipal Landfill Closure Costing Model
MPAC	Municipal Public Account Committee
mSCOA	Municipal Standard Chart of Accounts
MSIG	Municipal Systems Improvement Grant
NERSA	National Energy Regulator of South Africa
PAYE	Pay-As-You-Earn
PEMA	Post-Employment Medical Aid Subsidy Liability
RDP	Reconstruction and Development Programme
SALGA	South African Local Government Association
SARS	South African Revenue Service
SA GAAP	South African Statements of Generally Accepted Accounting Practice
SDBIP	Service Delivery and Budget Implementation Plan
SDL	Skills Development Levy
SG	Surveyor-General
UIF	Unemployment Insurance Fund
VAT	Value Added Taxation
WCA	Workers Compensation Administration

Kagisano-Molopo Local Municipality - NW397

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Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

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Relevant Legislation:

Constitution of the Republic of South Africa (Act no 108 of 1996)

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

Basic Conditions of Employment Act (Act no 75 of 1997)

Kagisano-Molopo Local Municipality - NW397

(Demarcation code: NW397)

Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

General Information

Legal form of entity	South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998).
Nature of business and principal activities	The municipality's operations are governed by the Local Government: Municipal Finance Management Act (MFMA) (Act 56 of 2003), Municipal Structures Act (Act 117 of 1998), Municipal Systems (Act 32 of 2000) and various other acts and regulations.
Vision statement	A developmental municipality that provides sustainable and impactful services
Mission statement	To deliver quality driven service timeously. To ensure involvement of local community and stakeholders in municipal affairs in a structured manner. Strive to reflect in our operations the principles of batho pele
Grading of local authority	Category 2 as defined by the Municipal Structures Act (Act number 117 of 1998)
Accounting Officer	Mr. Obed Ntsimane
Chief Finance Officer (CFO)	Ms. Keaaleboga Sekgome
Business address	Municipal Offices (next to Ganyesa Clinic) Chief Block Section Tlakgameng Road Ganyesa 8613
Postal address	PO Box X522 Ganyesa 8613
Bankers	ABSA Bank First National Bank Standard Bank
Auditors	Auditor-General of South Africa (AGSA)
Level of assurance	These unaudited annual financial statements will be audited in compliance with the applicable requirements of the Municipal Finance Management Act, No 56 of 2003.
Email address	info@kagisanomolopolm.gov.za
Website	https://kagisanomolopolm.gov.za/
Telephone number	053 998 4455
Fax number	053 998 3369

Kagisano-Molopo Local Municipality - NW397

(Demarcation code: NW397)

Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Members of the Municipal Council

Mayor

Speaker

Ward Councillors

MS T Marabutse
Mr OP Moirwagale
Mr MS Mosarwa
Mrs JM Grobbelaar
Mr TB Golelelwang
Ms KM Kumile
Mr KM Lekgotle
Mr NJD Muller
Ms KN Sekopecwe
Ms Y Maano
Ms I Molaolwa
Mr PD Moncwe
Mr MM Mokgothu
Ms KA Moithwe
Mrs GK Nthebotsenyane
Ms KG Ogaseng
Mr PS Petrus
Mr OM Serame
Mr T.V Shepherd
Mr TJ Thetswe
Mr LA Theko
Mr TS Phokoje
Ms SV Thomas

MMC: Budget and Treasury

MMC: Infrastructure and Technical Services

MMC: Planning and Development

MMC: Community Services

MMC: Corporate Support Service

MMC: Local Economic Development & Tourism

Ms TE Chweneemang
Mr PV Baikgaki
Ms KP Moagaesi
Mr K Mothwane
Ms PM Mereyabone
Mr KS Moreki

Kagisano-Molopo Local Municipality - NW397

(Registration number NW397)

Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Responsibilities and Approval

The accounting officers are required by the Constitution of the Republic of South Africa (Act 108 of 1998)

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)

Municipal Property Rates Act (act of 6 2004)

Division of Revenue Act (Act 1 of 2007), to maintain adequate accounting records and are responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is the responsibility of the accounting officers to ensure that the audited 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 audited annual financial statements and was given unrestricted access to all financial records and related data.

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

The accounting officers acknowledge that they are ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officers to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality and that the municipality is very reliant on grants from National Treasury. Funding will be received from National Treasury as long as the municipality complies with all legislative requirements. The collection of outstanding consumer debtor accounts and effective service delivery is also a priority of the municipality.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's management team, external auditors and other oversight governance structures of Council.

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

The accounting officer further certifies that the salaries, allowances and benefits of councillors and payments made to councillors for loss of office, if any, as disclosed in the notes of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The audited annual financial statements set out on page 10 - 113, which have been prepared on the going concern basis, were approved by the accounting officer and signed by him.

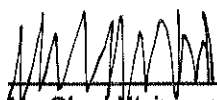
Kagisano-Molopo Local Municipality - NW397

(Registration number NW397)

Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Responsibilities and Approval



Mr. Obed Mtsimane

Municipal Manager (Accounting Officer)

31 August 2025

Kagisano-Molopo Local Municipality - NW397

(Demarcation code: NW397)

Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

The accounting officers submit their report for the year ended 30 June 2025.

1. Review of activities

Main business and operations

The municipality is engaged in performing the functions as set out in the constitution (act no. 105 of 1996) and operates principally in South Africa.

The municipality is an organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the local government: Municipal Demarcation Act: 1998 and operates in South Africa

The municipality is a South African category B.

The operating results and state of affairs of the municipality are fully set out in the attached audited annual financial statements and do not in our opinion require any further comment.

Net surplus of the municipality was R 24 058 786 (2024: deficit R 87 600 340).

2. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus (deficit) of R 526 118 340 and that the municipality's total assets exceed its liabilities by R 526 118 340.

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

The municipality still has the ability to levy services, rates and taxes and will continue to receive funding from government as evident from the Equitable Share allocations as published in terms of the Division of Revenue Act (Act No.9 of 2021).

3. Subsequent events

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

4. Accounting Officers' interest in contracts

The accounting officer does not have an interest in contracts awarded, either direct or indirect.

5. Accounting policies

The unaudited annual financial statements prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations of such statements issued by the Accounting Practices Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

6. Accounting Officer

The accounting officers of the municipality during the year and to the date of this report are as follows:

Name		Changes
EA Gaborone		
KE Morapedi (Acting)	South African	Resigned Wednesday, 31 July 2024
B Selebogo (Acting)	South African	Appointed Thursday, 01 August 2024, resigned Friday, 29 November 2024
Kgatlhane D (Acting)	South African	Appointed Monday, 02 December 2024, resigned Monday, 03 March 2025

Kagisano-Molopo Local Municipality - NW397

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Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

6. Accounting Officer (continued)

O Ntsimane (Acting)O Ntsimane (Acting)

South AfricanSouth Appointed Monday, 03 March 2025
Africa

7. Corporate governance

General

The accounting officer are committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King IV Report on Corporate Governance for South Africa of September 2009. The accounting officer discuss the responsibilities of management in this respect, at council meetings and monitor the municipality's compliance with the code on a quaterly basis.

The salient features of the municipality's adoption of the Code is outlined below:

Council meetings

The municipality's council have met on - separate occasions during the financial year. The council schedule to meet at least 4 times per annum.

Audit committee

In terms of Section 166 of the Municipal Finance Management Act, Kagisano-Molopo Local Municipality, must appoint members of the Audit Committee. The Audit Committee was properly constituted to fulfil its role and advise the accounting officer of its responsibilities as provided in Section 166 of the Municipal Finance Management Act.

The municipality has a shared audit committee and risk committee with the Dr. Ruth Segomotsi District Municipality.

Internal audit

The municipality has a shared internal audit function with D., Ruth Segomotsi District Municipality. This is in compliance with the Municipal Finance Management Act, 2003.

This is in compliance with the Municipal Finance Management Act, 2003.

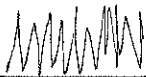
8. Bankers

The municipality's primary bank account is with ABSA Bank and the municipality will continue to bank with them in the new financial year.

9. Auditors

Auditor-General of South Africa (AGSA) will continue in office for the next financial period.

The audited annual financial statements set out on pages 8 to 113, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and was signed by him.



Mr. Obed Ntsimane
Municipal Manager (Accounting Officer)

31 August 2025

Kagisano-Molopo Local Municipality - NW397

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Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 <i>Restated*</i>
Assets			
Current Assets			
Cash and cash equivalents	4	37 292	60 069
Receivables from exchange transactions	5	126 760	727 552
Receivables from non-exchange transactions	6	2 392 297	2 362 975
VAT receivable	8	3 554 362	2 909 515
Total Current Assets		6 110 711	6 060 111
Non-Current Assets			
Investment property	9	44 739 204	43 673 298
Property, plant and equipment	10	603 984 134	594 206 863
Total Non-Current Assets		648 723 338	637 880 161
Total Assets		654 834 049	643 940 272
Liabilities			
Current Liabilities			
Employee benefit obligation	11	412 228	393 419
Payables from exchange transactions	12	86 468 907	94 148 275
Unspent conditional grants and receipts	14	284 755	6 968 980
Total Current Liabilities		87 165 890	101 510 674
Non-Current Liabilities			
Employee benefit obligation	11	2 436 199	2 381 192
Provisions	13	39 113 620	37 988 851
Total Non-Current Liabilities		41 549 819	40 370 043
Total Liabilities		128 715 709	141 880 717
Net Assets		526 118 340	502 059 555
Accumulated surplus		526 118 340	502 059 555
Total Net Assets		526 118 340	502 059 555

* See Note 36

Kagisano-Molopo Local Municipality - NW397

(Demarcation code: NW397)

Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance for the year ended 30 June 2025

Figures in Rand	Note(s)	2025	2024 <i>Restated*</i>
Revenue			
Revenue from exchange transactions			
Interest income	15	756 015	1 317 799
Operational revenue	16	890 469	356 856
Rental of facilities and equipment	17	1 323 276	1 281 378
Interest received Rental debtors	49	1 613 460	1 102 818
Total revenue from exchange transactions		4 583 220	4 058 851
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	19	13 501 443	10 805 259
Interest Earned - Outstanding Debtors Property Rates	49	23 334 214	34 575 743
Transfer revenue			
Government grants and subsidies	21	196 839 013	182 304 619
Total revenue from non-exchange transactions		233 674 670	227 685 621
Total revenue		238 257 890	231 744 472
Expenditure			
Bad debts written off	50	(37 947 735)	-
Contracted services	22	(38 930 217)	(59 094 823)
Debt impairment	23	574 724	(88 719 203)
Depreciation and amortisation	24	(21 371 250)	(24 497 589)
Employee related costs	25	(61 914 501)	(57 394 154)
Finance costs	26	(4 141 008)	(3 181 059)
General expenses	27	(41 671 153)	(62 234 426)
Lease rentals on operating lease	48	(1 775 500)	(5 806 497)
Remuneration of councillors	28	(14 081 837)	(13 992 569)
Repairs and maintenance	10	(1 378 507)	(2 011 537)
Transfers and Subsidies	51	(1 209 597)	(2 548 903)
Total expenditure		(223 846 581)	(319 480 760)
Operating surplus (deficit)		14 411 309	(87 736 288)
Loss on disposal of assets and liabilities	10	(2 398 386)	-
Fair value adjustments	30	1 065 906	217 280
Reversal of impairments/(Impairment loss)	29	10 979 957	(81 332)
Surplus (deficit) for the year		24 058 786	(87 600 340)

* See Note 36

Kagisano-Molopo Local Municipality - NW397

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Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets for the year ended 30 June 2025

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	1	1
Adjustments		
Prior year adjustments 36	589 659 894	589 659 894
Balance at 01 July 2023 as restated*	589 659 895	589 659 895
Changes in net assets		
Deficit for the year	(87 600 340)	(87 600 340)
Total changes	(87 600 340)	(87 600 340)
	1	1
Adjustments		
Prior year adjustments 36	502 059 553	502 059 553
Restated* Balance at 01 July 2024 as restated*	502 059 554	502 059 554
Changes in net assets		
Deficit for the year	24 058 786	24 058 786
Total changes	24 058 786	24 058 786
Balance at 30 June 2025	526 118 340	526 118 340
Note(s)		

* See Note 36

Kagisano-Molopo Local Municipality - NW397

(Demarcation code: NW397)

Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement for the year ended 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Property rates		13 501 443	10 805 259
Government Grants and Subsidies		196 839 013	182 304 619
Interest received - Investments		756 015	1 317 799
Interest received on outstanding debtors		24 947 674	35 678 561
Rental of facilities and equipment		1 323 276	1 281 378
Operational income		890 469	356 856
		<u>238 257 890</u>	<u>231 744 472</u>
Payments			
Employee costs		(75 996 338)	(71 386 723)
Suppliers		(130 194 676)	(131 953 319)
Finance costs		(4 141 008)	(3 181 059)
		<u>(210 332 022)</u>	<u>(206 521 101)</u>
Net cash flows from operating activities	32	<u>27 925 868</u>	<u>25 223 371</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(28 018 245)	(28 018 245)
Proceeds from sale of investment property	9	69 600	-
Net cash flows from investing activities		<u>(27 948 645)</u>	<u>(28 018 245)</u>
Net increase/(decrease) in cash and cash equivalents		(22 777)	(2 794 874)
Cash and cash equivalents at the beginning of the year		60 069	2 854 943
Cash and cash equivalents at the end of the year	4	<u>37 292</u>	<u>60 069</u>

* See Note 36

Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2025

Budget on Cash 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						
Interest received - investment	1 250 004	-	1 250 004	756 015	(493 989)	Note 56
Interest received (trading)	2 553 180	-	2 553 180	1 613 460	(939 720)	Note 56
Other income	927 240	-	927 240	890 469	(36 771)	Note 56
Rental of facilities and equipment	1 450 140	-	1 450 140	1 323 276	(126 864)	Note 56
Total revenue from exchange transactions	6 180 564	-	6 180 564	4 583 220	(1 597 344)	
Revenue from non-exchange transactions						
Taxation revenue						
Interest, Dividends and Rent on Land	13 644 420	-	13 644 420	23 334 214	9 689 794	Note 56
Property rates	10 346 532	-	10 346 532	13 501 443	3 154 911	note 56
Transfer revenue						
Government grants and subsidies	160 533 373	-	160 533 373	196 839 013	36 305 640	note 56
Total revenue from non-exchange transactions	184 524 325	-	184 524 325	233 674 670	49 150 345	
Total revenue	190 704 889	-	190 704 889	238 257 890	47 553 001	

Kagisano-Molopo Local Municipality - NW397

(Registration number NW397)

Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Expenditure						
Bad debts written off	-	-	-	(37 947 735)	(37 947 735)	note 56
Collection costs	-	-	-	(1 378 507)	(1 378 507)	note 56
Contracted services	-	-	-	(38 930 217)	(38 930 217)	note 56
Debt impairment	(12 000 000)	-	(12 000 000)	574 724	12 574 724	note 56
Depreciation and amortisation	(25 459 380)	-	(25 459 380)	(21 371 250)	4 088 130	note 56
Employee related costs	(60 947 331)	-	(60 947 331)	(61 914 501)	(967 170)	note 56
Finance costs	(100 000)	-	(100 000)	(4 141 008)	(4 041 008)	note 56
General expenses	(90 809 368)	-	(90 809 368)	(41 671 153)	49 138 215	note 56
Lease rentals on operating lease	-	-	-	(1 775 500)	(1 775 500)	note 56
Remuneration of councillors	(13 585 560)	-	(13 585 560)	(14 081 837)	(496 277)	note 56
Transfers and Subsidies	(9 187 248)	-	(9 187 248)	(1 209 597)	7 977 651	note 56
Total expenditure	(212 088 887)	-	(212 088 887)	(223 846 581)	(11 757 694)	
Operating surplus	(21 383 998)	-	(21 383 998)	14 411 309	35 795 307	
Fair value adjustments	-	-	-	1 065 906	1 065 906	note 56
Loss on disposal of assets and liabilities	-	-	-	(2 398 386)	(2 398 386)	note 56
Impairment loss/ Reversal of impairments	-	-	-	10 979 957	10 979 957	Note 56
Surplus/(deficit) for the year	(21 383 998)	-	(21 383 998)	24 058 786	45 442 784	

Kagisano-Molopo Local Municipality - NW397

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Audited Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Cash and cash equivalents	4 460 310	-	4 460 310	37 292	(4 423 018)	Note 56
Receivables from exchange transactions	1 844 724	-	1 844 724	126 760	(1 717 964)	Note 56
Receivables from non-exchange transactions	67 372 679	-	67 372 679	5 946 659	(61 426 020)	Note 56
VAT receivable	2 705 604	-	2 705 604	-	(2 705 604)	Note 56
Total current assets	76 383 317	-	76 383 317	6 110 711	(70 272 606)	
Non-Current Assets						
Intangible assets	300 734	-	300 734	-	(300 734)	Note 56
Investment property	61 840 709	-	61 840 709	44 739 204	(17 101 505)	Note 56
Property, plant and equipment	468 607 417	-	468 607 417	603 984 134	135 376 717	Note 56
Total non-current assets	530 748 860	-	530 748 860	648 723 338	117 974 478	
Total Assets	607 132 177	-	607 132 177	654 834 049	47 701 872	
Liabilities						
Current Liabilities						
Employee benefit obligation	-	-	-	412 228	412 228	note 56
Payables from exchange transactions	4 195 165	-	4 195 165	86 468 909	82 273 744	note 56
Unspent conditional grants and receipts	-	-	-	284 755	284 755	Note 56
Total current liabilities	4 195 165	-	4 195 165	87 165 892	82 970 727	
Non-Current Liabilities						
Employee benefit obligation	159 185	-	159 185	2 436 199	2 277 014	Note 56
Provisions	26 410 356	-	26 410 356	39 113 620	12 703 264	Note 56
Total non-current liabilities	26 569 541	-	26 569 541	41 549 819	14 980 278	
Total Liabilities	30 764 706	-	30 764 706	128 715 711	97 951 005	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets	576 367 471	-	576 367 471	526 118 338	(50 249 133)	
Net Assets						
Accumulated surplus	576 367 471	-	576 367 471	526 118 340	(50 249 131)	note 56

Kagisano-Molopo Local Municipality - NW397

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Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

				Approved budget	Adjustments	Final Bud
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Property rates	32 705 764	-	32 705 764	13 501 443	(19 204 321)	note 56
Government grants	206 369 000	-	206 369 000	196 839 013	(9 529 987)	note 56
Interest income	21 523 285	-	21 523 285	756 015	(20 767 270)	Note 56
Interest income	-	-	-	24 947 674	24 947 674	Note 56
Interest on outstanding debtors	-	-	-	1 323 276	1 323 276	Note 56
Operational revenue	-	-	-	890 469	890 469	Note 56
	260 598 049	-	260 598 049	238 257 890	(22 340 159)	

Payments

Suppliers and Employee costs	(181 198 450)	-	(181 198 450)	(206 191 014)	(24 992 564)	Note 56
Finance costs	(25 000)	-	(25 000)	(4 141 008)	(4 116 008)	Note 56
Transfers and subsidies	(8 500 000)	-	(8 500 000)	(1 209 527)	7 290 473	Note 56
	(189 723 450)	-	(189 723 450)	(211 541 549)	(21 818 099)	

Net cash flows from operating activities	70 874 599	-	70 874 599	26 716 341	(44 158 258)	
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Cash flows from investing activities

Purchase of property, plant and equipment	(45 929 652)	-	(45 929 652)	(28 018 245)	17 911 407	Note 56
Proceeds from sale of property, plant and equipment	-	-	-	69 600	69 600	Note 56

Net cash flows from investing activities	(45 929 652)	-	(45 929 652)	(27 948 645)	17 981 007	
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Net increase/(decrease) in cash and cash equivalents	24 944 947	-	24 944 947	(1 232 304)	(26 177 251)	
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Cash and cash equivalents at the beginning of the year	3 140 437	-	3 140 437	60 069	(3 080 368)	
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Cash and cash equivalents at the end of the year	28 085 384	-	28 085 384	(1 172 235)	(29 257 619)	
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The accounting policies on pages 19 to 50 and the notes on pages 51 to 113 form an integral part of the audited annual financial statements.

Kagisano-Molopo Local Municipality - NW397

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Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Accounting Policies for the year ended 30 June 2025

Figures in Rand	Note(s)	2025	2024
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1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparations

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.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. The amounts disclosed in the annual financial statements are rounded-off to the nearest Rand.

1.3 Going concern assumption

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

1.4 Materiality

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

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

When the final accounts have been closed, any transaction that occurs in respect of a prior period, is considered by management individually and collectively for materiality and the annual financial statements are amended with transactions that are material in amount or by nature.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Trade receivables

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

The impairment for trade receivables is calculated on a payment rate basis per consumer. The payment rate is calculated on the total payments received per consumer in the current year, and then divided by the total revenue billed per consumer for the current year. The percentage is then converted to a non payment ratio. The non payment ratio is then multiplied with the consumers total outstanding balance. The movement between a consumers yearly impairment balance are accounted through profit and loss in the statement of financial performance.

Management's judgement is required when determining the write down of stock to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the inventory note.

Fair value estimation

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

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

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

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

Provisions

Management's judgement is required when recognising and measuring provisions, contingent liabilities and contingent assets. Additional disclosure of these estimates of provisions are included in note 13.

Useful lives of infrastructure and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and Investment properties. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives. In the event that a depreciating asset is nearing the end of its useful life, the availability of budget to replace the asset is considered. If the asset is not budgeted to be replaced, the useful life is extended by one year. Depreciation is adjusted going forward.

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in note 11.

Effective interest rate

The municipality used the most relevant contractual risk rate applicable where relevant to each category of assets and liabilities to discount future cash flows. Where none exists the prime interest rate is used to discount future cash flows.

Allowance for impairment

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows.

Recognition and Derecognition of Land

In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are as follow (IGRAP 18 par. 41):

- Land controlled by the municipality as a result of a past event and from which future economic benefit or service potential is expected to flow to the entity are recognised by the municipality. Control is evidenced by the municipality's ability to use, or direct others to use, the land and also by the right to direct access to the land and to restrict or deny access of others to the land.

In some instances the municipality is the legal owner, or the custodian of land appointed in terms of legislation, but concludes that it does not control such land. Key judgements made and assumptions applied to conclude that it does not control such land, are as follow (IGRAP 18 par. 41):

- Land not controlled by the municipality as a result of a past event and from which future economic benefit or service potential will not flow to the municipality. The municipality does not have the ability to use or direct others to use the land. The municipality does not have rights to direct access to the land and to restrict or deny access of others to the land. There are various housing scheme land where the municipality is still the legal owner per the deeds office, but where control and substantive rights were not transferred. These land are not recognised by the municipality.

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Impairment of statutory receivables

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

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

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

Accounting for adjustments to revenue

Determining whether an adjustment to revenue charged in terms of legislation or similar means is a correction of an error or a change in an accounting estimate requires the application of judgement by management. When adjustments to revenue already recognised arise from new information that becomes known to the municipality, the following considerations are applied to determine whether the adjustment to revenue already recognised is a correction of an error or a change in an accounting estimate:

(a) If information becomes known to the municipality, and the municipality could reasonably have been expected to know of the information and/or the information used was incorrect, the adjustment to revenue is likely to be a correction of an error.

(b) If information becomes known to the municipality, but the municipality could not reasonably have been expected to know of this information when the revenue was charged, the adjustment to revenue is likely to be a change in an accounting estimate.

Accounting for adjustments to revenue that correct an error or prior period error

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the municipality, the municipality accounts for an adjustment to revenue already recognised, including interest and penalties, as the correction of an error or prior period error where the entity:

(a) has not followed a proper due process to promulgate the tariff, basis, percentage or formula to charge the revenue; and/or

(b) incorrectly applied the tariff, basis, percentage or formula in charging revenue.

Errors discovered within the reporting period which relates to that period are corrected before the audited annual financial statements are authorised for issue. The principles in GRAP 3 are applied to account for the adjustment to revenue already recognised as a result of the correction of a prior period error.

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Segment reporting

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

The municipality does not disclose the geographical areas in which it operates as it is not relevant for decision-making purposes.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

Interest on exchange and non exchange assets

In applying GRAP 104, GRAP 9 and GRAP 23 interest earned should be split based on the nature of the source of revenue, i.e., exchange and non-exchange. The financial system calculates interest on total debt outstanding monthly (Total balance due less interest charged not settled). Therefor interest is billed on total due (capital only amount). Management therefor to comply with the split on exchange and non-exchange calculates the total debt outstanding per source of revenue and then uses that to split interest earned between exchange and non-exchange transactions.

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at fair value. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Accounting Policies

1.6 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Revenue earned from rental of investment property is disclosed as part of rental of facilities and equipment and are thus not disclosed separately, as they are not material. Expenses in respect of investment property are disclosed as other expenditure and not disclosed separately as they are not material.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the audited annual financial statements (see note 9). Cost incurred to repair and maintain investment property comprises of goods and services and contracted services. These cost excludes labour cost.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the audited annual financial statements (see note 9). All investment property under construction which have exceeded the initial planned completion date by two years are considered to be taking a significantly longer period of time to complete than expected.

Derecognition

Items of investment property are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of asset.

The gain or loss arising from the derecognition of an item of investment property is included in surplus or deficit when the item is derecognised.

The gain or loss arising from the derecognition of an item of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset.

1.7 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.

Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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1.7 Property, plant and equipment (continued)

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

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

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

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

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

Item	Depreciation method	Average useful life
Immovable assets		
Community facilities	Straight-line	5 - 100 years
Sport and recreation facilities	Straight-line	5 - 100 years
Electricity Network	Straight-line	10 - 60 years
Water supply network	Straight-line	10 - 100 years
Roads and stormwater network	Straight-line	5 - 100 years
Sanitation network	Straight-line	5 - 100 years
Housing	Straight-line	7 - 100 years
Operational buildings	Straight-line	5 - 100 years
Movable assets		
Computer equipment	Straight-line	5 years
Electrical equipment	Straight-line	5 years
Furniture and fittings	Straight-line	7 years
Leased assets - office equipment	Straight-line	3 - 5 years
Mechanical equipment	Straight-line	5 years
Office machines	Straight-line	5 years
Vehicles	Straight-line	6 - 10 years

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

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1.7 Property, plant and equipment (continued)

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 10). The expenditure to repair and maintain property, plant and equipment comprises of goods and services and contracted services. These cost excludes labour cost.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 10).

1.8 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

1.9 Financial instruments

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

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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an municipality'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 municipality 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 municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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1.9 Financial Instruments (continued)

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

A financial asset is:

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

A 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.

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1.9 Financial Instruments (continued)

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

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

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 municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

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

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

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

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

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 municipality had not acquired, issued or disposed of the financial instrument.

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

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

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

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

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

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Accounting Policies

1.9 Financial instruments (continued)

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
Cash and cash equivalents	Financial asset measured at amortised cost
Other receivables from exchange transactions	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
Bank overdraft	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

1.10 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 a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accounting Policies

1.10 Statutory receivables (continued)

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.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

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

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

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

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

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

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

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

Derecognition

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

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

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1.10 Statutory receivables (continued)

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.

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

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

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

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

The depreciation policy for depreciable leased assets is consistent with the normal depreciation policy for similar assets.

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 Construction contracts and receivables

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

Accounting Policies

1.12 Construction contracts and receivables (continued)

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

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

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

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

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

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

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

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

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

1.13 Cash and cash equivalents

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

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

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

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

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

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

1.14 Impairment of cash and 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

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

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.

Accounting Policies

1.14 Impairment of cash and non-cash-generating assets (continued)

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

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

- None of the assets are managed with the objective of generating positive cash flows are expected to be significantly higher than the cost of the asset; and
- Although certain services assets generate positive cash flows, these are used for cross subsidisation of services assets that generate negative cash flows.

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

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

Useful life is either:

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

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that a expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of non-cash-generating assets.

Identification

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

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

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

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

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1.14 Impairment of cash and non-cash-generating assets (continued)

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Accounting Policies

1.14 Impairment of cash and non-cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.14 Impairment of cash and non-cash-generating assets (continued)

Reversal of an impairment loss

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

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

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

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.

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.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.15 Employee benefits

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

The municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined contribution plans and defined-benefit plans.

Defined-contribution plans are post-employment benefit plans under which a municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against the statement of financial performance in the year in which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued based on the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities. The contributions and lump sum payments are charged against the statement of financial performance in the year in which they become payable.

Accounting Policies

1.15 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality 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 municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality provides long-service awards to eligible employees, after completion of every five years' service and the liability thereof is based on an actuarial valuation. The projected unit credit method has been used to value the obligation.

Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance.

Post-employment benefits

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

The municipality provides post-retirement benefits by subsidising the medical healthcare contributions of certain retired staff. According to the rules of the medical aid funds with which the municipality is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the municipality will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past, or accrued and future in-service element. The liability is recognised at the fair value of the obligation, together with any adjustments required. The projected unit credit method has been used to value the obligation. Refer to note 11.

Post-employment benefits: Defined contribution plans

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

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an 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 contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount 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 obligation.

Accounting Policies

1.15 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.

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.

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

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

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

- current service cost;
- interest cost;
- actuarial gains and losses;
- past service cost; and
- the effect of any curtailments or settlements.

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.

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.

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1.15 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

1.16 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

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.

Accounting Policies

1.16 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 34.

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.

Accounting Policies

1.16 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.14 .

If the related asset is measured using the revaluation model:

- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The municipality does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the municipality being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the municipality has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

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1.17 Commitments

Capital commitments disclosed in the annual financial statements represent the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date. The municipality discloses capital commitments inclusive of VAT.

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.18 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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. Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

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

1.18 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.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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

1.19 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.

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.

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1.19 Revenue from non-exchange transactions (continued)

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

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Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Unconditional Grants

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

Conditional Grants

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

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

Gifts and donations, including goods in-kind

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

Services in-kind

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

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

Unallocated deposit

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principles as enforced by the law.

1.20 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.21 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.

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Accounting Policies

1.22 Current year comparatives

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

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

The presentation and classification of items in the current year is consistent with prior periods.

1.23 Comparative figures

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

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.24 Unauthorised expenditure

Unauthorised expenditure is defined as any expenditure incurred by a municipality not in accordance with section 15 or 11(3) of the MFMA, and includes an overspending of the total amount appropriated in the municipality's approved budget, an overspending of the total amount appropriated for a vote in the approved budget, an expenditure from a vote unrelated to the department or functional area covered by the vote, an expenditure of money appropriated not in accordance for that specific purpose, a spending of an allocation not in accordance with any conditions of the allocation, or a grant made by the municipality not in accordance with the MFMA.

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.

1.25 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.

Fruitless and wasteful expenditure is disclosed inclusive of VAT.

1.26 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure is disclosed inclusive of VAT.

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.

Accounting Policies

1.26 Irregular expenditure (continued)

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.

1.27 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual 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.

1.28 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure.

1.29 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 2024/07/01 to 2025/06/30.

The approved budget is prepared on an accrual basis and presented in accordance with the GRAP reporting framework.

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

The annual financial statements and the budget are on the same accounting basis and for the same municipality and same period but not on the same classification basis therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

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Accounting Policies

1.29 Budget information (continued)

The Statement of comparative and actual information has been included in the annual financial statements based on the prescribed budget schedules using tables B1, B4, B6 and B7.

1.30 Related parties

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

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

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its audited annual financial statements.

1.31 Events after reporting date

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

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

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

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

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Accounting Policies

1.32 Bad debts written off

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the debt provision account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.33 Value Added Tax

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

The Municipality is registered for VAT on the payment basis. Revenue, expenses and assets are recognised net of the amount of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1.34 Unspent Conditional Grants and Receipts

Unspent conditional grants and receipts are reflected on the Statement of Financial Position as a current liability. They represent unspent government grants, subsidies and contributions from the public. This liability always has to be backed by cash.

The following provisions are set for the creation and utilisation of this liability:

- The cash which backs up the liability is invested until it is utilised,
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unspent conditional grant an amount equal to the cost price of the asset purchased is transferred from the unspent conditional grant into the Statement of Financial Performance as revenue.

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Figures in Rand	2025	2024
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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 Mergers	01 April 2025	Unlikely there will be a material impact
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control	01 April 2025	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	01 April 2025	Unlikely there will be a material impact
• GRAP 2023 Improvements to the Standards of GRAP 2023	01 April 2025	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2025	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Cash and cash equivalents	37 292	37 292
Receivables from exchange transactions	126 760	126 760
	164 052	164 052

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	71 293 067	71 293 067

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3. Financial instruments disclosure (continued)

2024

Financial assets

	At amortised cost	Total
Cash and cash equivalents	60 069	60 069
Receivables from exchange transactions	727 552	727 552
	787 621	787 621

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	94 148 275	94 148 275

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4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	20 156	23 680
Short-term deposits	17 136	36 389
	37 292	60 069
The total amount of undrawn facilities available for future operating activities and commitments	37 292	60 069
	37 292	60 069

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
Current accounts						
ABSA Bank - Primary Bank AccountAcc no: 407801332	20 155	23 680	2 248 223	20 115	23 680	2 248 223
Short-term Investments						
FNB Bank - Short-term DepositsAcc no.: 62360911202	-	20 354	520 304	-	20 354	520 304
FNB Bank - Short-term DepositsAcc no.: 62371561062	15 650	14 547	84 928	15 648	14 547	84 928
Standard Bank - Short-term DepositsAcc no.: 048549592	1 487	1 487	1 487	1 487	1 487	1 487
Total	37 292	60 068	2 854 942	37 250	60 068	2 854 942

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5. Receivables from exchange transactions		
Gross balances		
Trade debtors	126 760	206 468
Prepayments	-	521 084
	126 760	727 552

Receivables from exchange transactions pledged as security

No Trade and other receivables from exchange transactions were pledged as security.

Credit quality of trade and other receivables from exchange

The credit quality of trade and other receivables from exchange transactions that are neither past due nor due nor impaired can be assessed by reference to historical trends and other available information. Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

Fair value of receivables from exchange transactions		
Trade and other receivables from exchange	126 760	727 552

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6. Receivables from non-exchange transactions		
Gross balances		
Property rates	180 387 836	183 138 479
Property rentals	11 880 950	9 675 709
	192 268 786	192 814 188
Less: Allowance for impairment		
Property rates	(178 966 715)	(181 374 076)
Property rentals	(10 909 774)	(9 077 137)
	(189 876 489)	(190 451 213)
Net balance		
Property rates	1 421 121	1 764 403
Property rentals	971 176	598 572
	2 392 297	2 362 975
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Fines	-	-
Government grants and subsidies	-	-
Property rates	1 421 120	1 764 402
Other	971 176	598 571
	2 392 296	2 362 974
Total receivables from non-exchange transactions	2 392 297	2 362 975
Property rates		
Current (0 -30 days)	13 774 357	64 855 528
31 - 60 days	(24 223 461)	(384 386)
61 - 90 days	10 245 016	343 535
91 - 120 days	(197 350)	227 476
120+ Days	180 789 274	118 096 326
Impairment	(178 966 715)	(181 374 076)
	1 421 121	1 764 403
Other		
Current (0 -30 days)	125 954	131 271
31 - 60 days	125 954	131 271
61 - 90 days	125 648	131 271
91 - 120 days	121 595	128 695
120+ Days	11 381 799	9 153 201
Impairment	(10 909 774)	(9 077 137)
	971 176	598 572

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2025	2024
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900 311	64 986 800
097 507)	(253 115)
370 665	474 807
(75 755)	356 172
778 775	124 886 549
876 489	190 451 213
876 489)	(190 451 213)
-	-

900 311	64 986 800
097 507)	(253 115)
370 665	474 807
(75 755)	356 172
171 072	127 249 524
876 489	190 451 213
876 489)	(190 451 213)
392 297	2 362 975

451 213)	(130 351 733)
574 723	(60 099 479)
876 490)	(190 451 212)

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redit quality can be	
296	2 362 974

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7. Statutory receivables from non-exchange transactions

Statutory receivables included in the Statement of Financial Position under Receivables from non-exchange transactions

Property rates	180 387 835	183 138 478
	<u>180 387 835</u>	<u>183 138 478</u>

Reconciliation of provision for impairment for statutory receivables

Provision for impairment included under receivables from non-exchange transactions:

Property rates	(178 966 715)	(181 374 076)
	<u>(178 966 715)</u>	<u>(181 374 076)</u>

Factors the entity considered in assessing statutory receivables impaired

A payment ratio analysis report was drawn in order to establish the payment percentage per type of debtor. This payment percentage was used to impair these statutory receivables.

Statutory receivables general information

Transaction(s) arising from statute

Property rates related transactions arise in terms of the Municipal Property Rates Act, 6 of 2004, Municipal Finance Management Act, 56 of 2003, as well as the Property Rates Policy of the municipality approved by Council as part of the Budget Process.

Government grants related transactions arise in terms of the applicable annual Division of Revenue Act Bill as well as the relevant Provincial Gazette.

VAT transactions arise from the Value Added Tax Act 89 of 1991. VAT is an indirect tax on the consumption of goods and services in the economy. VAT is levied on all goods and services subject to certain exemptions, exceptions, deductions and adjustments provided for in the Value Added Tax Act 89 of 1991.

Determination of transaction amount

Property rates transaction amounts are determined in line with the Annual Tariff List of the municipality approved by Council as part of the Budget Process in terms of the Municipal Finance Management Act, 56 of 2003.

Basis used to assess and test whether a statutory receivable is impaired

No impairment on VAT Receivable, balance expected to be fully recoverable.

8. VAT receivable

VAT	3 554 362	2 909 515
	<u>3 554 362</u>	<u>2 909 515</u>

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8. VAT receivable (continued)

Only once payment is received from debtors or payments made to suppliers the VAT is paid over to or claimed from the South African Revenue Service (SARS).

VAT is (payable)/receivable on the cash basis.

Notes to the Audited Annual Financial Statements

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9. Investment property

	2025	2024
	Fair Value	Fair Value
Investment property	44 739 204	43 673 298
Total	44 739 204	43 673 298

Reconciliation of investment property - 2025

Investment property	Opening balance	Disposals	Fair value adjustments	Total
	43 673 298	(69 600)	1 135 505	44 739 204
	43 673 298	(69 600)	1 135 505	44 739 204

Reconciliation of investment property - 2024

Investment property	Opening balance	Disposals	Fair value adjustments	Total
	43 456 018		217 280	43 673 298
	43 456 018	-	217 280	43 673 298

Pledged as security

No investment properties has been pledged as security for liabilities.

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.

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9. Investment property (continued)

Details of valuation

The effective date of the revaluations was 30 June 2025. Revaluations were performed by West Rand Consulting (Pty) Ltd. Mr P.H. Venter was the valuer at West Rand Consulting (Pty) Ltd to perform the valuations. Mr P.H. Venter is a registered Professional Associated Valuer with the SA Council for Valuers Profession, registration number 7428, a member of the SA Institute of Valuers and has the appropriate experience in performing valuation of investment properties.

The valuation for the land portion was based on adapted comparable sales and for the improvements there-on on replacement costs.

These assumptions are based on current market conditions.

Legal ownership

.16 The right to direct access to land, and to restrict or deny the access of others to land .20 In assessing whether the rights that have been granted to an entity in a binding arrangement result in control of the land, it is important to distinguish between substantive rights and protective rights. Only substantive rights are considered in assessing whether an entity controls land.

.18 Legal ownership refers to the owner being the registered title deed holder of the land. Legal ownership also arises where the land is transferred from the legal owner to another entity or party, through legislation or similar means. For example, when a change in ownership is recorded by way of an endorsement on the existing title deed, rather than a formal transfer or change in ownership reflected on the title deed. References to legal owner or legal ownership in this Interpretation include both situations.

.19 In the absence of an entity demonstrating that it has granted the right to direct access to and restrict or deny access of others to the land to another entity, the legal owner controls the land as it retains the right to direct access to land, and to restrict or deny the access of others to land. The legal owner is thus able to demonstrate both criteria in paragraph.

.21 Substantive rights grant the entity the ability to make decisions about, and benefit from, certain rights and assets, such as how to use the land to provide services, and when to dispose of the land, to whom and at what price. For the right to be substantive, the holder of the right must have the present ability to exercise that right.

The accounting for land is based on the rights that an entity is presently able to exercise in terms of its ownership of the land or other rights granted in terms of a binding arrangement.

Derecognise

The invasion of land may be an illegal act. Although the illegal occupants may have certain rights, these rights do not supersede or eliminate the entity's currently exercisable rights in terms of its legal ownership of the land. Land ownership means that the entity has substantive rights to direct or restrict access to the economic benefits or service associated with the land. The fact that the entity may not execute these rights because of political, socio-economic or other factors, is irrelevant in establishing whether control exists for accounting purposes. An entity would need to assess if its ownership rights are subsequently changed through another legal action, such as the outcome of a court process such as the outcome of court case, court order, etc. The illegal occupation of land may indicate that an impairment loss should be recognised. An entity should apply the principles in either GRAP 21 or GRAP 26 when these occupations occur (and throughout their duration).

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10. Property, plant and equipment

	2025		2024			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Immovable assets						
Buildings	84 144 543	(25 787 469)	58 357 074	83 950 137	(24 580 860)	59 369 277
Community	297 539 017	(89 113 014)	208 426 003	289 766 721	(84 514 785)	205 251 936
Infrastructure	445 427 157	(152 450 279)	292 976 878	431 278 562	(151 348 371)	279 930 191
Land	1 824 099	-	1 824 099	1 824 099	-	1 824 099
Landfill site asset	50 723 453	(18 693 517)	32 029 936	52 696 483	(17 033 907)	35 662 576
Other property, plant and equipment	27 622 440	(17 252 296)	10 370 144	32 051 108	(19 882 324)	12 168 784
Total	907 280 709	(303 296 575)	603 984 134	891 567 110	(297 360 247)	594 206 863

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10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Work in Progress - Additions	Work in Progress - Transfers	Transfers received	Other changes, movements	Depreciation	Impairment loss	Impairment reversal	Total
Buildings	59 369 277	194 407	-	-	-	-	-	(1 345 235)	-	138 625	58 35
Community	205 251 936	1 378 144	(18 313)	9 917 774	(3 478 261)	-	-	(6 850 946)	-	2 225 669	208 42
Infrastructure	279 930 191	16 900	(83 624)	14 461 903	(25 590 922)	25 590 922	-	(9 726 231)	-	8 377 739	292 97
Land	1 824 099	-	-	-	-	-	-	-	-	-	1 82
Landfill site asset	35 662 576	-	-	-	-	-	(1 973 029)	(1 659 611)	-	-	32 02
Other property, plant and equipment	12 168 784	2 049 115	(2 296 449)	-	-	-	-	(1 789 227)	(337 553)	575 474	10 37
	594 206 863	3 638 566	(2 398 386)	24 379 677	(29 069 183)	25 590 922	(1 973 029)	(21 371 250)	(337 553)	11 317 507	603 98

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10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Work in Progress - Additions	Work in Progress - Transfers	Transfers received	Other changes, movements	Depreciation	Impairment loss	Impairment reversal	Total
Buildings	59 040 109	-	1 863 261	(13 712 090)	13 712 090	-	(1 543 257)	-	9 164	59 369 277
Community Infrastructure	213 368 666	157 800	-	-	-	-	(8 301 086)	(2 002 261)	2 028 817	205 251 936
Land	269 378 030	76 650	21 679 501	-	-	-	(11 531 903)	(25 499)	353 412	279 930 191
Landfill site asset	1 824 099	-	-	-	-	-	-	-	-	1 824 099
Other property, plant and equipment	37 930 302	-	-	-	-	(585 028)	(1 682 698)	-	-	35 662 576
	10 863 866	3 188 529	-	-	-	-	(1 438 645)	(537 089)	92 123	12 168 784
	592 405 072	3 422 979	23 542 762	(13 712 090)	13 712 090	(585 028)	(24 497 589)	(2 564 849)	2 483 516	594 206 863

Pledged as security

There are no property, plant and equipment pledged as security for overdraft facilities.

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10. Property, plant and equipment (continued)		
Property, plant and equipment in the process of being constructed or developed		
Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Buildings	2 748 497	2 748 497
Infrastructure - Road network	10 550 346	-
Community	20 177 897	13 738 384
Infrastructure - Electricity network	67 545 732	89 225 234
Infrastructure - Water network	10 860 074	10 860 074
	111 882 546	116 572 189

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Total
Opening balance	102 833 806	13 738 384	116 572 190
Additions/capital expenditure	14 461 767	9 917 774	24 379 541
Transferred to repairs and maintenance	-	(3 478 260)	(3 478 260)
Transferred to completed items	(25 590 922)	-	(25 590 922)
	91 704 651	20 177 898	111 882 549

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	93 003 132	13 738 384	106 741 516
Additions/capital expenditure	23 542 762	-	23 542 762
Transferred to completed items	(13 712 089)	-	(13 712 089)
	102 833 805	13 738 384	116 572 189

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	408 967	71 002
Transport assets	106 082	845 977
Land and Buildings	106 082	1 025 249
Infrastructure	757 376	69 310
	1 378 507	2 011 538

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.

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11. Employee benefit obligations		
The amounts recognised in the statement of financial position are as follows:		
Non-current employee benefits		
Post-Retirement Medical Aid benefits	-	-
Long-service awards benefits	2 436 199	2 381 192
	-	-
Current employee benefits		
Post-Retirement Medical Aid benefits	-	-
Long-service awards benefits	412 228	393 419
	-	-
Total employee benefits		
Post-Retirement Medical Aid benefits	-	-
Long-service awards benefits	2 848 427	2 774 611
	-	-

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11. Employee benefit obligations (continued)

Post employment health care benefits

Total members

-	-
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In-service members (Employees)

-	-
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Long-service awards benefits

The municipality operates a funded defined benefit plan for all its employees. Under the plan, a Long Service Award is payable after 10 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025 by 1 Pangaea Expertise and Solutions Pty (Ltd). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end 30 June 2025 (2024: 92) 115 employees were eligible for Long Services Awards.

The principal assumptions used for the purposes of the actuarial valuations were as follow:

Discount rate	9,07 %	10,78 %
General Salary inflation	4,96 %	6,57 %
Net effective discount rate	3,91 %	3,95 %

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11. Employee benefit obligations (continued)

The amounts recognised in the statement of financial position are as follow:

Present value of unfunded obligations	2 866 426	2 774 611
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Amounts recognised in the statement of financial performance

The amounts recognised in the statement of financial performance are as follow:

Current service cost	253 614	269 528
Interest cost	277 941	200 075
Actuarial losses / (gains) recognised	-	-
Total expense included in employee related costs	531 555	469 603

Opening balance	2 774 611	2 094 161
Current service cost	253 614	269 528
Interest cost	277 941	200 075
Actual employer benefit payments	(365 823)	(358 508)
Actuarial loss/ (gain) recognised in the year	(73 917)	569 355
	2 866 426	2 774 611

Liability History	2025/06/30	2024/06/30	2023/06/30	2022/06/30	2021/06/30
Accrued Liability	(2 866 426)	(2 774 611)	(2 094 161)	-	-
Surplus / (Deficit)	2 866 426	2 774 611	2 094 161	-	-

The table below summarises the experience adjustments for the current and previous four periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred:

Experience adjustment	2025/06/30	2024/06/30	2023/06/30	2022/06/30	2021/06/30
Liabilities: (Gain) / Loss	(73 917)	569 355	-	-	-
	73 917	(569 355)	-	-	-

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12. Payables from exchange transactions		
Accrued bonus	1 531 404	1 484 352
Accrued leave pay	8 226 297	8 130 734
Other creditors - Salary accrual	3 808 878	-
Other payables	23 921 381	27 192 869
Debtors with Credit balances	5 418 141	3 935 516
Retentions	6 378 827	5 976 168
Trade payables	37 183 979	47 428 636
	86 468 907	94 148 275
Fair value of trade and other payables		
Trade payables	86 468 907	94 148 275
	86 468 907	94 148 275

The fair value of trade and other payables approximates their carrying amounts. Trade and other payables are normally settled on 30-day terms in accordance with the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice / statement. Thereafter interest is charged in accordance with the credit policies of the various individual creditors.

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13. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Change in provision	Finance cost	Total
Rehabilitation of landfill site	37 988 850	(1 973 029)	3 097 799	39 113 620
	37 988 850	(1 973 029)	3 097 799	39 113 620

Reconciliation of provisions - 2024

	Opening Balance	Change in provision	Finance cost	Total
Rehabilitation of landfill site	35 937 453	(585 028)	2 636 426	37 988 850
	35 937 453	(585 028)	2 636 426	37 988 850

Non-current liabilities	39 113 620	37 988 851
	39 113 620	37 988 851

Environmental rehabilitation provision

The provision is made in terms of the municipality's licensing stipulations on the landfill waste sites.

Kagisano-Molopo Local Municipality consists of four (4) towns (Genyesa, Tosca, Morokweng & Piet Plessis). Genyesa is the central business district of Kagisano-Molopo Local Municipality. Landfill operations continue until all the available permitted airspace has been filled. Once this happens, the site close and capped with a layer of impermeable clay and a layer of the top soil. Grass and other suitable vegetation types are planted to stabilize the soil and improve the appearance. Environmental monitoring continues for a period of up to 30 years after the closure of the site. No appointment for the closure of the sites has been made, and therefore only rough estimates have been compiled without site visits with no detailed inspections or investigations. Basic information on the size and classification of each site was supplied.

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13. Provisions (continued)

Key cost parameters:

The discount rate was deduced from the average of the Zero-Coupon Yield Curve (Nominal Bond) over the entire durations applicable in the future. The annualised long term discount rate at 30 June 2025 was 11.16% p.a. The consumer price inflation of 3.00% p.a. was obtained from the differential between the averages of the Nominal Bond Yield Curve and the Real Bond Yield Curve (Zero Yield Curves).

Consumer price inflation (C) 3.00% (2024: 5.10%)

Discount rate (D) 11.16% (2024: 12.40%)

Net discount rate 7.92% (2024: 6.94%)

	Opening balance	Change in provision	Utilised during the year	Finance cost	Total
Piet Plessis	10 480 348	(382 257)	-	868 559	10 966 649
Tosca	9 399 453	(877 183)	-	733 019	9 255 288
Morokweng	10 102 237	(399 720)	-	834 534	10 537 050
Genyesa	8 006 811	(313 867)	-	661 687	8 354 631
	37 988 850	(1 973 029)	-	3 097 799	39 113 620

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Department of Sports, Arts and Culture Library Grant	187 980	-
Financial Management Grant	-	600 000
Municipal Infrastructure Grant	-	6 368 980
Local Government SETA grant	96 775	-
	284 755	6 968 980

Movement during the year

Balance at the beginning of the year	6 968 980	4 781 837
Additions during the year	35 983 787	38 375 762
Income recognition during the year	(35 699 032)	(31 406 782)
Transferred to Equitable share withheld	(6 968 980)	(4 781 837)
	284 755	6 968 980

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See reconciliation of grants from National/Provincial Government note 21 and for public contributions note

These amounts are invested in a ring-fenced investment until utilised.

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15. Interest income (Exchange transactions)		
Interest income		
Bank accounts	279 779	1 087 483
Interest received - call account investments	476 236	230 316
	756 015	1 317 799

Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 9 802 549.23 (2024: R 8 973 494.34).

16. Operational revenue

Clearance certificates	418 324	22 015
Insurance claims received	324 840	205 276
Tender documents	147 305	129 565
	890 469	356 856

The amounts disclosed above for Operational revenue are in respect of services rendered, other than described in note: 17 and 18 which are billed to or paid for by the users of the services as required according to approved tariffs.

17. Rental of facilities and equipment

Facilities and equipment		
Rental of facilities	1 242 635	1 165 900
Hiring of halls and sports facilities	80 641	115 478
	1 323 276	1 281 378
	1 323 276	1 281 378

18. Service charges

The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to the approved tariffs.

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19. Property rates		
Rates received		
Residential	238 451	239 847
Commercial	192 308	192 308
State	9 665 707	9 665 707
Municipal	153 038	153 038
Small holdings and farms	18 401 503	15 706 246
Property rates 1	722	722
Property rates 2	18 468	-
Property rates 4	16 748	16 748
Less: Income forgone	(15 185 502)	(15 169 357)
	13 501 443	10 805 259
Valuations		
Residential	33 709 000	33 709 000
State	4 005 242 000	4 005 242 000
Commercial properties	9 990 000	9 990 000
Municipal	113 468 000	113 468 000
Small holdings and farms	6 387 525 000	6 387 525 000
Public benefit organisations	4 815 000	4 815 000
Public service infrastructure	414 000	414 000
Vacant land	1 820 000	1 820 000
	10 556 983 000	10 556 983 000

Assessment Rates are levied on the value of land and improvements, which valuation is performed every five years. Interim valuations are processed on an annual basis to consider any changes in individual property values, due to amendments. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Municipal valuation threshold value

On qualifying residential properties, property owners will receive a rebate up to a maximum value of R120 000, which amount includes a value of R15 000 as per Section 17(1)(h) of the Local Government: All residential property with a market value of less than the amount as annually determined by the Municipality, are exempted from paying property rates. The maximum amount is determined as R20 000. The impermissible rates of R15 000 contemplated in terms of Section 17(1)(h) of the Act and the R5 000 is a council reduction. The remaining R100 000 is aimed primarily at alleviating poverty and forms an important part of the Municipality's Indigent Policy.

Other rebates

Taking into account the effects of rates on PBO's performing a specific public benefit activity and if registered in terms of the Income Tax Act, 1962 (No. 58 of 1962) for tax reduction because of those activities, Public Benefit Organisations may apply for the exemption of property rates. Any other exclusions or exemptions have been granted in accordance with the Local Government: Municipal Property Rates Act, No. 6, 2004.

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Figures in Rand	2025	2024
20. Interest income (Non-exchange transactions)		
21. Government grants and subsidies		
Operating grants		
Equitable share	161 139 980	150 897 837
Financial management grant	3 000 000	2 400 000
Extended Public Works Programme	2 036 000	1 321 000
Local Government SETA grant	34 013	137 762
Department of Sports, Arts and Culture Library Grant	827 020	971 000
	167 037 013	155 727 599
Capital grants		
Municipal Infrastructure Grant	25 802 000	26 577 020
Energy Efficiency and Demand Grant	4 000 000	-
	29 802 000	26 577 020
	196 839 013	182 304 619
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members and the day to day running of the municipality.		
Conditions still to be met - remain liabilities see note 14		
Municipal Infrastructure Grant		
Balance unspent at beginning of year	6 368 980	4 781 837
Current-year receipts	25 802 000	32 946 000
Conditions met - transferred to revenue	(25 802 000)	(26 577 020)
Integrated National Electrification Programme Grant Rollover of 2022/23 denied withheld from Equitable share in 2023/24	(6 368 980)	(4 781 837)
	-	6 368 980
Conditions still to be met - remain liabilities see note 14		
Financial Management Grant		
Balance unspent at beginning of year	600 000	-
Current-year receipts	3 000 000	3 000 000
Conditions met - transferred to revenue	(3 000 000)	(2 400 000)
Local Government Financial Management Grant Rollover of 2021/22 denied withheld from Equitable share in 2022/23	(600 000)	-
	-	600 000
Expanded Public Works Programme Integrated Grant		
Current-year receipts	2 036 000	1 321 000

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21. Government grants and subsidies (continued)		
Conditions met - transferred to revenue	(2 036 000)	(1 321 000)
	-	-
Local Government SETA grant		
Current-year receipts	130 787	137 762
Conditions met - transferred to revenue	(33 021)	(137 762)
	97 766	-
Department of Sports, Arts and Culture Library Grant		
Current-year receipts	1 015 000	971 000
Conditions met - transferred to revenue	(827 020)	(971 000)
	187 980	-
Energy Efficiency		
Current-year receipts	4 000 000	-
Conditions still to be met - remain liabilities see note 14		
22. Contracted services		
Presented previously		
Information Technology Services	4 370 833	4 059 000
Security Services	9 059 386	25 539 939
Operating Leases	516 844	5 742 797
Specialist Services	1 428 117	1 032 374
Outsourced Services		
Administrative and Support Staff	1 104 308	1 050 725
Catering Services	17 920	-
Sewerage Services	-	44 500
Consultants and Professional Services		
Business and Advisory	15 375 994	12 634 803
Legal Cost	3 340 050	5 736 941
Contractors		
Building	-	2 990 134
Maintenance of Buildings and Facilities	3 716 765	263 610
	38 930 217	59 094 823
23. Debt impairment		
Contributions to debt impairment provision	(574 724)	88 719 203
	(574 724)	88 719 203

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24. Depreciation and amortisation		
Property, plant and equipment	21 371 250	24 497 589

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Figures in Rand	2025	2024
25. Employee related cost		
Basic salaries and wages	45 186 780	42 242 390
Bonus	2 852 980	2 560 421
Housing allowances	1 506 780	1 232 851
Long-service awards	410 004	1 038 958
Company contributions	9 285 425	8 195 172
Overtime payments	405 000	-
Other employee related costs	806 827	307 199
Travel, motor car, accommodation, subsistence and other allowances	1 460 705	1 817 163
Total for municipal staff	61 914 501	57 394 154
Total Employee related cost	-	-

Senior management costs breakdown

Remuneration of Municipal Manager

Basic Salary	1 491 131	1 080 607
Other Allowance	-	8 000
Car Allowance	-	140 000
Contribution to pension fund, UIF, SDL	17 156	2 292
Acting allowances	355 347	19 967
	1 863 634	1 250 866

Included in above summary of Employee Related Costs. 2024/25 Kagiso Ephraim Morapedi was appointed as Acting MM from 27 March 2024 until 30 July 2024. Bakang Godfrey Selebogo was appointed as Acting MM from 31 July 2024 until 31 October 2024. Kgathane Dimpho Confidence was appointed as Acting MM from 13 December 2024 -until March 2025

Remuneration of Chief Finance Officer

Basic Salary	353 998	1 203 756
Other employee costs	200 390	9 600
Contribution to pension fund, UIF, SDL	102 429	2 262
Acting Allowance	100 411	-
	757 228	1 215 618

Ms KJ Sekgome started acting in this role from 01 October 2024 to date

Remuneration of Director Community Services

Basic Salary	972 602	986 784
Car allowance	268 958	316 623
Contribution to pension fund, UIF, SDL	267 983	2 125
	1 509 543	1 305 532

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25. Employee related cost (continued)

Remuneration of Director Corporate Services

Acting Allowance	192 164	116 306
	192 164	116 306

Mrs DC Kgathane has been acting on the role for the the period 1 July 2024 to 30 June 2025

Remuneration of the Director LED

Acting allowance	138 256	90 051
	138 256	90 051

Included in above summary of Employee Related Costs.- Mr C Mahusi, was appointed as acting director for a period of 6 months from 02 Jul 2024 until 30 December 2024- Mr DE Marumo was appointed as acting director from 01 Jan 2025 until 30 June 2025

Remuneration of the Director planning and development

Basic Salary	-	944 042
Car allowance	-	269 966
Contribution to pension fund, UIF, SDL	-	2 262
Acting Allowance	138 256	-
	138 256	1 216 270

Remuneration of the infrastructure development director

Basic Salary	-	380 814
Other employee costs	-	77 776
Contribution to pension fund, UIF, SDL	-	886
Acting Allowance	138 256	42 444
	138 256	501 920

Included in above summary of Employee Related Costs.Mr KW Motshwane was appointed as acting director for period of 12 months

Shareholders unit

26. Finance costs

Provisions (Landfill sites)	3 097 799	2 636 426
Interest on Overdue Accounts	1 043 209	544 633
	4 141 008	3 181 059

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Figures in Rand	2025	2024
27. General expenses		
Advertising	659 180	604 135
Assets expensed	69 700	284 323
Auditors remuneration	4 567 100	3 827 891
Bank charges	154 798	124 980
Mayarol IDP & Budget Consultation	1 077 784	1 006 120
Community development and training	1 645 748	1 064 954
Computer expenses	2 833 788	2 717 089
Conferences and seminars	31 100	-
Consulting and professional fees	-	26 500
Entertainment	26 500	33 270
Other Expenses	1 462 414	3 795 695
Expanded Public Works Programme	6 720 336	7 240 818
Travel and subsistence _ councillors	1 225 272	3 522 100
Pauper Burials	283 595	363 360
Expense 8	640 321	619 702
Grade 12 Excellency awards	151 500	339 970
Flowers	139 162	34 200
Fuel and oil	1 471 661	1 269 765
Hire	-	62 000
Ward Participation Programme	1 861 725	2 939 284
Employee Wellness	120 401	989 415
Insurance	3 136 556	2 728 889
Mayoral Outreach Programmes	14 900	48 900
Membership Fees - SALGA	747 561	762 072
Vehicle expenses - Licenses	57 079	45 144
Municipal Services - Electricity	5 157 235	14 773 318
Printing and stationery	2 287 085	2 426 875
Promotions	62 196	264 626
Protective clothing	-	49 600
Refreshment and Meals	602 859	781 836
Telephone and fax	1 346 939	1 140 162
Subsistence and Travelling	2 565 836	6 282 239
Training	33 022	479 703
Public Participation Programmes	517 800	1 562 649
Competency Assessments	-	22 842
	41 671 153	62 234 426

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28. Remuneration of councillors		
Mayor	523 551	954 073
Executive committee	4 704 303	4 246 874
Speaker	801 838	765 283
Councillors	8 052 145	8 026 339
	14 081 837	13 992 569
Mayor		
Councillor remuneration	501 951	906 340
Telephone allowance	21 600	47 733
	523 551	954 073
Executive committee		
Councillor remuneration	4 445 103	3 984 074
Telephone allowance	259 200	262 800
	4 704 303	4 246 874
Speaker		
Councillor remuneration	758 638	719 683
Telephone allowance	43 200	45 600
	801 838	765 283
Councillors		
Councillor remuneration	7 134 145	7 041 334
Telephone allowance	918 000	985 005
	8 052 145	8 026 339
Councillors' pension contribution		
Ward committees		
In-kind benefits		

The Mayor and Speaker are full-time councillors. Each is provided with an office and secretarial support at the cost of the Council.

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28. Remuneration of councillors (continued)

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

Refer to note 35 for details breakdown of remuneration of councillors under the related parties note.

29. Reversal of impairments/(Impairment loss)

Impairments

Property, plant and equipment	(345 297)	(2 564 849)
-------------------------------	-----------	-------------

An 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.

Infrastructure assets - GRAP 26.(23) states: In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

(g) - Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected. Due to significant budget constraints, the municipality could not maintain the maintenance plan as required for the infrastructure assets. This led to the value in use being lower than the economic value of the assets. Assets were therefore impaired to a condition grade lower based on physical assessment of these assets.

Land - IGRAP 18 indicates that land is recognised based on control. Control of land is evidenced by the following criteria:

(a) legal ownership; and/or

(b) the right to direct access to land, and to restrict or deny the access of others to land. During the prior year it was identified that control over land has been lost. The most significant part of this was rural development for housing. As the land was not yet transferred to the legal new owners name, the land was impaired.

(345 297)	(2 564 849)
-----------	-------------

Reversal of impairments

Property, plant and equipment	11 325 254	2 483 517
-------------------------------	------------	-----------

Repairs and additions to the network assets resulted in previous conditions of assets to improve, thus a reversal of impairments.

Total impairment losses reversed / (recognised)

10 979 957	(81 332)
------------	----------

The main classes of assets affected by impairment losses are:

Buildings

Community

Infrastructure - Electrical network

Infrastructure - Roads network

Infrastructure - Wastewater network

Infrastructure - Road network

Infrastructure - Water network

Infrastructure - Electricity network

Computer equipment

Furniture and fixtures

Plant and machinery

The main classes of assets affected by reversals of impairment losses are:

Motor vehicles

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29. Reversal of impairments/(Impairment loss) (continued)		
The main events and circumstances that led to the recognition of these impairment losses are as follows:		
Physical verification of movable and immovable assets was performed during the financial year, each assets condition was assessed and was graded accordingly. Should the asset be found to be in a very poor condition and not able to fulfill its service potential the asset was then impaired accordingly. Details of the verification condition assessments are recorded in the fixed asset register.		
30. Fair value adjustments		
Investment property	1 065 906	217 280
	1 065 906	217 280
31. Auditors' remuneration		
Fees	4 567 100	3 827 891
	4 567 100	3 827 891
32. Net cash flow generated from operating activities		
Surplus/(deficit)	24 058 786	(87 600 340)
Adjustments for:		
Depreciation and amortisation	21 371 250	24 497 589
Gain on sale of assets and liabilities	2 398 386	-
Fair value adjustments	(1 065 906)	(217 280)
Impairment	(10 979 957)	81 332
Debt impairment	(574 724)	88 719 203
Bad debts written off	37 947 735	-
Movements in retirement benefit assets and liabilities	73 816	680 440
Movements in provisions	1 124 769	503 961
Fair value adjustment	1 065 906	217 380
Adjustment for unspent conditional grants	6 436 225	-
Changes in working capital:		
Receivables from exchange transactions	600 792	-
Debt impairment	(37 373 011)	10 013 534
Other receivables from non-exchange transactions	(674 169)	-
Payables from exchange transactions	(9 799 805)	(4 988 223)
Unspent conditional grants and receipts	(6 684 225)	(6 684 225)
	27 925 868	25 223 371

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33. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	58 940 232	8 267 142
	58 940 232	8 267 142
Total capital commitments		
Already contracted for but not provided for	58 940 232	8 267 142
	58 940 232	8 267 142
Total commitments		
Total commitments		
Authorised capital expenditure	58 940 232	8 267 142

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc. This commitments are also presented inclusive of VAT.

Refer to note for prior period corrections made to commitments.

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34. Contingencies

Contingent Assets

Below is a list of possible asset claims where the outcome was unknown at 30 June 2025 with the maximum unforeseen asset for the Municipality:

Kwane Capital (Pty) Ltd	5 000 000	5 000 000
Exodec 286 CC	11 588 801	-
	<u>16 588 801</u>	<u>5 000 000</u>

Kwane Capital (Pty) Ltd (Pending)

A letter of demand was submitted to Kwane Capital (Pty) Ltd ("Kwane") on the 9th of August 2017 affording them 30 days to deliver the outstanding items no response was received; instructions were given to Counsel on the 21st of September 2017 to draft particulars of claim with a view to instituting legal proceedings.

Exodec 286 CC (Pending)

Exodec 286 CC was appointed on Bid KMLM2020-017 for the implementation of the Brickmaking Project and monitoring of beneficiaries for the period 31 August 2021 to 31 August 2023, at a total contract value of R6 210 000 (VAT inclusive). The Municipality effected full payment to the contractor by 31 August 2023. Exodec 286 CC issued summons against the Municipality alleging breach of contract and claiming an amount of R5 081 35. The Municipality is defending the matter and has filed a Plea and Discovery documents. The Municipality contends that Exodec submitted irregular invoices and was mistakenly overpaid a total amount of R11 588 801.85, and is seeking recovery of this overpayment.

Contingent Liabilities

Contingent liabilities represent potential obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the municipality. . Below are possible liability claims against the municipality

Exodec 286 CC	5 081 087	-
Exodec 286 CC was appointed on Bid KMLM2020-017 for the implementation of the Brickmaking Project and monitoring of beneficiaries for the period 31 August 2021 to 31 August 2023, at a total contract value of R6 210 000 (VAT inclusive). The Municipality effected full payment to the contractor by 31 August 2023. Exodec 286 CC issued summons against the Municipality alleging breach of contract and claiming an amount of R5 081 35. The Municipality is defending the matter and has filed a Plea and Discovery documents. The Municipality contends that Exodec submitted irregular invoices and was mistakenly overpaid a total amount of R11 588 801.85, and is seeking recovery of this overpayment.		

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35. Related parties

None of the members of the municipality's management have significant influence over the financial or operating policies of the municipality. No business transactions took place between the municipality and key management personnel and their close family members, unless specifically disclosed. All members of the municipality's management and their close family members receive and pay for services on the same terms and conditions as other ratepayers and residents. All transactions are at arm's length and no bad debt expenses have been recognised in respect of amounts owed by related parties.

Additional text

Additional text

Loans granted to related parties

In terms of the MFMA, the municipality may not grant loans to its councillors, management, staff and public with effect from 01 July 2004.

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35. Related parties (continued)		
Remuneration of Councillors and Management		
Management class: Councillors		
2025		
Name	Councillor allowance	Allowances Contributions to UIF, Medical and Pension Funds Total
Mayor	-	-
Ms T Marabutse	501 951	21 600
Speaker	-	-
Mr OP Moirwagale	758 638	43 200
Cllr. A.B. Surname 2	-	-
Executive committee members	-	-
Mr PV Baikgaki	740 850	43 200
Ms TE Chweneemang	740 850	43 200
Mr KS Moreki	740 850	43 200
Mr K Mothwane	740 850	43 200
Ms KP Maikeco	740 850	43 200
Ms PM Mereyabone	740 850	43 200
Councillors	-	-
Mr MM Diphikwe	76 873	10 800
Mrs JM Grobbelaar	322 624	43 200
Mr TB Golelelwang	336 732	43 200
Ms KM Kumile	336 732	43 200
Mr KM Lekgotle	336 732	43 200
Mr NJD Muller	336 732	43 200
Ms KN Sekopecwe	336 732	43 200
Ms Y Maano	336 732	43 200
Ms I Molaolwa	336 732	43 200
Mr PD Moncwe	336 732	43 200
Mr MM Mokgothu	336 732	43 200
Mr MS Mosarwa	336 732	43 200
Ms KA Moitlhwe	336 732	43 200
Mrs GK Nthebotsenyane	336 732	43 200
Ms KG Ogaseng	336 732	43 200
Mr PS Petrus	336 732	43 200
Mr TS Phokoje	336 732	43 200
Mr OM Serame	336 732	43 200
Mr T.V Shepherd	336 732	43 200
Mr TJ Thetswe	336 732	43 200
Mr LA Theko	336 732	43 200
Ms SV Thomas	336 732	43 200
MS BB Makwati	-	-
MR MS Tong	-	-
Cllr. A.B. Surname 25	-	-
Cllr. A.B. Surname 26	-	-
Cllr. A.B. Surname 27	-	-
Cllr. A.B. Surname 28	-	-
Cllr. A.B. Surname 29	-	-
	12 839 826	1 198 800
		-
		14 081 826
2024		
	-	-
Name	-	-
Mayor	-	-

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35. Related parties (continued)		
Ms T Marabutse	906 339	47 733
Speaker	-	-
Mr OP Moirwagale	719 683	45 600
Cllr. A.B. Surname 2	-	-
Executive committee members	-	-
Mr PV Baikgaki	715 557	45 600
Ms TE Chweneemang	715 557	45 600
Mr KS Moreki	406 287	34 800
Mr K Mothwane	715 557	45 600
Ms KP Maikeco	715 557	45 600
Ms PM Mereyabone	715 557	45 600
Councillors	-	-
Mr MM Diphikwe	301 929	43 923
Mrs JM Grobbelaar	301 929	43 923
Mr TB Golelelwang	301 929	43 923
Ms KM Kumile	301 929	43 923
Mr KM Lekgotle	301 929	43 923
Mr NJD Muller	301 929	43 923
Ms KN Sekopecwe	301 929	43 923
Ms Y Maano	301 929	43 923
Ms I Molaolwa	301 929	43 923
Mr PD Moncwe	301 929	43 923
Mr MM Mokgothu	301 929	43 923
Mr MS Mosarwa	701 180	43 923
Ms KA Moithwe	301 929	43 923
Mrs GK Nthebotsenyane	385 717	43 923
Ms KG Ogaseng	301 929	43 923
Mr PS Petrus	301 929	43 923
Mr TS Phokoje	222 419	43 923
Mr OM Serame	301 929	43 923
Mr T.V Shepherd	301 929	43 923
Mr TJ Thetswe	301 929	43 923
Mr LA Theko	301 929	40 551
Ms SV Thomas	297 294	43 923
Cllr. A.B. Surname 23	-	1 200
Cllr. A.B. Surname 24	-	20 870
Cllr. A.B. Surname 25	-	-
Cllr. A.B. Surname 26	-	-
Cllr. A.B. Surname 27	-	-
	12 651 426	1 341 137
		- 13 992 563

Refer to note 28 for remuneration of councillors.

Management class: Senior Managers	Basic salary	Travel, motor car, accommodation, subsistence and other allowances	Acting Allowance	Employee related costs - Contributions to UIF, Pensions and	Other employee related costs	Total
2025	-	-	-	-	-	-
Management class: Senior Managers	-	-	-	-	-	-
Name						
Mr EA Gaborone	1 491 131	-	46 821	17 156	-	1 555 109
Mr RW Ferris	353 998	-	100 411	102 429	200 000	757 230
Mr KG Morapedi	-	-	37 531	-	-	37 531
Mr G Selebogo	972 602	268 958	71 877	267 983	-	1 581 421

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35. Related parties (continued)						
Mr KW Motshwane	-	-	138 256	-	138 256	
Mr L Bogodile	-	-	138 256	-	138 256	
MR D Marumo	-	-	62 756	-	62 756	
Mr C Mahusi	-	-	75 499	-	75 499	
Kgatlhane Dimpho	-	-	192 164	-	192 164	
Confidence						
	2 817 731	268 958	863 571	387 568	200 000	
					4 538 222	
	Basic salary	Travel, motor car, accommodation, subsistence and other allowances	Acting Allowance	Employee related costs - Contributions to UIF, Pensions and	Other employee related costs	Total
2024	-	-	-	-	-	-
Name	-	-	-	-	-	-
Mr EA Gaborone	933 931	-	-	1 584	8 000	943 515
Mr RW Ferris	1 203 756	-	-	2 262	9 600	1 215 618
Mr KG Morapedi	965 719	269 966	19 968	2 262	-	1 257 915
Mr G Selebogo	986 784	316 624	-	2 125	77 776	1 305 533
Mr SJ Mpela	380 815	-	-	886	-	459 477
Mr G Molale	-	-	116 306	-	-	116 306
Mr KW Motshwane	-	-	42 444	-	-	42 444
Mr C Mahusi	-	-	90 052	-	-	90 052
Mr EA Motsemme	146 676	140 000	-	708	-	287 384
	4 617 681	726 590	268 770	9 827	95 376	5 718 244

Refer to note 25 for employee related costs.

Included in the acting allowances for 2025 is an amount of R 100 411 that relates to the current acting CFO (k. Sekgome) and amount of R48 821 that relates to the current acting MM (O Ntsimane)

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36. Prior-year adjustments

Presented below are those items contained in the statement of financial position and statement of financial performance at that have been affected by prior-year adjustments:

Statement of financial position

2023

	Note	As previously reported	Correction of error	Change in accounting policy	Re-classification	Restated
Assets						
Current Assets						
Receivables from exchange transactions		1 452 317	22 366	-	-	1 474 683
Receivables from non-exchange transactions		71 185 218	2 966 993	-	-	74 152 211
VAT receivable		7 642 248	4 736 119	-	-	12 378 367
Cash and cash equivalents		-	-	-	-	-
Non-current Assets						
Investment property		43 268 226	187 792	-	-	43 456 018
Property, plant and equipment		522 591 168	68 960 563	-	-	591 551 731
Total Assets		646 139 177	76 873 833	-	-	723 013 010
Liabilities						
Current Liabilities						
Payables from exchange transactions		44 266 825	11 078 466	-	-	55 345 291
Employee benefit obligation - CL		-	165 913	-	-	165 913
Provisions - Current		165 913	(165 913)	-	-	-
Non-current Liabilities						
Employee benefit obligation - NCL		-	1 928 247	-	-	1 928 247
Provisions - NCL		25 193 641	10 743 811	-	-	35 937 452
Total Liabilities		69 626 379	23 750 524	-	-	93 376 903
Total Net Assets		576 512 798	625 814 046	-	-	1 202 326 844
Accumulated surplus		576 512 798	589 659 894	-	-	1 166 172 692

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Figures in Rand	2025	2024				
36. Prior-year adjustments (continued)						
2024						
	Note	As previously reported	Correction of error	Change in accounting policy	Re-classification	Restated
Assets						
Current Assets						
Receivables from exchange transactions		1 171 745	(444 192)	-	-	727 553
Receivables from non-exchange transactions		96 067 185	(90 794 696)	-	-	5 272 489
VAT receivable		1 056 215	(1 056 215)	-	-	-
Cash and cash equivalents		60 095	(25)	-	-	60 070
Non-current Assets						
Property, plant and equipment		593 588 305	618 555	-	-	594 206 860
Total Assets		691 943 545	(91 676 573)	-	-	600 266 972
Liabilities						
Current Liabilities						
Payables from exchange transactions		81 557 216	12 591 057	-	-	94 148 273
Debtors with credit balances		29 758 397	(29 758 397)	-	-	-
Non-current Liabilities						
Employee benefit obligation - NCL		-	-	-	-	-
Provisions - NCL		-	-	-	-	-
Total Liabilities		111 315 613	(17 147 901)	-	-	94 167 712
Total Net Assets		580 627 932	37 858 859	-	-	618 486 791
Accumulated surplus		580 627 932	37 858 859	-	-	618 486 791

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36. Prior-year adjustments (continued)						
Statement of financial performance						
2024						
	Note	As previously reported	Correction of error	Change in accounting policy	Re-classification	Restated
Rental of facilities and equipment		1 484 007	(202 628)	-	-	1 281 379
Operational revenue		-	-	-	-	-
Interest income		4 348 447	(3 245 629)	-	-	1 102 818
		5 832 454	(3 448 257)	-	-	2 384 197
Property rates		10 464 818	340 439	-	-	10 805 257
		-	10 805 257	-	-	10 805 257
Total Revenue		16 297 272	(37 683 560)	-	-	(21 386 288)
Employee related costs		(57 560 781)	166 626	-	-	(57 394 155)
Remuneration of councillors		-	-	-	-	-
Depreciation and amortisation		(24 369 409)	(128 179)	-	-	(24 497 588)
Finance costs		-	-	-	-	-
Debt Impairment		-	-	-	-	-
Contracted services		(59 101 974)	7 150	-	-	(59 094 824)
General Expenses		(63 071 168)	836 742	-	-	(62 234 426)
		-	-	-	-	-
Operating Surplus/ (Deficit)		(187 806 060)	(36 801 221)	-	-	(224 607 281)
Fair value adjustments		-	217 280	-	-	217 280
Reversal of impairments (Impairment loss)		25 270	(106 602)	-	-	(81 332)

Errors

The following prior period errors were identified and corrected during the year:

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36. Prior-year adjustments (continued)		
Property, plant and equipment:		
Assets was reclassified to the correct categories, Correction of Work in process to transferred to completed assets. Landfill site assets deprecation corrected to be in line with IGRAP 2 and GRAP 17.		
Affected line items		
Property, plant and equipment		618 555
Accumulated surplus (deficit)		(618 555)
Interest received - exchange transactions		
A high percentage of interest related to debtors that were impaired due to various reasons which include but not limited to prescription act and Archives act		
Affected line items		
Receivables from exchange transactions		3 245 629
Interest income		(3 245 629)
Payables from exchange transactions:		
Correction of prior year accruals was done as it impact the current year opening balances of Payables from exchange transactions, all calculation and statements were obtained and creditors were accurately accounted for. Where differences was identified an adjustment was processed in the prior year.		
Affected line items		
Payables from exchange transactions		(12 190 431)
Debtors with credit balances		13 770 145
General Expenses- Electricity		(1 579 713)
		<u>5</u>
Employee related costs:		
Correct allocation of employee related costed within general expenses.		
Affected line items		
General Expenses		166 626
Employee costs		(166 626)
		<u>-</u>
Debtors with credit balances		
Debtors with credit balances were assessed and the amount reduced drastically due to the evaluation and write off suggested. The net effect was therefore couples with trade payables		
Debtors with credit balances were assessed and the amount reduced drastically due to the evaluation and write off suggested. The net effect was therefore couples with trade payables		
Other payables		3 782 307
Accumulated surplus		12 063 860
Unallocated deposits		13 769 754
Receivables from non exchange transactions		142 473
Debtors with credit balances		(29 758 397)
		<u>4</u>
VAT Receivable		

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36. Prior-year adjustments (continued)

VAT receivable was mapped to receivables due to MSCOA vote misalignments with the reporting system. The nature of the re-statement does not warrant a write off or significant change in the receivable amount but rather a classification misalignment

Affected line items	
Vat receivable	(1 056 215)
Receivables from non- exchange transactions	1 056 215

Receivables from exchange transactions

Affected line items	
Rental debtors	9 755 709
Other receivables	521 084
Allowance for impairment	(10 276 793)

Property rates

Property rates were re-stated in line with the general valuation roll and Market values of properties

Affected line items	
Property rates	(340 329)
Receivables from non exchange transactions- Billing	340 329

-

Rental of facilities and equipment

Rental of facilities and equipment were re-stated to account for accounts that were overbilled and accounts that have been terminated in order to align the billing to our records

Affected line items	
Rental of facilities and equipment	202 628
Receivables from exchange transactions	(202 628)

-

Depreciation and amortisation

Depreciation was restated to correct prior period errors relating to the useful lives and residual values of assets, as well as to align with updated asset registers in compliance with GRAP 17.

Affected line items	
Depreciation and amortisation	128 179
Property, Plant and Equipment	(128 179)

-

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36. Prior-year adjustments (continued)

-

-

General expenses were restated to correct prior year misclassifications where certain operating costs were either incorrectly capitalised or allocated to other expenditure categories, ensuring compliance with GRAP presentation requirements.

Receivables from exchange transactions -

Rental debtors was mapped to receivables due to MSCOA -

vote misalignments with the reporting system. The nature of the re-statement does not warrant a write off or significant change in the receivable amount but rather a classification misalignment

-

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37. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Treasury function reports periodically to the municipality's finance committee, that monitors risks and policies implemented to mitigate risk exposures.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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.

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	86 468 909	-	-	-
At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	94 148 273	-	-	-

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37. Risk management (continued)

Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur financial loss.

Potential concentrations of credit risk consist mainly of investments, loans and receivables, trade receivables, other receivables, short-term investment deposits and cash and cash equivalents.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction/ exposure limits, which are included in the municipality's Investment Policy.

Trade receivables comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these customers. Trade receivables are presented net of an allowance for impairment and where appropriate, credit limits are adjusted.

Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply.

In the case of customers whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Non-current Receivables and Other Receivables are collectively evaluated annually at reporting date for impairment or discounting. A report on the various categories of customers is drafted to substantiate such evaluation and subsequent impairment / discount, where applicable.

The municipality only deposits with major banks with high quality credit standing.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2025	2024
Receivables from exchange transactions	126 760	727 552
Bank balances	37 291	60 069

The method for determining the credit quality of the different financial instruments is disclosed in their individual notes.

Consumer deposits and guarantees held in lieu of service accounts are disclosed in note .

Market risk

Interest rate risk

The municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

The municipality's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings and finance leases are therefore usually at fixed rates.

This risk is managed on an ongoing basis.

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37. Risk management (continued)

Price risk

The effect of any price risk in the foreseeable future is regarded as minimal given the fact that amounts receivable from the municipality's customers are levied in terms of the relevant statutes. It is not anticipated that given the nature of the municipality's business that changes in market prices will have a material impact on the trading results of the municipality.

There has been no change, since the previous financial year, to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

38. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus/(deficit) of R 526 118 338 and that the municipality's current liabilities exceed its current assets by R -81 055 182

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.

We draw attention to the fact that at 30 June 2025, a material uncertainty exists regarding the ability of the municipality to continue as a going concern. These factors are listed below:

1. Suppliers are not paid within the legislative 30 days.
2. The provisions for rehabilitation of landfill sites and employee benefit provisions are not cash backed.
3. Slow collection and low recoverability of outstanding consumer accounts.
4. Unfavourable financial ratios.

Even though the above uncertainties exist regarding 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.

The ability of the municipality to continue as a going concern is dependant on a number of factors. The most significant of these is that the Accounting Officer continues to procure funding for the ongoing operations of the municipality.

Furthermore the municipality has embarked on implementing strategies which will strengthen its ability to continue as a going concern. The most significant of these is that the municipality is currently implementing a system to enhance revenue collection and cash flow by improving on the debt recoverability.

The municipality still has the ability to levy rates and taxes and will continue to receive funding from government as evident from the Equitable Share allocation in terms of the Division of Revenue Act.

39. Events after the reporting date

The municipality have not identified any material category of non-adjusting events after the reporting date.

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40. Unauthorised, Irregular and Fruitless and Wasteful Expenditure		
Unauthorised expenditure	465 234 340	421 222 273
Irregular expenditure	1 177 610 084	1 131 750 185
Fruitless and wasteful expenditure	9 426 702	7 434 867
Closing balance	1 652 271 126	1 560 407 325

Additional Narratives

Based on the above, no disciplinary steps or criminal proceedings were taken during the reporting period under review

41. Unauthorised expenditure

Opening balance as previously reported	421 222 273	382 427 526
Add: Unauthorised expenditure - current	44 012 067	38 794 747
Closing balance	465 234 340	421 222 273

Unauthorised expenditure is disclosed exclusive of VAT.

Non-cash	20 914 944	-
Cash	23 097 123	-
	44 012 067	-

Unauthorised expenditure: Budget overspending – per municipal department:

Governance and administration	21 740 911	-
Community service	6 242 076	-
Planning and development	16 029 079	-
	44 012 066	-

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42. Fruitless and wasteful expenditure		
Opening balance as previously reported	7 434 867	3 484 775
Add: Fruitless and wasteful expenditure identified - current	1 991 834	3 950 092
Closing balance	9 426 701	7 434 867

Fruitless and wasteful expenditure is presented inclusive of VAT

Details of fruitless and wasteful expenditure

Interest on Eskom overdue accounts	353 344	263 780
Interest on SARS late payments	681 188	272 753
Interest on Telkom overdue accounts	17 073	15 127
Payment of biometrics	940 226	3 398 431
	1 991 831	3 950 091

No write off's of amounts were proposed to council or approved by council for the prior period under review.

Amount recovered

Investigations will be conducted in the following financial reporting period to determine whether any amounts are recoverable or not.

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43. Irregular expenditure		
Opening balance as previously reported	1 131 750 185	1 022 367 434
Add: Irregular Expenditure - current	42 935 087	96 727 595
Add: Irregular Expenditure - prior period	2 924 811	12 655 156
Closing balance	1 177 610 083	1 131 750 185

Incidents/cases identified/reported in the current year include those listed below:

Three written quotations not invited	-	605 743
Declaration of interest not submitted	159 300	1 815 909
Tax clearances not obtained	45 481 579	105 515 313
Awards to close family member of [state details]	219 020	1 445 785
	45 859 899	109 382 750

Disciplinary steps taken/criminal proceedings

Based on the above, no disciplinary steps or criminal proceedings were taken during the reporting period under review.

44. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	-	743 193
Current year subscription / fee	899 510	(743 193)
	899 510	-

Audit fees

Opening balance	-	4 402 074
Current year subscription / fee	5 246 653	(4 402 074)
Amount paid - current year	(3 731 047)	-
	1 515 606	-

PAYE and UIF

Opening balance	1 814 884	(200 707)
Current year subscription	14 693 042	13 160 070
Penalties & Interest	681 188	272 754
Amount paid - current year	(16 312 095)	(11 417 233)
	877 019	1 814 884

Pension and Medical Aid Deductions

Opening balance	2 184 182	(63 266)
Current year subscription / fee	16 333 952	14 577 449
Amount paid - current year	(17 169 849)	(12 358 395)
Amount paid - previous years	1 187	28 393
	1 349 472	2 184 181

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44. Additional disclosure in terms of Municipal Finance Management Act (continued)

Non-compliance with the Municipal Finance Management Act

In terms of section 65 (2)(e) of the Municipal Finance Management Act (Act 56 of 2003), all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement. Due to cash flow constraints, the municipality, could not settle all money owing within the prescribed period.

In terms of section 126 (1)(a) of the Municipal Finance Management Act (Act 56 of 2003), the accounting officer of a municipality must prepare the annual financial statements within 2 months after the end of the financial year.

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45. Deviation from supply chain management regulations

In terms of section 36 of the municipality SCM regulations, any deviations from SCM policy needs to be approved by the accounting officer and noted by Council. The awards listed below have been approved by the accounting officer and noted by Council.

2 744 145	2 655 222
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45. Deviation from supply chain management regulations (continued)

Details of Deviations

Description of Deviation

Pauper Funerals	407 420	356 676
Specialised services	30 607	145 307
Stationary	-	
Municipal Fleet repairs and Maintenance	164 559	1 438 832
Advertisement in local newspaper	925 385	88 758
Municipal emergency disaster material	1 216 172	625 648
Municipal emergency	-	
	-	
	-	
	-	
	-	
	<u>2 744 145</u>	<u>2 655 222</u>

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46. Segment information

General information

Identification of segments

The municipality is organised according to functions and reports on a monthly basis on their actuals. Decisions are made regularly regarding resources to be allocated to different functions. Segments are therefore identified as the different municipal functions as on Schedule B of the budget. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Basic Services

Governance and administration

• Property, Planning & Development

Aggregated segments

The municipality operates throughout the Victoria West, Loxton, Richmond and Hutchinson area. Segments have been aggregated based on the organisational structure as on the budget.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment

Basic services

Community Services and public safety

Governance and Administration

Goods and/or services

Providing other services to the community

Administrative functions in human resources, legal services or compliance, communications and finance

Administration and financial services

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46. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Basic Services	Community and public safety	Governance and administration	Total
Revenue				
Revenue from exchange transactions				
Revenue from exchange transactions	-	-	(2 213 743)	(2 213 743)
Interest revenue	-	-	(2 369 474)	(2 369 474)
Revenue from non-exchange transactions				
Revenue from non exchange	(87 268 265)	(33 999 377)	(112 407 026)	(233 674 668)
Total segment revenue	(87 268 265)	(33 999 377)	(116 990 243)	(238 257 885)
Total revenue				(238 257 885)
Expenditure				
Depreciation and amortisation	9 735 437	8 510 556	3 125 255	21 371 248
Total segment expenses	17 011 880	65 412 625	115 909 817	198 334 322
Interest expenses	-	-	4 141 007	4 141 007
Total segment expenditure	26 747 317	73 923 181	123 176 079	223 846 577
Loss Disposal of assets	-	-	2 398 386	2 398 386
Fair value adjustments	-	-	(1 065 906)	(1 065 906)
Reversal of impairments	-	-	(10 979 957)	(10 979 957)
Surplus (deficit) for the year	-	-	2 398 386	(9 647 477)
				24 058 785

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	Basic Services	Community and public safety	Governance and administration	Total
46. Segment information (continued)				
Assets				
Current assets				
Current assets	-	-	6 036 430	6 036 430
Non-current assets				
Non-current assets	309 966 287	184 206 412	154 550 639	648 723 338
Total segment assets	309 966 287	184 206 412	160 587 069	654 759 768
Total assets as per Statement of financial Position				654 759 768

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	Basic Services	Community and public safety	Governance and administration	Total
46. Segment information (continued)				
Liabilities				
Current liabilities				
Employee benefit obligation	-	-	412 228	412 228
Payables from exchange transactions	-	-	86 468 908	86 468 908
Unspent conditional grants and receipts	-	-	284 755	284 755
Non-current liabilities				
Employee benefit obligation	-	-	2 436 199	2 436 199
Other 5	-	-	39 113 620	39 113 620
Total segment liabilities	-	-	128 715 710	128 715 710
Total liabilities as per Statement of financial Position				128 715 710

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46. Segment information (continued)

2024

	Basic Services	Community and public safety	Governance and administration	Total
Revenue				
Revenue from exchange transactions	-	-	(1 638 234)	(1 638 234)
Revenue from non-exchange transactions	-	-	(2 420 617)	(2 420 617)
Interest income				
Revenue from non-exchange transactions				
Revenue from non-exchange transactions	(87 251 994)	(16 970 191)	(123 463 432)	(227 685 617)
Total segment revenue	(87 251 994)	(16 970 191)	(127 522 283)	(231 744 468)
Total revenue				(231 744 468)
Expenditure				
Depreciation and amortisation	1 602 175	18 675 436	4 219 976	24 497 587
Total segment expenses	133 860 028	18 770 012	139 172 071	291 802 111
Interest expenses	-	-	3 181 059	3 181 059
Total segment expenditure	135 462 203	37 445 448	146 573 106	319 480 757
Fair value adjustments	-	-	217 280	217 280
Gain or loss on disposal of assets and liabilities	-	-	(81 332)	(81 332)
	-	-	2 172 800	135 948
Surplus (deficit) for the year				(87 872 237)

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	Basic Services	Community and public safety	Governance and administration	Total
46. Segment information (continued)				
Assets				
Current assets	-	-	6 090 554	6 090 554
Current assets				
Non-current assets				
Heritage assets	289 461 675	179 840 529	168 497 955	637 800 159
Total segment assets	289 461 675	179 840 529	174 588 509	643 890 713
Total assets as per Statement of financial Position				643 890 713
Liabilities				
Current liabilities	-	-	-	-
Employee benefit obligation	-	-	393 419	393 419
Payables from exchange transactions	-	-	94 148 274	94 148 274
Unspent conditional grants and receipts	-	-	6 968 980	6 968 980
Non-current liabilities				
Provisions	-	-	40 370 043	40 370 043
Total segment liabilities	-	-	141 880 716	141 880 716
Total liabilities as per Statement of financial Position				141 880 716

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47. Budget differences

Material differences between budget and actual amounts

The budget has been prepared on the accrual basis of accounting in accordance with the prescripts of the Municipal budget regulations as well as MFMA budget circulars. In accordance with the Municipal budget regulations, the classification basis the municipality presents its budget is per economic as well as per functional classification (per Vote (Department) and GFS classification). It should be noted that minor budget differences between the basis the budget is prepared (accrual basis and prescripts of NT guidance) and actual financial results (accrual basis in accordance with GRAP) exists, mainly related to technical GRAP adjustments required. These differences are not material and as the basis of preparation is the same (accrual basis) no restatements have been made to the financial information compared to the budgeted amounts, but where found to be material is explained below:

Explanation of variances between approved and final budget amounts

The materiality framework of the municipality informs the determining base ranges. The framework outlines all principles and guiding practices to allow management to enforce a consistent application of the framework's guidelines. With regard to reporting, the understandability and transparency to users of the financial statements was a determining factor when deciding on the base %. The determining base was if the line item in the Statement of financial position or Statement of financial performance has more than a 10% deviation between the Final Budgeted amount and the Actual reported balance.

The variances identified in the Budget Statement is as follows:

Reference No.	Description	Actual amount over/(under) budget	Variance percentage	Explanation
Note 56.1	Rental of facilities and equipment	(154 796)	-10%	Lower rentals collected due to reduced demand. This is valid in the KMLM context as rural municipalities face limited demand for facilities such as halls and sports grounds, influenced by affordability and socio-economic conditions.
Note 56.2	Interest received (trading)	(939 720)	-36%	Lower cash balances during the year reduced interest earned. This is appropriate as cash flow constraints from delayed grants and non-payment of debtors lowered available funds.
Note 56.3	Other income - (rollup)	(433 123)	-46%	Budgeted sundry income streams did not materialise. This is reasonable as revenue from fines, permits and other minor sources is unpredictable in a rural municipality with limited compliance capacity.
Note 56.4	Interest received - investment	(493 988)	-39%	Investment returns fell short because fewer surplus funds were available. With liquidity pressures, less cash was placed in investments.
Note 56.5	Property rates	3 412 778	32%	Collections exceeded budget due to improved billing systems and revenue collection initiatives. This is a positive indicator of strengthening internal controls over property rates management. Sustaining this improvement is vital, especially given recurring audit concerns over valuation rolls and billing accuracy in rural municipalities.
Note 56.6	Interest, Dividends and Rent on Land	9 689 794	71%	Additional conditional grants were received during the year. This reflects adjustments from National Treasury and reliance on transfers for funding.

Kagisano-Molopo Local Municipality - NW397

(Demarcation code: NW397)

Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Audited Annual Financial Statements

Figures in Rand		2025	2024	
47. Budget differences (continued)				
Note 56.7	Government grants & subsidies	29 935 660	18%	Additional conditional grants were received beyond the original budget. This aligns with national transfers, sometimes allocated mid-year, for infrastructure and service delivery. The variance should be presented as a positive inflow that strengthened the funding base, though dependency on grants remains a long-term risk.
Note 56.8	Personnel	(123 596 255)	-202%	Overspending on personnel was mainly due to unbudgeted back-pay (likely linked to wage agreement settlements), overtime for service delivery, and the filling of critical vacancies. Councillor remuneration exceeded budget due to annual adjustments by the Remuneration of Public Office Bearers Act. These variances were beyond municipal control but highlight the importance of mid-year budget adjustments and Council resolutions to pre-approve such costs.
Note 56.9	Remuneration of councillors	(27 598 697)	-203%	Overspending on personnel was mainly due to unbudgeted back-pay (likely linked to wage agreement settlements), overtime for service delivery, and the filling of critical vacancies. Councillor remuneration exceeded budget due to annual adjustments by the Remuneration of Public Office Bearers Act. These variances were beyond municipal control but highlight the importance of mid-year budget adjustments and Council resolutions to pre-approve such costs.
Note 56.10	Finance costs	(4 180 055)	-4 180%	Finance costs increased due to late payment penalties and interest on external borrowings. This points to improved infrastructure growth but also reveals weaknesses in cash flow management leading to avoidable finance costs.
Note 56.11	Lease rentals on operating lease	(1 775 500)	-%	This relates to improper budgeting for the payments relating to lease payments which were budgeted for under general expenditure. The municipality does not budget for this line item individually, hence the significant variance.
Note 56.12	Collection costs	(2 433 936)	-%	Please provide reason for variance
Note 56.13	Contracted Services	(36 023 426)	-%	Slight overspending was due to greater reliance on external service providers. This indicates capacity constraints in technical departments, forcing outsourcing, especially for infrastructure projects and compliance tasks. Strengthening internal capacity would help reduce reliance on consultants.
Note 56.14	Transfers and Subsidies	(1 209 596)	-%	The variance on transfers and subsidies are due to inappropriate budgeting due to the fact that management expected to incur more expenditure in the form of transfers and subsidies but that was not the case.

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Notes to the Audited Annual Financial Statements

Figures in Rand			2025	2024
47. Budget differences (continued)				
Note 56.15	Gains from transfer of functions between entities not under common control	(10 396 844)	-113%	Please provide reason for variance
Note 56.16	Receivables from exchange transactions	(7 024 892)	380%	Refunds from SARS were not realised within the financial year. Timing differences between VAT submissions and SARS disbursements created receivables.
Note 56.17	Receivables from non-exchange transactions	(38 239 126)	56%	The significant increase is mainly attributable to outstanding property rates debtors at year-end. While the municipality has improved billing and revenue recognition processes, actual collections did not keep pace with the growth in billed property rates. This reflects persistent challenges in the collection of rates, particularly in Kagisano Molopo
Note 56.18	Cash and cash equivalents	4 423 018	-99%	The variance is due to lack of implementation of proper cost containment measures. This is taking into account the actual expenditure of repairs and maintenance, transfers and subsidies and general expenses
Note 56.19	Investment property	18 167 411	-29%	Fair value adjustments exceeded conservative budget assumptions. Valuation changes increased reported amounts.
Note 56.20	Property, plant and equipment	(147 738 803)	31%	Additions exceeded budget due to accelerated infrastructure projects. Reflects stronger service delivery but budget misalignment.
Note 56.21	Intangible assets	(449 266)	149%	The budget variance on impairment of assets is mainly due to higher-than-anticipated write-downs of property rates debtors and certain municipal infrastructure assets identified during year-end reviews. In line with GRAP, the municipality was required to recognise additional impairments to reflect reduced recoverability of outstanding rates and deterioration in some assets, which exceeded the conservative budget provision initially made.
Note 56.22	Payables from exchange transactions	54 518 714	1 299%	Large increase due to late payment of suppliers and year-end accruals. Demonstrates cash flow strain and compliance risks.
Note 56.23	Unspent conditional grants and receipts	6 653 734	-%	The municipality spent over 98% of its conditional grants, grants expenditure was not anticipated to be this high hence the variance. As compared to previous years, MIG grant was fully utilised which also contributed to the variances
Note 56.24	Employee benefit obligation	2 615 425	1 643%	Actuarial valuation adjustments significantly higher than budget. These liabilities are outside municipal control but should be better anticipated.
Note 56.25	Provisions	12 703 264	48%	Increase in landfill rehabilitation and other provisions above budget. Driven by environmental compliance obligations.
Note 56.26	Reserves	668 032 387	-%	Please provide reason for variance

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Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024
Consumer debtors - Other (Specified)	971 176	598 572
Other		
	1 421 121	1 764 403
Less: Allowance for impairment	-	-
Property rates	(178 966 715)	(181 374 076)
	(177 545 594)	(179 609 673)
 Fines		
Current (0 -30 days)	13 774 357	64 855 528
31 - 60 days	(24 223 461)	(384 386)
61 - 90 days	10 245 016	343 535
91 - 120 days	(197 350)	227 476
120+ Days	179 368 152	116 331 923
Impairment	(178 966 715)	(181 374 076)
	(1)	-
 31 - 60 days		
91 - 120 days		
 Summary of debtors by customer classification		
Current (0 -30 days)	13 900 311	64 986 800
31 - 60 days	(24 097 507)	(253 115)
61 - 90 days	10 370 665	474 807
	173 469	65 208 492
 48. Lease rentals on operating lease		
Lease rentals on operating lease	1 775 500	5 806 497
 49. Interest, Dividends and Rent on Land		
Interest - Property rates debtors	23 334 214	34 575 743
Interest received Rental debtors	1 613 460	1 102 818
	24 947 674	35 678 561

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Trading as Kagisano-Molopo Local Municipality

Audited Annual Financial Statements for the year ended 30 June 2025

Notes to the Audited Annual Financial Statements

Figures in Rand	2025	2024
50. Bad debts written off		
Bad debts written off	37 947 735	-
	37 947 735	-
51. Transfers and subsidies		
Transfers and subsidies	1 209 597	2 548 903



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to North West Provincial Legislature and the council on Kagisano-Molopo Local Municipality

Report on the audit of the financial statements

Adverse opinion

1. I have audited the financial statements of Kagisano-Molopo Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance profit or loss and other comprehensive income, statement of changes in net assets, and the cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements including a summary of significant accounting policies.
2. In my opinion, because of the significance of the matters described in the basis for adverse opinion section of this auditor's report, the financial statements do not present fairly, in all material respects, the financial position of the Kagisano-Molopo Local Municipality as at 30 June 2025, 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 24 of 2024 (Dora).

Basis for adverse opinion

Payables from exchange transactions

3. I was unable to obtain sufficient appropriate audit evidence for payables from exchange transactions and trade payables included in payables from exchange transactions due to the status of the accounting records. I was unable to confirm these payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments to trade payables stated at R86 468 907 (2024: R94 148 275) in note 12 to the financial statements were necessary.

Property rates

4. During 2024, property rates were not recognised as required by GRAP 23, *Revenue from non-exchange transactions*. The municipality did not adhere to the rebate requirements as outlined in approved property rate policy, resulting to income forgone being overstated by R8 570 079, and property rates disclosed in note 19 and related receivables from non-exchange

transactions in note 6 and 7 understated by R19 984 971. There was a resultant impact on the surplus for the period and the accumulated surplus.

Interest received: non-exchange transactions

5. The municipality did not have adequate systems to account for interest on outstanding debtors as required by GRAP 23, *Revenue from non-exchange transactions*. The municipality has incorrectly calculated interest on outstanding debtors. I was unable to determine the full extent of the overstatement of interest received: non-exchange transactions, stated at R23 334 214 (2024: R34 575 743) and related receivables from non-exchange transactions of R2 392 297 (2024: R2 362 975).

Receivables from non-exchange transactions

6. The municipality did not recognise receivables from non-exchange transactions as required by GRAP 104, *Financial instruments*. The properties in a billing report could not be traced to the valuation roll. Consequently, receivables from exchange transactions were overstated by R5 744 543. Additionally, there was a resultant impact on the surplus for the period and the accumulated surplus.
7. The allowance for impairment was not calculated in accordance with the GRAP 104, *Financial instruments*. The rebates were incorrectly used as amounts received from the customers when estimating the future cash flows; furthermore not all debtors amounts were included in the calculations. I was unable to determine the full extent of the misstatement of debt impairment, stated at R574 724 (2024: R88 719 203) in the financial statements, the related allowance for impairment stated at R189 876 489) (2024:R190 451 213) note 6 and related receivable from non-exchange transactions, stated at R 192 268 786 (2024: R 192 814 188) note 6 in the financial statements, as it was impracticable to do so.

Contracted services

8. During 2024, I was unable to obtain sufficient appropriate audit evidence for security services included in contracted services, due to the status of the accounting records. Consequently, I was unable to determine whether any adjustment was necessary to security services of R25 539 939 as disclosed in note 22 to the financial statements. I was unable to confirm this security services by alternative means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

General expenses

9. The municipality did not correctly account for computer expenses as required by GRAP 1, *Presentation of financial statements*. Some of the invoices were recorded in the incorrect period. Consequently, computer expenses as disclosed in note 27 to the financial statements overstated by R2 366 406. There was a resultant impact on the surplus for the period and the accumulated surplus.
10. During 2024, I was unable to obtain sufficient appropriate audit evidence for general expenses, due to the status of the accounting records. Consequently, I was unable to determine whether any adjustments were necessary to general expenses stated at R62 234 426 in note 27 to the

financial statements. I was unable to confirm this general expenditure by alternative means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Statement of changes in net assets

11. The municipality did not correctly calculate the statement of changes in net assets in accordance with GRAP 1, *Presentation of financial statements*. This is due to unexplained differences identified in the statement of changes in net assets presented in the financial statements for the current and previous year. I was unable to determine the full extent of the errors as it was impracticable to do so

Cash flow statement

12. The municipality did not correctly prepare and disclose the net cash flows from operating activities and net cash flows from investing activities as required GRAP 2, *Cash flow statements*. This was due to multiple errors in determining net cash flows from operating activities and net cash flows from investing activities for the current and previous year. I was unable to determine the full extent of the errors as it was impracticable to do so. Consequently, I was unable to determine whether any adjustment was necessary to net cash flows from operating activities of R27 925 868 (2024: R25 223 371) as presented in the cash flow statement and disclosed in note 32, and net cash flows from investing activities of R27 948 645 (2024: R28 018 245) in the financial statements.

Prior-period error

13. Not all prior-period errors were disclosed in note 36 to the financial statements, as required by GRAP 3, *Accounting policies, estimates and errors*. The nature and the amount of the correction for some financial statement items were affected. In addition, I was unable to obtain sufficient appropriate audit evidence for those prior-period errors disclosed in note 36 to the financial statements, as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the prior-period errors disclosed in the financial statements.

Statement of comparison of budget and actual amounts

14. The municipality did not prepare the statement of comparison of budget and actual amounts in accordance with GRAP 24, *Presentation of budget information in the financial statements*. This is due to municipality using the incorrect budget figures. As result, the information included in the statement of comparison of budget and account actual amounts is misstated.

Context for opinion

15. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
16. 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.

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

Material uncertainty related to going concern

18. I draw attention to the matter below. My opinion is not modified in respect of this matter.
19. I draw attention to note 38 to the financial statements, which indicates that municipality's current liabilities exceed its current assets by R 81 055 182 by year ended 30 June 2025. The events or conditions, along with other matters as set forth in note 38, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

20. I draw attention to the matters below. My opinion is not modified in respect of these matters.
21. As disclosed in note 41 to the financial statements, unauthorised expenditure of R44 012 067 was incurred in the current year and the unauthorised expenditure of R421 222 273 in respect of prior years has not yet been dealt with in accordance with section 32 of the MFMA.
22. As disclosed in note 43 to the financial statements, irregular expenditure of R45 859 898 was incurred in the current year and irregular expenditure of R 1 131 750 185 from prior years has not yet been dealt with in accordance with section 32 of the MFMA.
23. As disclosed in note 42 to the financial statements, fruitless and wasteful expenditure of R1 991 834 was incurred in the current year and fruitless and wasteful expenditure of R7 434 867 from prior years has not yet been dealt with in accordance with section 32 of the MFMA.

Other matters

24. I draw attention to the matter below. My opinion is not modified in respect of this matter.
25. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

26. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and the 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.

27. In preparing the financial statements, the accounting officer is responsible for assessing the municipality and 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 and municipality or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

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

Report on the audit of the annual performance report

30. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected Key performance Area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
31. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected a key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key performance area	Page numbers	Purpose
Basic service delivery and infrastructure development	[XX]	

32. I evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

33. In performing the audit, my procedures focused on the material indicators relating to water, sanitation, human settlements and related infrastructure.

34. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives.
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

35. I performed the procedures only for the purpose of reporting material findings and not to express an assurance opinion or conclusion.

36. The material findings on the reported performance information for the selected key performance area are as follows:

Number of kilometres of access road from main road to Mmusi Primary (ward 1)

37. The target in the annual performance report differed from what was committed to in the approved initial planning documents. The reported target was Number of 3.6 kilometres of access road from main road to Mmusi Primary (ward 1) while the planned target was Number of 3.2 kilometres of access road from main road to Mmusi Primary (ward 1)". These changes were made without obtaining the required approval, which undermines transparency and accountability.

38. Neither the indicator nor its target of "Number of 3.6 kilometres of access road from main road to Mmusi Primary (ward 1) was clearly defined during the planning process. It is not clear what is meant by access road. Consequently, the indicator and its target are not useful for measuring and reporting on progress against the municipality's planned objectives.

Number of high mast lights replaced with electricity efficient energy bulbs in various wards

39. The indicator was not clearly defined during the planning process, The actual achievement reflects the number of bulbs replaced, whereas the municipality had planned to report the

number of high-mast lights. Consequently, the indicator is not useful for measuring and reporting on progress against planned objectives.

Other matters

40. I draw attention to the matters below.

Achievement of planned targets

41. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

42. The table that follows provides information on the achievement of planned targets and lists the indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages [xx to xx].

KPA: Basic Service Delivery and Infrastructure Development

<i>Targets achieved: 68%</i>		
Key indicator not achieved	Planned target	Reported achievement
Number of portfolio committee meetings coordinated	Four portfolio committee meetings coordinated by 30 June 2025	Not achieved Three portfolio committee meetings coordinated
Number of electricity project management meetings attended	Four electricity projects management meetings attended by 30 June 2025	Not achieved Two electricity projects management meetings attended
Number of sport facilities constructed at Piet Plessis by 30 June 2025	One construction of sport facility at Piet Plessis by 30 June 2025	Partially achieved One construction of sport facility at Piet Plessis (multi-year project)
Number of kilometres of access road from main road to Mmusi Primary (Ward 1)	3,2 km of Access Road constructed from main road to Mmusi Primary (Ward 1)	Partially achieved 3,2 km of access road constructed from main road to Mmusi (multi-year project)
Number of fenced cemeteries for all 15 Kagisano-Molopo Wards	10 fenced cemeteries for all 15 Kagisano-Molopo Wards by 30 June 2025	Not achieved Three fenced cemeteries for all 15 Kagisano-Molopo Wards
% implementation of the operational maintenance plan by 30 June 2025	100% implementation of the operational	Not achieved

<i>Targets achieved: 68%</i>		
Key indicator not achieved	Planned target	Reported achievement
	maintenance plan by 30 June 2025	0% implementation of the operational maintenance plan

Material misstatements

43. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA: Basic service delivery and infrastructure development. Management did not correct all the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

44. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
45. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
46. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
47. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

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

Revenue management

- 49. An effective system of internal control for debtors / revenue was not in place, as required by section 64(2) (f) of the MFMA.
- 50. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Expenditure management

- 51. Reasonable steps were not taken to prevent irregular expenditure amounting to R45 859 898 as disclosed in note 43 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by bid committees not correctly constituted.
- 52. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R1 991 834, as disclosed in note 42 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by payment of serviced not received.
- 53. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R44 012 067, as disclosed in note 41 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on the governance and administration vote.
- 54. Reasonable steps were not taken to ensure that money owed by the municipality was always paid within 30 days as required by section 65(2)(e) of the MFMA.

Consequence management

- 55. Unauthorised expenditure incurred by the municipality was not investigated to determine whether any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
- 56. Irregular expenditure incurred by the municipality were not investigated to determine whether any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
- 57. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine whether any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Strategic planning and performance management

- 58. The SDBIP was revised during the year without approval of the council following approval of an adjustments budget, as required by section 54(1)(c) of the MFMA.
- 59. The performance management system and related controls were inadequate as they did not describe how the performance monitoring, measurement, improvement processes should be conducted and organised and managed, as required by municipal planning and performance management regulation 7(1).

Governance and oversight

60. The audit committee did not submit an audit report on the review of the performance management system to the council at least twice during a financial year, as required by municipal planning and performance management regulation 14(4)(a)(iii). The Council invited audit committee only once.

Other information in the annual report

61. The accounting officer is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
62. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
63. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
64. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.
65. 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

66. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
67. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the adverse opinion and the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
68. Leadership did not adequately exercise oversight of the financial and performance reporting and compliance with legislation. This is due to the instability in the accounting officer as well as chief financial officer position.

69. Management did not monitor and review the financial and performance reporting and compliance with laws and regulations and internal controls. In addition, the financial statements were not always supported by accurate and complete accounting records as management did not properly capture and reconcile accounting and performance records throughout the year.
70. The internal audit unit and audit committee did not adequately review the financial statements and annual performance report as material misstatements were identified in the submitted financial statements and annual performance report. The internal audit unit lacks sufficient personnel, and the municipality's failure to submit financial statements on time negatively affects the quality of the internal audit's review.

Auditor General

Rustenburg

30 November 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected key performance area and on the municipality's compliance with selected requirements in key legislation.

Financial statements

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

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

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003 (MFMA)	Section 1 (a), (b) & (d) of the definition: irregular expenditure Section 1 Definition of SDBIP Sections 11(1); 13(2); 14(1); 14(2)(a); 14(2)(b); 15 Sections 24(2)(c)(iv); 29(1); 29(2)(b); 32(2) Sections 32(2)(a); 32(2)(a)(i); 32(2)(a)(ii); 32(2)(b) Sections 32(6)(a); 32(7); 53(1)(c)(ii); 54(1)(c) Sections 62(1)(d); 62(1)(f)(i); 62(1)(f)(ii); 62(1)(f)(iii) Sections 63(2)(a); 63(2)(c); 64(2)(b); 64(2)(c); 64(2)(e) Sections 64(2)(f); 64(2)(g); 65(2)(a); 65(2)(b); 65(2)(e) Sections 72(1)(a)(ii); 95(a); 112(1)(iii); 112(1)(j) Sections 116(2)(b); 116(2)(c)(ii); 117; 122(1); 122(2) Sections 126(1)(a); 126(1)(b); 127(2); 127(5)(a)(i) Sections 127(5)(a)(ii); 129(1); 129(3); 133(1)(a) Sections 133(1)(c)(i); 133(1)(c)(ii); 170; 171(4)(a); 171(4)(b)
LG: MFMA: Municipal budget and reporting regulations, 2009	Regulations 71(1); 71(2); 72
LG: MFMA: Municipal investment regulations, 2005	Regulations 3(1)(a); 3(3); 6; 7; 12(2); 12(3)
LG: MFMA: Municipal regulations on financial misconduct procedures and criminal proceedings, 2014	Regulations 5(4); 6(8)(a); 6(8)(b); 10(1)
LG: MFMA: Municipal supply chain management (SCM) regulations, 2017	Regulations 5; 12(1)(b); 12(1)(c); 12(3); 13(b); 13(c); 13(c)(i) Regulations 16(a); 17(1)(a); 17(1)(b); 17(1)(c); 19(a) Regulations 21(b); 22(1)(b)(i); 22(2); 27(2)(a); 27(2)(e) Regulations 28(1)(a)(i); 28(1)(a)(ii); 29(1)(a) and (b) Regulations 29(5)(a)(ii); 29(5)(b)(ii); 32; 36(1) Regulations 38(1)(c); 38(1)(d)(ii); 38(1)(e); 38(1)(g)(i) Regulations 38(1)(g)(ii); 38(1)(g)(iii) Regulations 43; 44; 46(2)(e); 46(2)(f)
Municipal Systems Act 32 of 2000 (MSA)	Sections 25(1); 26(a); 26(c); 26(i); 26(h); Sections 29(1)(b)(ii); 29(3)(b); 34(a); 34(b); Sections 38(a); 41(1)(a); 41(1)(b); 41(1)(c)(ii); 42; 43(2) Sections 56(a); 57(2)(a); 57(4B); 57(6)(a) Sections 66(1)(a); 66(1)(b); 67(1)(d); 74(1) Sections 93B(a); 93B(b); 93C(a)(iv); 93C(a)(v); 96(b)
LG: MSA: Municipal planning and performance management regulations, 2001	Regulations 2(1)(e); 2(3)(a); 3(3); 3(4)(b); 3(5)(a); 7(1); 8 Regulations 9(1)(a); 10(a); 12(1); 15(1)(a)(i); 15(1)(a)(ii)

Legislation	Sections or regulations
LG: MSA: Municipal performance regulations for municipal managers and managers directly accountable to municipal managers, 2006	Regulations 2(3)(a); 4(4)(b); 8(1); 8(2); 8(3)
LG: MSA: Regulations on appointment and conditions of employment of senior managers, 2014	Regulations 17(2); 36(1)(a)
LG: MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2); 5(3); 5(6); 8(4)
Annual Division of Revenue Act (Dora)	Sections 11(6)(b); 12(5); 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB regulations	Regulations 17; 25(7A)
Municipal Property Rates Act 6 of 2004 (MPRA)	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 2(1)(a); 2(1)(f)
Preferential Procurement regulations (PPR), 2017	Regulations 5(1); 5(3); 5(6); 5(7) Regulations 6(1); 6(2); 6(3); 6(5); 6(6); 6(8) Regulations 7(1); 7(2); 7(3); 7(5); 7(6); 7(8) Regulations 8(2); 8(5); 9(1); 10(1); 10(2); 11(1)
Preferential Procurement regulations (PPR), 2022	Regulations 3(1) Regulations 4(1); 4(2); 4(3); 4(4) Regulations 5(1); 5(2); 5(3); 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)

ANNUAL REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

We are pleased to submit the report of the Audit and Performance Committee for the year ended 30 June 2025.

1. Background

Dr. Ruth Segomotsi Mompati District Municipality and its local municipalities, namely Mamusa Local Municipality, Kagisano-Molopo Local Municipality, and Lekwa-Teemane Local Municipality have opted for the shared Audit and Performance Committee Services. The Audit and Performance Committee was established in terms of section 166 of the Municipal Finance Management Act (MFMA), Act 56 of 2003. The Audit and Performance Committee has adopted its terms of reference.

2. Statutory requirements

Section 166 of the MFMA stipulates that each municipality must establish an audit committee. The audit committee is an independent advisory body that advises the municipal council, the political office bearers, the accounting officer, and the management of the municipality on the following matters:

- ✓ Internal financial control and internal audits;
- ✓ Risk management;
- ✓ Accounting policies;
- ✓ The adequacy, reliability and accuracy of financial reporting and information;
- ✓ Performance management;
- ✓ Effective governance;
- ✓ Compliance with the MFMA, the Division of Revenue Act (DORA) and any other applicable legislation;
- ✓ Performance evaluation;
- ✓ Any other issues referred to it by the municipality;
- ✓ Review of the annual financial statements to provide an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall compliance with the MFMA, DORA any other applicable legislation;
- ✓ Respond to Council on any matter raised by the Auditor- General (AGSA); and carry out such investigation into the financial affairs of the municipality.

3. Attendance of meetings

An Audit and Performance Audit Committee (APAC) is an independent advisory body appointed by Council. In terms of Section 166 of the Municipal Finance Management Act of 56 of 2003.

In accordance with the contract entered into by Dr. RSMDM and APAC (Resolution: 09/2021/22), council appointed APAC on 01 September 2024 to 31 August 2024.

The request to extend the contracts for the existing APAC was tabled to and approved by council, the Committee served till the 30 March 2025.

The Council appointed a new Committee on the 1 April 2025; the term will end at 31 May 2028. It comprises independent non-executive members who have the requisite and relevant skills and experience to fulfil audit committee's duties.

The following table depicts Audit and Performance Audit Committee members and attendance thereof.

Name and Surname	Position in Audit Committee	NUMBER OF MEETINGS ATTENDED
		12 November 2024 (Statutory meeting)
Ms. J. Masite	Chairperson	👍
Prof. G.Malebe	Member	👍
Adv. S. Dikole	Member	👍
Ms. L. Holele	Member	👍
Ms. M. Ralikonyana	Member	👍
Mr. E. Van Rensburg	Member	👍

The Audit and Performance Audit Committee did not have statutory meetings as per the MFMA. The municipality even though invited by the Committee, didn't honour the invites. In the 2025 Financial year, the Committee only met with the Municipality once.

The following, although not members of the Audit and Performance Audit Committee, have standing invitation to the Committee meetings:

- ✓ Accounting Officer;
- ✓ Chief Financial Officer;
- ✓ Chairperson of the Risk Committee;
- ✓ Section 56 Managers/Departmental Heads;
- ✓ Chief Audit Executive;
- ✓ Chief Risk Officer;
- ✓ The Auditor- General (As and when); and
- ✓ The Provincial Treasury
- ✓ Cogta

The members of the Audit and Performance Audit Committee also held meetings with the Municipal Manager as the Accounting Officer, the Chairperson of Risk Management Committee, Senior Management of the municipality, the Internal Audit and the Auditor-General, collectively and individually, on matters related to governance, internal control, performance, financial information, risk and other relevant matters concerning the municipality.

4. Internal Audit

The Internal Audit of the Dr Ruth Segomotsi Mompati District Municipality is in-house and has discharged its mandate in terms of its charter and managed to execute 100% of the projects as per the 2024/25 Internal Audit Risk Based Annual Plan. Internal Audit performed significant work on behalf of the Auditor General (physical verification of immovable assets), which demonstrates a growing reliance on Internal Audit by the Auditor General. This collaboration not only highlights the increasing trust placed in Internal Audit but also enabled the municipality to achieve notable cost savings.

The Audit and Performance Audit Committee is of the opinion that the Internal Audit unit is operating effectively to meet its mandate and has considered the risk pertinent to the municipality in its audit plans.

The following documents were approved by the Audit and Performance Committee and recommended to Council for adoption:

- ✓ Internal Audit Charter
- ✓ Internal Audit Risk Based Plan
- ✓ Three Year Rolling Strategic and Annual Audit Plan
- ✓ The Audit and Performance Audit Committee Process Plan

5. Effectiveness of Internal Controls

The system of internal control was not entirely effective during the year under review as compliance with prescribed policies and procedures were lacking in certain instances. The following reports are among others that were presented to the Audit and Performance Committee:

- ✓ Audit of quarterly performance information;
- ✓ Expenditure Management;
- ✓ Supply Chain Management;
- ✓ ICT audit;
- ✓ Governance;
- ✓ Leave Management;
- ✓ Local Economic Development; and
- ✓ Assets management.
- ✓ Recruitment and Selection
- ✓ Financial Reporting

6. Risk Management

The municipality has a risk unit that consists of three staff members and a Chairperson of the Risk Management, Anti-fraud, and Anti-corruption Committee.

The Audit and Performance Committee is satisfied that:

Risk management has not been fully embedded at the municipality as the risk maturity is still low.

7. Performance Management

Part of the responsibilities of the Audit and Performance Audit Committee includes the review of performance management. The Committee has in terms of the performance of the municipality reviewed the functionality of the performance management system and it appears to be functional, however there is room for improvement

in so far as achievement of planned targets and compliance matters are concerned.

The Audit and Performance Audit Committee has also noted noncompliance with Section 46(a) (i) of the Municipal Systems and related regulation and circulars, reports on evaluation of service providers were not submitted to the Audit and Performance Audit Committee.

8. Year- end Reporting

The APAC has reviewed the Annual Performance Report and provided recommendations to management for implementation before the report was submitted to the Auditor-General and the quarterly reports submitted by management during the year..

9. Evaluation of Annual Financial Statements

The Audit and Performance Audit Committee, has on its meeting held on the 28 August 2025 discussed the draft annual financial statements and unaudited annual report with the Accounting Officer, before submitting it to the Auditor General. The Audit and Performance Committee wish to indicate that it performed a review on the financial statements focusing among others on:

- ✓ Significant financial reporting adjustments and estimates contained in the Draft Annual Financial Statements;
- ✓ Clarity and completeness of disclosures;
- ✓ Accounting policies and practice;
- ✓ Significant adjustments arising from the audit;
- ✓ Reasons for major year to year fluctuations; and
- ✓ Reinstatement of prior year amounts.

The Audit and Performance Audit Committee reviewed and noted and recommend the Draft Annual Financial Statements for the financial year ended 30 June 2025.

10. Recommendation of Submission of the AFS and APR to Auditor General

The Audit and Performance Audit Committee has:

Reviewed the Draft Annual Financial Statements and Annual Performance Report and recommended that these reports be submitted to AGSA for auditing purposes after ALL the recommendations raised by the committee have been considered by management.

11. Final Auditor General's Report

The Audit and Performance Audit Committee has:

- Further reviewed the Financial Statements to be included in the Annual Report with the Accounting Officer.
- Discussed and adopted the Auditor-General and Management report and management response thereof.

12. Consideration of the Final AGSA Audit report

The Audit and Performance Audit Committee concurs and accepts with the audit outcome conclusions of the Auditor-General on the Annual Financial Statements and Annual Performance Report and is of the opinion that the Audited Financial Statement and Annual Performance Report will be read together with the report of the Auditor-General.

The Audit and Performance Audit Committee recommend that:

- The Municipality develops PAAP that reflects the root cause analysis, which should be monitored duly by management and Executive Mayor per section 131 of MFMA, monthly review by Internal Audit Function and quarterly review by APAC.
- Internal Audit Function assesses the implementation of the Post Audit Action Plan.
- Submission of progress report to council on the implementation of actions to resolve AG findings on quarterly basis.
- Consequence management be implemented where there has been negligence or non-submission of information timely.

13. Conclusion

The Chairperson of the Audit and Performance Audit Committee remains confident that with the appointments and filling of all key positions the municipality will improve. Further, if all matters raised by the Internal Audit and Auditor-General can receive due consideration and intervention, the audit opinion will improve.

We are committed to fully executing the assurance and oversight functions to strengthening governance, internal control and risk management processes.

Audit and Performance Audit Committee further acknowledge the commitment into good governance as shown the Honourable Speaker, Executive Mayor and Council and further express gratitude to the Chief Audit Executive and her staff for the support and commitment to the work of the Audit and Performance Committee.



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S.J. Masite, CIA, CFE, CMIIA, CICP
Chairperson of the Audit and Performance Audit Committee
Date: Jan 2026



Municipality Name: Kagisano-Molopo Local Municipality
Audit Action Plan Status: All
Financial year: 2023/2024

No	Finding	Root Cause	Action Plan	Implementation Progress %	Implementation Status
1	Assets not impaired that were identified during the physical verification of the assets	Lack of proper review and adequate controls around the assets management as these assets were verified by the consultants but no impairment was raised	To conduct a physical assessment of assets and ensure that any impairments identified are accounted for	100%	Completed
2	Non-compliance: Use of consultants - GAP Analysis was not performed prior to appointment of consultants	Leadership failed to establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities.	Management will visit its archives to extract the assessments that were conducted and submit.	100%	Completed
3	Non-compliance: Use of consultants - Consultancy reduction plan was not developed	Management did not ensure that the municipality is compliant with the Municipal Cost Containment Regulations.	Management intends to develop a Consultancy reduction plan	100%	Not resolved
4	Non-compliance: Use of consultants - Lack of performance management and monitoring of consultants	Management did not ensure that proper contract management mechanisms were implemented and monitored to ensure compliance with MFMA.	Develop a task planner and checklist wherein the performance of consultants will be evaluated and reported upon	100%	Not resolved
5	Inconsistency between SDBIP, APR and reported achievement	Management did not prepare regular, accurate and complete performance reports that are supported by the evidence. Management did not adequately review the APR to ensure that all indicators are presented and disclosed appropriately.	To ensure alignment of APR and SDBIP	100%	Completed
6	Budget statement - Reasons for differences not provided.	The institution did not have sufficient monitoring controls to ensure the adherence to the internal policies and procedures and for purposes of taking corrective action. This was due to limited review/monitoring of the completeness of financial statements by management, the audit committee and the internal audit unit.	Management included reasons that were left out in the statement of budget as per attached extracts	100%	Completed
7	Limitation of Scope: Debtors with Credit Balance (RFI 41)	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	Revisit the entire population to assess what led to the credit balances, invoke the archives act / prescription act if needs be and avail any supporting documents for write off (if any)	100%	Completed

8	Statement of budget vs actual: Reasons provided by management are not reasonable	Management did not exercise oversight responsibility regarding financial, performance reporting, compliance, and related internal controls.			Completed
9	Impairment loss disclosed inclusive of VAT	Management did not implement controls over daily and monthly processing and reconciling of transactions.	Revisit the impairment population and schedule therein and investigate transactions that are impaired inclusive of vat and make necessary re-statements and disclose such in the Prior period error note	100%	Resolved
10	Auditors could not confirm occurrence of accommodation allowances	Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	Furnish the AGSA with corroborating support to serve as evidence that payments were not made in vain and the activities took place	100%	Resolved
11	Finance cost-Amount in the invoice differs from the amount in the general ledger	The accounting officer did not implement proper record-keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.	Management notes the finding, we have attached herein the workings and GRV that support the finance costs herein. Management has processed a journal for the Eskom overstatement	100%	Completed
12	No proof that services were received	Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Although the municipality did not attach any evidence of the advert, it should be noted that there is a communicate (Civil claim) attached to the GRV wherein the appointed attorneys were claiming an overdue amount on behalf of the client, and such can be used as alternative means to confirm the delivery of services. Furthermore, a commitment was made by the CFO to settle the amount when contacted by the attorneys as acknowledgement that the services were rendered and received for by the municipality.	100%	Completed
13	Impairment assumption not verifiable	The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	Management has documented an assessment and considerations of the risks used to determine the risk premiums as attached.	100%	Completed
14	Limitation of Scope - RFI 106	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.	The journals were submitted to the AG without proper support, whereas some were not signed. We have however revisited the population of journals and all limitations and availed the information therein. Refer to the follow up on prior period error folder.	100%	Completed
15	Limitation of scope: RFI 113	The accounting officer did not implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial reporting.	Management has not documented performance assessment on consultants, although this is monitored in overall and on a high level review by confirming actual work done before settling invoices. Management will document such progress and reports going forward.	100%	Completed
16	Internal control deficiency - PAAP not updated on a monthly/regular basis	Management did not review and monitor compliance with applicable legislation.	Supply chain management unit will ensure that PAAP is updated on a regular basis and submit supporting evidence timeously in the new financial year.	100%	Completed
17	SCM quotations -Supplier not tax compliant	Management did not review and monitor compliance with applicable legislation.	Management agreed with the finding, SCM unit will strict adherence to tax compliance issues of suppliers during	100%	Completed

				procurement process and ensure that we avoid increasing in irregular expenditure.		
18	SCM Quotations: Non-compliance with PPPF act	Proper compliance controls are not implemented and monitored to ensure compliance with the requirements of the SCM regulations and the municipality's SCM policy when procuring goods and services.	Management should ensure that it implement(s) proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Management agreed with the finding and since has introduced a new accounting system called Bitware, the system is able to evaluate for PPPF point system this will assist in the reduction of this finding and irregular expenditure.	100%	Completed
19	The following request for remuneration of councillors was communicated to management on the 09 January 2025 and due on the 13 January 2025, however management did not fully submit the supporting documents			The journals herein are available and ready to be furnished to the AG. This included the calculations as well to corroborate the figures in the journals and basis for processing the journals.	100%	Completed
20	Non-compliance: Use of consultants -No measures were put in place for transfer of skill	We identified that the municipality does not have measures put in place for the transfer of skills by consultants to the relevant municipal officials.		Management acknowledges that there was no documented skills transfer on paper, although the consultants continuously worked with various employees. Management will ensure that this is well documented for the 24/25 fin year to avoid repeat findings.	100%	Completed
21	Management did not ensure that the municipality is compliant with the Municipal Cost Containment Regulations.	The accounting officer did not implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial reporting.		Municipality agrees with the findings and in the financial year 2024/2025 the municipality has been able to formulate performance monitoring /progress reports and would be available for audit in the current year.	100%	Completed
22	Insurance expense - Budget not checked before expenditure is incurred	Management did not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control.		Management agrees with the finding, in previous financial years SCM has not been involved in procurement processes that involve insurance and hence the was no purchase order produced and availability of budget. SCM unit will ensure that budget is checked and purchase orders are produced in the current financial year.	100%	Completed
23	Investment property :Limitation on RFI 95	The accounting officer did not implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial reporting.		Both the Journal and the supporting schedule for the JNL will be made available in order to allow auditors to conduct their duties	100%	Resolved
24	Payments not made within 30 days Transfer and Subsidies	The CFO and expenditure unit did not review and monitor compliance with applicable laws and regulations to ensure that invoices are paid within 30 days.		Management agrees that invoices are not paid within 30 days due to financial constraints, this type of finding will probably be repetitive until such a time the municipality is financially viable	100%	Completed
25	Payments not made within 30 days Contracted Services-Operating	The CFO and expenditure unit did not review and monitor compliance with applicable laws and regulations to ensure that invoices are paid within 30 days		Management agrees that invoices are not paid within 30 days due to financial constraints, this type of finding will probably be repetitive until such a time the municipality is financially viable	100%	Completed

26	During the audit of the journals that were processed within the Transfer and subsidies we noted, the journal was to correct the misallocation of the materials purchased for disaster relief from the government grant to the transfer and subsidy. The initial journal passed was	Management did not perform a proper review of the financial statements to ensure that the financial statements have been correctly classified before submission for audit	Management aims to ensure that all journals are accurate and in line with the descriptions, strict control will be implemented to ensure that such is not recurring in the 24/25 financial year. In addition, we will furnish the AG with the journal in question to show the narrations and descriptions thereof.	100%	Completed
27	HR Compliance: No proof of previous employment was obtained prior to signing the employment contract	Management did not exercise oversight responsibility regarding financial, performance reporting, compliance, and related internal controls.	Evidence of previous employment was obtained and attached in the employee file and such will be furnished to the auditor	100%	Resolved
28	HR compliance: Financial interest not disclosed within 60 days and some not submitted	Lack of proper oversight and monitoring mechanisms to ensure timely submission and accurate completion of financial disclosure forms by senior municipal officials within the required 60-day period.	Management intends to put in place measures wherein declarations of financial interests will be conducted and filed for ease of reference	100%	Not resolved
29	Legal Cost : Budget not checked before expenditure was incurred	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.	Management will furnish the AGSA with information displaying the process followed to check budgets	100%	Resolved
30	Competency levels not achieved by accounting officer	Management did not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control.	Management intends to implement controls and develop performance management tools to conduct performance of the officials	100%	Not resolved
31	Landfill limitation of RFI 101	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.	Management intends to apply for a landfill license as required by legislation	100%	Not resolved
32	ICT Supporting Information not submitted	Design and implement formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information.	Management intends to draft and implement the different structures as communicated above. refer to the attached documentation.	100%	Completed
33	ICT Prior year findings not addressed	The accounting officer did not develop and monitor the implementation of action plans to address internal control deficiencies relating to IT.	Management has developed internal controls and put in place measures to address some of the prior year error findings and will be cleared duly	100%	Not resolved
34	Various Internal Control deficiencies noted	The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	Management intends to improve various internal controls in different departments to ensure we do not repeat the same findings	100%	Not resolved
35	The approved IDP, Annual budget, Adjusted budget and SDPIB were not published on the municipal website for the community to access	The municipality website has been down for the current financial year and the prior year and management have not take steps to fix the issue.	The website was not functional for quite sometime and this has been a constant finding by the AG, we have however uploaded the information on a newly built and functional website. https://kagisanomopolm.gov.za/wp-content/uploads/2025/05/20232024.pdf	100%	Completed
36	High Vacancy rate in different divisions in the municipality	Management did not exercise oversight responsibility regarding financial, performance Management did not implement effective HR management to ensure that adequate and sufficiently skilled resources are in place.	The municipality is aware of the high vacancy rates and is in the process of the appointing senior managers	100%	Not resolved

37	Performance Assessment on senior management not performed	The accounting officer did not implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.	Management intends to implement controls and develop performance management tools to conduct performance of the officials	100%	Not resolved
38	PAAP not fully implemented	The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls. Furthermore, the accounting officer did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities.	Management has revisited the population and recalculated interest as per the policy, see updated interest register.	100%	Completed
39	Internal control deficiency: SCM policy not amended	Management did not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control.	Management agrees with the finding, Supply Chain Management unit has drafted and finalized an updated SCM policy for the current financial year which is in line with all the updated regulations.	100%	Completed
40	Internal control deficiency: Governance, Ethics and Risk Management processes	N/A		100%	Not resolved
41	Consequence management: No disciplinary board/committee in place	Management did not exercise oversight responsibility regarding financial, performance reporting, compliance, and related internal controls.	Management intends to implement controls and develop performance management tools to conduct performance of the officials	100%	Not resolved
42	Audit committee : The audit committee not performing its duties	Audit committee did not perform all its required functions in the current year.	The Acting MM and Acting Mayor to engage the Audit Committee	100%	In Progress
43	AFS not reviewed by the audit committee, SALGA and internal audit	Due to late submission of the AFS, the external review process was overlooked.	To ensure that APR and AFS are reviewed by audit committee, SALGA and internal audit.	100%	Completed
44	Internal control deficiency: Non-adherence to policy requirements of competitive bidding for the placing of the municipality's bank accounts every 5 years.	The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls. Furthermore, the accounting officer did not establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities.			Not Yet Started
45	Quotations were not requested from all service providers on the panel	Management did not review and monitor compliance with applicable legislation.			Not Yet Started
46	SCM - Municipal regulations not included in the SCM policy	Management did not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control.	Management agrees with the finding, Supply Chain Management unit has drafted and finalized an updated SCM policy for the current financial year which is in line with all the updated regulations.	100%	Completed
47	SCM - Deviation not reported to council	Management failed to exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	Management agrees with the finding, SCM Unit will ensure that deviation register is updated on a monthly basis and reviewed by CFO on a monthly basis to ensure that there is no omission of information in the register.	100%	Completed
48	Irregular expenditure - Overstatement of The irregular expenditure register due to non-compliance	Management did not develop, implement and monitor adequate controls to ensure complete and accurate financial reporting is performed.		100%	Completed
49	Senior Management positions advertised after 14 days from the day of the resolution adoption	Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	Management intends to submit or communicate information to the MEC within the prescribed time frames	100%	Not resolved

50	Communication to the MEC about the appointment of MM not done within 14 days after resolution was adopted	Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	Management intends to submit or communicate information to the MEC within the prescribed time frames	100%	Not resolved
51	Differences noted between supporting documents and amounts disclosed on the notes to the financial statements.	The Accounting officer and those charged with governance did not ensure that financial statements present fairly the financial position, financial performance, and cash flows of an entity. The Accounting officer did not take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems when preparing financial statements	Management had already disagreed with the finding bases on the support attached herein. Refer to the attached support for the basis of disagreements	100%	Completed
52	VAT receivables : VAT returns not submitted timeously	The accounting officer did not implement effective controls around the reviews and submission of the VAT returns.	Management intends to exercise strict control wherein, Vat returns will be submitted on time to SARS to ensure compliance and improve cash flow via VAT collections	100%	Completed
53	SCM Quotations : Three quotations not obtained	Management did not review and monitor compliance with applicable legislation.	Management agrees with the finding. Since the finding the SCM Unit has included in their procurement plan for 2025/2026 financial year a panel for pauper burials as this service is of emergency.	100%	Completed
54	SCM Quotations: Declaration of interest not submitted	Management did not ensure that there is proper review and monitoring of regulation 13 to ensure that all the prospective bidders complete and send their declaration of interest	Management agrees with the finding. SCM Unit has ensured that all suppliers that were used for pauper burials has sent MBD forms for the current financial year to declare their interests to ensure correction of this finding.	100%	Completed
55	Unauthorised expenditure: Disclosure not accurate	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	This was addressed as part of adjustments, refer to the attached AFS note extract	100%	Completed
56	Interest from exchange transactions incorrectly calculated	Management was only calculating the interest at year-end and not at a monthly basis as required by the policy.	The auditor used an incorrect balance to calculate the interest, Balance for (Tosca Algemene Handelaar, Botle Store, Filling) was R 856 562.3 whereas the auditor used 984 408 . This applies to JD Oordeningings BK as well, interest was calculated using incorrect balances by the auditor	100%	Completed
57	SCM Contract management -Expenditure exceeds contract amount	Lack of oversight regarding ensuring that the procurement of goods and services are made in accordance with Supply Chain Management regulations.	Management agrees with the finding. SCM Unit has generated a contract register to track expenditure of each contract and where expenditure has exceeded, retention will be requested from the Accounting Officer by the relevant Department within the municipality.	100%	Completed
58	SLA/Contract does not in accordance with GCC	Management did not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control.	Management agrees with the finding. The SCM Unit has taken upon themselves to draft SLA agreement and have ensured that all relevant stakeholders sign the agreements.	100%	Completed
59	SLA/Contract not signed by service provider	Management did not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control.	Management agrees with the finding. The SCM Unit has taken upon themselves to draft SLA agreement and have ensured that all relevant stakeholders sign the agreements.	100%	Completed

60	SCM Contract management- Internal control deficiency	Management did not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control.	Management agrees with the finding. The municipality has since then appointed new service providers for the above-mentioned services in the last financial year.	100%	Completed
61	SCM Bids: Non-compliance with PPPF Act	Management did not review and monitor compliance with applicable legislation.	Management agrees with this finding. SCM Unit will ensure that proper compliance controls were implemented and monitored to ensure compliance with the requirements of the SCM regulations	100%	Completed
62	Limitation of scope - RFI 21 Coordinating Ministries	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.	Gather applicable supporting documents and furnish the AGSA upon request	100%	Not resolved
63	Contracted Services: Legal Fees received in prior year (Cut - Off)	Lack of internal controls to ensure financial information is prepared, reviewed and reconciled for accuracy Inadequate review of the Annual Financial Statements before submission for audit.	Investigate the cut off population and make necessary adjustments where applicable	100%	Not resolved
64	VAT receivables : VAT difference noted and the reconciliation per RFI 61 not submitted	Management did not prepare reliable, complete and accurate financial statements.	Revisit the VAT population and VAT 201 reports to ensure that both the VAT control account, VAT 201 and general ledger are in agreement	100%	Completed
65	Property rates: Difference between schedule and auditor's recalculations in terms of income forgone	Management did not prepare reliable, complete and accurate financial statements.	Management revisited the population to determine if there were any issues pertaining to the calculations, we identified that there were no issues and prepared supporting documents for such.	100%	Completed
66	Limitation of scope - Receivable from exchange transaction Rental debtors (RFI 29)	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	The municipality notes the finding, we therefore propose to write off the outstanding amounts on debtors relating to the former Molopo Local Municipality which the municipality does not have records.	100%	Completed
67	Cash flow statements: Differences between auditors calculation and AFS	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	To recalculate the cash flow position after all the prior period misstatement, journals and any other applicable adjustments were made. This will be finalized with the submission of the 24/25 AFS.	100%	Resolved
68	Difference between restated amount on note 42 and the face of the AFS	Lack of internal controls to ensure financial information is prepared, reviewed and reconciled for accuracy Inadequate review of the Annual Financial Statements before submission for audit.	Management updated the note to include the movement of trade and other payable to ensure that all prior period errors are accounted for.	100%	Completed
69	Difference in the opening balance of the statement in changes in net assets	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.	To recalculate the cash flow position after all the prior period misstatement, journals and any other applicable adjustments were made. This will be finalized with the submission of the 24/25 AFS.	100%	Resolved
70	Fruitless and wasteful expenditure not recognised	Management did not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control.		100%	Completed
71	Accumulated Surplus incorrectly calculated	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.	To recalculate the cash flow position after all the prior period misstatement, journals and any other applicable adjustments were made. This will be finalized with the submission of the 24/25 AFS.	100%	Resolved

72	Receivables from exchange transactions : Employee debt accounted as receivables from exchange transactions instead of receivables from non-exchange transactions	Management did should ensure that they account for transactions in terms of the GRAP requirements.	Update the Receivables from non exchange and exchange note to account for the changes. Additionally, ensure that the transactions are mapped correctly on CaseWare.	100%	Completed
73	Unspent conditional grant-Difference between AFS and National treasury Roll over letter	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.	Treasury withheld an amount of 6 Million whereby our unspent was 4 million, as such , an additional 2 Million was withheld and we have highlighted such with treasury to receive an updated communique from treasury	100%	Completed
74	Receivables from non-exchange transactions: Differences between auditors calculations and impairment allowance as per age analysis	The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls. Furthermore, the accounting officer did not establish and communicate policies to enable and support understanding and execution thereof.	The auditor was limited to performing the calculations due to non submission of information, as such , we have gathered the information and policies supporting the calculations thereof	100%	Resolved
75	Fruitless and wasteful expenditure not recognised	Management did not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control.	Revisit the population and update the register with any information that is omitted.	100%	Completed
76	Contracted services: Operating leases - Transactions incorrectly recorded in the current year however service was received in the prior year	Management did not implement controls over daily and monthly processing and reconciling of transactions.	Management will reverse the incorrect journal entry and account for it in the 22/23 financial year and reflect the effect thereof on accumulated surplus. The journal entry has been prepared as per below extract	100%	Completed
77	Contracted services: Operating leases - Transactions incorrectly recorded in the current year however service was received in the prior year	Management did not implement controls over daily and monthly processing and reconciling of transactions.	Management will reverse the incorrect journal entry and account for it in the 22/23 financial year and reflect the effect thereof on accumulated surplus. The journal entry has been prepared as per below extract.	100%	Completed
78	Prior period misstatements not addressed	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting.	The plan is to visit the population of findings that have not been corrected and address them on a component basis. some of the findings communicated herein are not applicable as adjustments (approved) were made to the AFS. Management will furnish the AG with records of work done in relation to VAT, ESKOM, Payables and other material misstatements. The classifications of expenditure items (e.g. Advertisement instead of stationary) does not have an overall effect on the financials due to overs and under when we accumulate the finding.	100%	Completed
79	Additions amount are materially misstated	Lack of proper controls around the recording of transactions in the FAR.	Management revisited the PPE population and made corrections to the additions amount to be in line with the applicable invoices	100%	Resolved
80	Property rates: Difference between schedule and auditors recalculations	Management did not prepare reliable, complete and accurate financial statements.	The municipal tariff for property rates is for the entire financial year which is also used for an annual billing. This tariff is also prorated when newly rateable properties are accounted for in the first year. Tariffs are not outlined in the Property Rates Policy.	100%	Completed

81	Property Rates - Account not on the Valuation Roll	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Management aims to investigate the accounts as to why they were missed in the Valuation roll, confirm if there were any property rates levied, any rebates applied, payments received and so forth to determine the true reflection of the accounts and their existence in the municipality.	100%	Completed
82	Irregular expenditure: Prior year misstatement not corrected	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information for irregular expenditure.	Management removed the transaction from the irregular expenditure report. See attached the adjusted irregular expenditure schedule	100%	Completed
83	Depreciation: Difference between current year comparative amount and prior are audited AFS	The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	Management updated the prior period error note to include all omissions on prior period error adjustments.	100%	Completed
84	Budget statement - Reasons for differences not provided.	The institution did not have sufficient monitoring controls to ensure the adherence to the internal policies and procedures and for purposes of taking corrective action. This was due to limited review/monitoring of the completeness of financial statements by management, the audit committee and the internal audit unit.	Management updated the reasons thereof and the reference to the note.	100%	Completed
85	Incorrect Narration on fruitless and wasteful expenditure - Presentation and Disclosure	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Revisit the documentation on the AFS and update accordingly	100%	Completed
86	During the audit of irregular expenditure, we have noted a difference between the irregular expenditure register and the tax invoice.	Management did not ensure that the amount in the supporting voucher agree to the amount as per the register.	Supply Chain Management unit revisited the irregular expenditure register and corrected the misstatement on the irregular expenditure register	100%	Completed
87	Completeness of fruitless and wasteful	Management did not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control.	Revisit the population to ensure that all the omitted invoices are captured	100%	Completed
88	Completeness of fruitless and wasteful	Management did not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control.		100%	Completed
89	Internal control deficiency - No controls around petrol cards	Lack of proper controls around the fleet cards.	Internal controls around the usage of petrol cards will be developed, this includes monitoring of trips via tracker and logbooks	100%	Not resolved
90	Internal control deficiency - No fraud risk assessment performed	The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	Management intends to take corrective measures and conduct a fraud risk assessment for the coming financial years	100%	Not resolved
91	Property Accounts not billed - CAATS	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Management intends to take corrective measures and conduct a fraud risk assessment for the coming financial years	100%	Completed
92	Contract amount not specified on the SLAs	The accounting officer did not implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial reporting.	The municipality agrees with the finding, the contract in question has since ended, and the municipality has appointed a new service provider for security services. The municipality has ensured that the new service provider sticks with the terms and conditions speculated in the contract.	100%	Completed

93	Number of high mast lights constructed - Difference between APR and Progress report/Quarterly report.	During the audit of the indicator relating to Number of High Mast lights constructed at various villages (Boisalan -Ward 2),Bona -Bona (Ward 9), Tseoge,Seiabeng and Mokabole (Ward 12), Austrey and Moswana (Ward 14) and Ganyesa (Ward 4), the following issues were noted:- The municipality have reported the actual performance as achieved however when we inspected the 4th quarter performance report as well as photos for the progress it was noted that the progress of the high mast lights is sitting at 57%.We also inspected the signed 4th quarter performance report and confirmed that it was indicated that the indicator was not achieved Based on the above management have overstated the actual performance for the indicator Impact This results to an overstatement misstatement of the achievement reported in the annual performance report.	We will ensure that the annual report is thoroughly reviewed	100%	In Progress
94	Internal control deficiency: MEC for local government and AG not informed in writing of the UIFW expenditure	Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	It was noted as a non-compliance issue and in the next financial year we will put internal controls in place to avoid a repeat of this finding.	100%	Completed
95	APO : Inconsistency and misstatement for number of kilometres of Seisang-Shupu access road constructed indicator	Management did not prepare regular, accurate and complete performance reports that are supported by the evidence. Management did not adequately review the APR to ensure that all indicators are presented and disclosed appropriately. Management did not correctly plan for the target in the current year as they have included indicators that have been achieved in the prior year.	We will ensure that the annual report is thoroughly reviewed	100%	In Progress
96	Limitation of scope - Receivable from exchange transaction Rental debtors (RFI 29)	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Management assessed the entire rental debtors population in order to assess long outstanding debtors. In addition, we identified that there are plenty debtors in the debt book who are no longer occupying their flats. The process to recover this debt would require the municipality to appoint debt collectors and this is not feasible taking into consideration the fact that the municipality is cash constrained, as such, we are writing off all the debtors that we can not submit.	100%	Completed
97	Internal control deficiency: No signed declaration of interest by councillors	The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls. Furthermore, the accounting officer did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities.	management intends to take corrective actions by implementing councillors to sign the declarations of interest	100%	Not resolved

98	Internal control deficiency: No terms of reference in place for the portfolio committee	The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls. Furthermore, the accounting officer did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities.	Management intends to develop terms of references for all the committees and keep them in place for ease of reference	100%	Not resolved
99	High level review differences (AFS)	Lack of internal controls to ensure financial information is prepared, reviewed and reconciled for accuracy inadequate review of the Annual Financial Statements before submission for audit.	Adjustments were made and submitted to the AG prior to the finalisation of the audit. Refer to the material misstatements corrected in the audit report.	100%	Completed
100	Internal control issues regarding asset management	Management did not exercise oversight responsibility regarding financial, performance reporting, compliance, and related internal controls	Management has asset management plan in place that is facilitated by the PMU unit. The plan will be availed to the auditors.	100%	Completed
101	Internal control deficiency: Municipality does not have key internal governance structures	The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls. Furthermore, the accounting officer did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities.	The governance structures which include but not limited to the IT steering committee and the HR committee have been established under the tutelage of the IT Manager and the Acting director(corporate)	100%	Completed
102	Internal control deficiency: Municipality does not have key internal governance structures	The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls. Furthermore, the accounting officer did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities.	Management intends to draft and implement the different structures as communicated above. refer to the attached documentation.	100%	Completed
103	Consequence management: UIFW not investigated	Management did not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control.	Management intends to investigate UIFW through the use of its MPAC as per legislation and take appropriate actions as per recommendations	100%	Not resolved
104	Consequence management: UIFW not investigated	Management did not exercise oversight responsibility over reporting and compliance with laws and regulations and internal control.	Management intends to investigate UIFW through the use of its MPAC as per legislation and take appropriate actions as per recommendations	100%	Not resolved
105	Audit committee: The Audit Committee did not meet at least 4 times	The audit committee is not fulfilling its obligations.	To ensure that the meeting is held at least four times	100%	Completed
106	Various Discrepancies on disclosure noted: WIP not appropriately disclosed per the GRAP requirement and Statement of Budget and Comparison not including the cashflow	The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	Management updated the budget statement to include cashflow comparisons	100%	Completed
107	Payables from exchange transactions- VAT Restating Journal incorrectly processed and not approved	Management did not implement a proper record keeping management process and access to staff to ensure that information is submitted to the auditors on a timely manner, that it is complete, relevant, and accurate to support financial reporting.	Management reversed the journal entry and processed it against accumulated surplus as discussed with the AG	100%	Completed
108	Interest charge on property rates - Prior Period Error	Management did not revisit the entire balance of 2022/23 of R71 185 218 to calculate the monthly interest since the municipality started recognising interest on property rates.	Management captured interest on all customers who were omitted on SAGE to ensure that all customers are appropriately billed and accounted for.	100%	Completed

109	Property rates: Difference between the market value on the valuation roll and the AFS	Management did not implement a proper record keeping to ensure that information submitted to the auditors is complete, relevant, and accurate to support financial reporting.	Management revisited property rates schedule and updated the note to align the valuations as per the valuation roll	100%	Completed
110	Property rates: Difference between the market value on the valuation roll and the AFS	Management did not implement a proper record keeping to ensure that information submitted to the auditors is complete, relevant, and accurate to support financial reporting.	Management reconciled the disclosure note to the valuation roll and made amendments as per the attached documents below	100%	Completed
111	Interest not calculated	Management did not calculate the interest on the debtor's statement and therefore there is no proof that there was interest calculated and that the balance which is on the statements include the interest.	Management calculated interest in line with the policy, updated the supporting schedule as attached and updated interest on the system (sage). Statements will be furnished upon request to the AG	100%	Completed
112	Segment reporting- Inconsistence reporting of note 53	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Management updated the working paper and the note therein as per the attached schedule.	100%	Completed
113	Limitation of Scope: Other Receivables (RFI 80)	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Management will update the prepayment under debtors in order to reflect the full extent of what was pre-paid to SALGA. In relation to the other receivables tab, management aims to impose prescription act, we do not anticipate to receive the money as there is no support in place to support the rise of the receivable. The write off approval will be uploaded hereh after council sitting.	100%	Completed
114	PPE: Invoice paid after 30 day period	The CEO and expenditure unit did not review and monitor compliance with applicable laws and regulations to ensure that invoices are paid within 30 days.	To implement the weekly payment schedule. Have a person responsible to trace the invoices to avoid payments to be processed after the 30 days.	100%	Completed
115	Irregular expenditure: Expenditure recorded in the incorrect expenditure.	Management is recognising irregular expenditure when is paid instead of when it incurs.	We agree that it is a non-compliance issue and we will rectify in the AFS with a note that reads "Prior year irregular identified in the current year" and making necessary adjustments	100%	Completed
116	Receivables from non-exchange transactions : Differences between listing and auditors recalculations	The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls. Furthermore, the accounting officer did not establish and communicate policies to enable and support understanding and execution thereof.	Management revised the entire population and captured interest on the statements (SAGE). The population selected will be given to the auditors.	100%	Completed
117	Municipal infrastructure grant not spent for the intended purpose and was not disclosed under unauthorised expenditure	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Management updated both the supporting schedule as attached and how the AFS note should be disclosed.	100%	Completed



Municipality Name: Kagisano-Molopo Local Municipality

Audit Action Plan Status: All

Financial year: 2024/2025

No	Finding	Priority	Action to resolve the finding
1	Non-compliance: Use of consultants -Lack of performance management and monitoring of consultants. Iss.2	Medium	Management should ensure that they design and implement the monitoring instrument tool
2	Non-compliance: Use of consultants -Consultancy reduction plan was not developed. Iss.3	Medium	Management should ensure that they design and implement the Consultancy reduction plan
3	Non-compliance : Use of consultants -GAP Analysis was not performed prior to appointment of consultants. Iss.4	Medium	Management should ensure that they design and implement the gap analysis
4	Non-compliance: No terms of reference in place for portfolio committee. Iss. 16	Medium	Management should ensure that they design n and implement the terms of reference in place for portfolio committee
5	Incomplete disclosure of related parties transactions	Medium	Management to ensure that the related party transactions disclosure is automated to ensure that when changes are made to the senior managers and remuneration of councillors notes that the related party disclosure is updated as an ongoing process.
6	PAAP not fully implemented. Iss.50	Medium	Management should ensure that the municipality fully implements the post audit action plan and address all the prior year findings to avoid the recurrence of the findings.
7	Statement of changes in net assets: Accumulated Surplus incorrectly calculated	High	Management to review the method in calculating the change in net assets. Automating the calculation would result in the finding being avoided during the upcoming financial year.
8	Internal control deficiencies : No bank reconciliations performed on an investment account Iss. 14	Medium	Monthly bank reconciliations to be performed on the investment account. This should be reviewed and signed off by the CFO
9	Statement of cash flows: Material Differences(AR)	High	Management to review the method in which the cashflow is calculated. Management can utilise the working paper used by the AGSA in ensuring that the cashflow is calculated correctly.
10	Non-submission of a roll over to National Treasury for Conditional Grants. Iss.6	Medium	Management to obtain the roll over approval and keep on file electronically for ease of reference and to be provided once requested by the AGSA.
11	High level review: Unspent conditional grants: Difference between TB, GL and AFS	Medium	Management to thoroughly review the TB and GL and compare to the AFS to ensure that all three documents agree with each other. Management should also post their journals onto the system when they are ready and perform reconciliations on an ongoing basis to ensure they are aligned.

12	Consequence management : UJFW not investigated and prevented(AR)	High	Management to initiate the investigations and propose any right offs to council to ensure that the finding is addressed
13	No financial misconduct register in place.	Medium	Management to prepare a financial misconduct register and put it in place. Whether any misconducts occurred or not, a register needs to be in place as proof of evidence.
14	No fraud hotline or any mechanism in place, to confidentially report suspected misconduct or fraud	Medium	Management to establish a fraud hotline and ensure it is implemented and a register is kept up to date.
15	The Financial misconduct disciplinary board is not functional	Medium	Management need to ensure that the financial misconduct board is active and sits either quarterly or bi annually. This will go hand in hand with the financial misconduct register that needs to be put in place.
16	Contingencies: List of possible assets documented as list of possible liabilities	Medium	Management to ensure there is a clear distinction between contingent assets and liabilities and ensure they are disclosed separately within the AFS.
17	Contingencies: Case disclosed in the AFS not disclosed on the litigation register	Medium	Management to ensure that the items listed within the litigation register are the only items that are disclosed within the AFS. If there are additional items that are disclosed within the AFS, the litigation register needs to be updated so that both the AFS and the register correlate with each other.
18	Senior Manager positions were vacant and no acting official was appointed in the interim.	Medium	Management to ensure that vacant positions are either filled or officials are appointed on an acting basis.
19	Follow up on prior year findings: Remuneration of councillors	Medium	Management to revisit the prior year findings and ensure that the finding is addressed. If it is an income statement finding, management need to establish whether the finding falls away or not.
20	The auditee does not perform screening or vetting process of candidates before appointments	Medium	Management need to implement a process of vetting and screening of individuals who apply for positions within the municipality.
21	Limitation of scope - The staff establishment was not taken to the MEC for comments	Medium	Management need to ensure that the MEC is able to comment on staff establishments and said comments need to be placed on file for ease of reference and ensure that it is readily available on request from AGSA.
22	Performance Assessment on senior management not performed	Medium	Management should perform annual performance assessments on all senior managers.
23	Limitation - The auditee did not provide skills councillor information on the Mayor. Iss 87	Medium	
24	Internal Control deficiency - The organization design matrix was not applied by the municipality when determining its staff establishment.	Medium	Management should align the establishment with organization design matrix
25	ICT Policies not approved and information not submitted for audit purposes.	Medium	Management need to ensure that ICT policies are presented to council for approval and place on file for ease of reference and for the AGSA when requested.
26	Budget Management: Non-compliance with section 71(1)g	Medium	Management should ensure there is section 71 reports maintained

27	Non-compliance: Use of consultants -No measures were put in place for transfer of skill.Iss.1	Medium	Management should ensure that they design and implement the transfer of skills instrument tool
28	No fraud risk assessment was conducted.Iss.99	Medium	Management need to conduct annual fraud risk assessments to ensure they are compliant.
29	Incorrect amounts used to prepare the Statement of Comparison of Budget and Actual Amounts	High	Management need to ensure that during the preparation of budget vs actuals that the correct schedule 6B is utilised and that the actuals are in agreement with the final TB and GL.
30	High level review: Bad debts written off- Difference between the AFS and the Schedule	Medium	Management should ensure that the schedule that is provided to the AGSA for bad debts written off are in agreement with the submitted AFS. This should be reviewed and signed off by the CFO during the compilation process and placed on file to ensure that the correct schedules are provided to the AGSA.
31	Debt impairment not disclosed in the prior-year adjustments note 33 and difference in the face of the Annual Financial Statement.(AR)	High	Management need to ensure that whenever a prior period error is declared it is disclosed as such within the prior period error note with the applicable narration giving background information as to what led to the error being declared.
32	Limitation, Audit committee did not meet atleast four times as prescribed.	Medium	Management need to ensure that the audit committee sits the prescribed 4 times annually to ensure that the finding is addressed and resolved.
33	Internal Audit did not attend any training during the financial year.Iss.100	Medium	Management need to ensure that the needed training is provided to the internal audit department
34	Audit Committee did not prepare a report & submit it to council atleast twice a year on the review of the municipality's PMS System.(AR)	High	Management should ensure that the audit committee prepare and present their annual report for the review of the municipality's PMS System to ensure that the finding is addressed.
35	Asset Verification performed once as opposed to twice as per the policy	Medium	Management need to ensure that asset verifications occur twice a year.
36	Reconciliation not performed between the statement and the fuel records	Medium	Thorough reconciliations need to be done between the statements received for fuel purchases and the statements provided. Management need to determine whether the purchases are correct and relate to municipal service delivery.
37	General Expenditure: Payments to suppliers not made within 30 days of receipt of invoices (AR)	High	Management need to implement payment strategies and adjust their budgets to ensure that suppliers are paid within the 30 days as per legislation.
38	Expenditure and payments recorded in the incorrect financial period (cut-off error): General Expenditure(AR)	High	Management need to thoroughly reconcile creditors statements and invoices to ensure transactions are accounted for within the correct financial periods to avoid any cut off issues.
39	General Expenditure - EPWP misstatements	Medium	Management need to ensure that when EPWP stipends are calculated, the correct timesheets are utilised. Management should then ensure that said timesheets are provided to the AGSA when they reperform their recalculations to ensure that there are no differences identified.
40	[RESOLVED] COMM 30: Iss 91: Contracted Services: Inappropriate Presentation of Financial Statement Line Item: Fleet Services		

41	Limitation of Scope – Insufficient Supporting Documentation for General Expenditure: Fuel and Oil	Medium	The appropriate evidence should be provided to the AGSA when the information is requested. Management should ensure that when transactions are captured onto the system, the source documents are scanned and referenced accordingly to ensure that AGSA receives the correct information when RFI's are issued.
42	General expenditure - Subsistence and Travelling (Cut-off)	Medium	Cut-off testing need to be conducted to ensure that the transactions are accounted for in the correct reporting period.
43	Contracted Services: Payment to suppliers not made within 30 days (AR)	High	Management need to implement payment strategies and adjust their budgets to ensure that suppliers are paid within the 30 days as per legislation.
44	Failure to take reasonable steps to ensure the effective and efficient use of the Biometric systems fingerprint devices(AR)	High	Management need to start making use of the biometric systems put in place. This will ensure that no unauthorized individuals gain access to sensitive information and management will also be able to keep track of when staff access certain areas within the municipality if and when there is a breach in the municipality.
45	Non-Compliance – SCM Officials Did Not Attend Training	Medium	SCM Officials need to sent for the required training on an annual basis.
46	Contracted Services - Fleet Services: Non-Compliance With Ministerial Determination – Excess Provision of Protection Services	Medium	Management needs to reevaluate the allocation of body guards to the mayor and perform the necessary assessments to justify the increased capacity of bodyguards provided to the mayor.
47	Contract amount not specified on the SLAs (AR)	High	Management need to review their SLA's and ensure that the SLA's contain the contract values as per the respective appointment letters issued to the service providers.
48	Duplicate payments made on the same invoice	Medium	Management need to ensure that when payments are made to suppliers, they are not made on invoices that have already been paid. Reconciliations need to be done with the help of statements. Management need to inform the suppliers that when invoices are presented for payment that have already been paid. Proof of payments need to be provided to support the reasons for non payment. If there is an error on the invoices, the suppliers then need to provide the municipality with amended invoices as well as proof of work that has been done.
49	Rental on operating leases – Disclosure narratives were not included under note 45 of the unaudited annual financial statements	Medium	Management need to ensure that the appropriate narratives are included within the annual financial statements during the compilation process.
50	Differences between amount disclosed on AFS and listing(AR)	High	Management need to ensure that with the compilation of AFS and trade payables listings that the two correlate with each other. Proper creditor reconciliations need to be performed and cross cast to the payables listing. This will ensure that individual creditor journals proposed and affected on the AFS are included in the payables listing.
51	Discrepancies identified between the payables schedule and the balances disclosed in the unaudited annual financial statements for the year ended 30 June 2025	Medium	Management need to ensure that with the compilation of AFS and trade payables listings that the two correlate with each other. Proper creditor reconciliations need to be performed and cross cast to the payables listing. This will ensure that individual creditor journals proposed and affected on the AFS are included in the payables listing.
52	Follow-up on prior year finding: Debtors with credit balances: COF 9: ISS 71 - Limitation of Scope (AR)	High	Management need to revisit the population of debtors with credit balances and ensure adequate support is available and placed on file. Management needs to revisit the prior year finding and determine what information was omitted that was initially requested and compile the support in order for the AGSA to adequately audit and clear the remaining finding.

53	Follow up on prior period errors: COF 21: ISS 161- General Ledger is different from AFS amount	Medium	Management need to ensure that a proper reconciliation is performed to ensure that the AFS and the GL correlate with each other. Management need to ensure that all accounts are presented within the AFS are accounted for within the GL.
54	Follow-up on prior year errors: Payables - COF 23: ISS 113 -Limitation of Scope RFI 38 and RFI 63 (AR)	High	Management need to obtain the supplier statements and invoices for the respective suppliers listed within the COAF. If the statements are not in alignment with the balance as per the listing, management need to propose the necessary correcting journals and supporting documents.
55	[REMAINS] COMM 06: Iss 47: Follow-up on prior period errors: Payables - COF 24: ISS 114 -Difference between the GL and Listing (AR)	High	Management need to ensure that with the compilation of AFS and trade payables listings that the two correlate with each other. Proper creditor reconciliations need to be performed and cross cast to the payables listing. This will ensure that individual creditor journals proposed and affected on the AFS are included in the payables listing.
56	[REMAINS] COMM 06: Iss 48: Follow-up on prior year errors: Payables - COF 42: ISS 205 -Limitation of Scope RFI 109 and 110 (AR)	High	Management needs to revisit the information that was submitted on the finding and ensure that the support compiled addresses the finding. Management needs to follow up with the AGSA to ensure whether the information compiled is sufficient enough or not. If the information is not sufficient, AGSA needs to indicate what is additionally required in order to clear the finding.
57	Internal Control Deficiency: Creditors reconciliations not performed monthly	Medium	Management need to implement monthly creditors reconciliations in order to clear the finding.
58	Follow up on prior year finding: Limitation of scope RFI 109 and RFI 110(AR)	High	Management needs to revisit the information that was submitted on the finding and ensure that the support compiled addresses the finding. Management needs to follow up with the AGSA to ensure whether the information compiled is sufficient enough or not. If the information is not sufficient, AGSA needs to indicate what is additionally required in order to clear the finding.
59	Retentions: Limitation of scope - The auditee did not submit Service Level Agreements (SLA) for projects listed on the retentions register	Medium	Management need to ensure that the SLA's for the respective projects are obtained and placed on file to ensure that the finding is cleared.
60	Trade Payables - Limitation of scope - The auditee did not provide supplier statements for trade payables sample requested under RFI 77(AR)	High	Management need to obtain the supplier statements and invoices for the respective suppliers listed within the COAF. If the statements are not in alignment with the balance as per the listing, management need to propose the necessary correcting journals an
61	Follow up - Prior year findings - Limitation of Scope RFI 87(AR)	High	Management need to obtain the supplier statements and invoices for the respective suppliers listed within the COAF. If the statements are not in alignment with the balance as per the listing, management need to propose the necessary correcting journals an
62	Misalignment between SDBIP and the Annual Report.(AR)	High	Management need to ensure that the SDBIP and the Annual Report are aligned with each other in order for the finding to be cleared.
63	AOP: Revision to the SDBIP by council was not done as part of the adjustment budget approval process(AR)	High	Management need to ensure that the SDBIP is revised by council during the adjusted budget process.
64	AOP: No Standard Operating Procedures(SOP's) in place.Iss.77	Medium	Management need to ensure that SOP's are put in place in order to clear the finding.

65	AOPO:Section 71 reports were not submitted to treasury for first 3 months.Iss.78	Medium	Management need to ensure that the required Section 71 reports for the first 3 months are sent to treasury. Once this has been done, the finding will be addressed.
66	AOPO:The PMS System did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes will be conducted, organised and managed..Iss.79 (AF)	High	Management need to formulate SOP (Standard of Operating Procedure) for PMS System
67	AOPO : The indicator is not measureable and well defined.(AF)	High	Management will need to revise the indicators used to measure performance and clearly define the indicators in order to clear the finding.
68	SCM - Deviations - Declaration of interests submitted after the award was made	Medium	Management would need to ensure that suppliers submit their declaration of interests prior to awards being made
69	Non-compliance with minimum bid advertisement period requirements	Medium	Management need to ensure that when bids are advertised, they are advertised for the prescribed minimum periods.
70	SCM: Limitation of scope	Medium	Management need to ensure that the relevant supporting documents relating to the panel of attorneys and the bid specification committee is made available to the AGSA in order to clear the finding.
71	SCM - Quotations - 2 Suppliers submitted quotations with similar hand writings.	Medium	Management need to verify directorship of the supplier supplying municipal with quote
72	SCM - Contract management - No contract monitoring on contracts	Medium	SCM need to monitor contract management in order to clear the finding.
73	SCM: Limitation of scope	Medium	Management need to obtain the SLA for ABSA and place it on file in order to address and clear the finding.
74	SCM: Competitive Bidding - The tenders were not advertised at the minimum days required	Medium	Management need to ensure that when tenders are advertised, they are advertised for the prescribed minimum periods.
75	SCM: Competitive bidding - Tenders not advertised on the Government Tender Bulletin	Medium	Management need to ensure that tenders are advertised on the Government Tender Bulletin
76	SCM: Competitive Bidding - There was no council approval for the bidding of Banking Services	Medium	Management need to obtain council approval for the bidding of Banking Services.
77	SCM - Quotations - Limitation of scope	Medium	Management need to obtain the evaluation forms for the listed quotations within the finding in order to address and clear the limitation of scope finding.
78	Corresponding comparative amount disclosed in the face of the financial statements differs to the opening balance disclosed under the note 12 of the reconciliation of provisions	Medium	Management need to thoroughly review the AFS and cross cast the face of the AFS to the respective notes within the AFS prior to submission to AGSA.
79	Limitation of scope – License for Tosca and Morokweng Landfill sites not submitted	Medium	Management needs to obtain the licenses for the respective landfill sites or if not registered have them registered in order to address and clear the finding.

80	Receivables from non-exchange transactions: Differences between auditors calculations and impairment allowance as per age analysis(AR)	High	Management should revisit the population. Management should reverse the interest journals and recalculate the interest on outstanding debtors.
81	Impairment assumption not verifiable(AR)	High	Based on the conclusion reached by the AGSA, management will have to include the account numbers of the debtors in order for the AGSA to confirm the restated amounts. Management would also need to revisit the impairment methodology and ensure that it is in line with the expectations of AGSA
82	Receivables from non-exchange transaction- Interest not charged on debtors(AR)	High	Management would need to revisit the population and ensure that all debtors are being charged interest on their outstanding accounts.
83	Receivables from non-exchange transaction - Debtors account not included in the valuation roll (AR)	High	Management would need to perform a full reconciliation between the billing system and the valuation roll
84	Receivables from non-exchange transaction: Cash receipts transactions included in the Age Analysis(AR)	High	Management would need to propose a correcting journal and allocate the funds in the respective financial years.
85	Receivables from non-exchange - Difference identified on interest charged to debtors(AR)	High	Management would need to revisit the population and ensure that the correct interest rates are applied and all variables are taken into account. Management would also have to guide the AGSA in how to reperform the recalculations.
86	Receivables from non-exchange transaction : Difference noted in the 2025 Outstanding balance on the impairment schedule(AR)	Medium	Management must ensure that allowance for impairment is calculated accurately according to the relevant policies in place.
87	VAT Receivables – VAT returns not submitted timeously	Medium	Management should consider implementing the following mechanisms; - Establish a VAT compliance calendar with automated reminders to ensure timely submission and payment - Assign clear responsibility within the finance team for monitoring VAT deadlines - Implement monthly compliance reviews and escalate delays to senior management promptly - Considering using SARS e-Filing alerts or accounting software integrations to streamline VAT processes
88	Related parties Disclosure Deficiency	Medium	Management should implement adequate controls and reviews to ensure that all transactions are recorded in terms of GRAP and any other related legislations.
89	Overstatement of related parties	Medium	Management should implement adequate controls and reviews to ensure that all transactions are recorded in terms of GRAP and MFMA.
90	High level difference: Revenue from non-exchange transactions - Variance between the Annual Financial Statement and the schedule submitted for audit (AR)	High	Management should ensure that AFS are reviewed before Submission to AGSA
91	Property rates: Difference between schedule and auditor's recalculations in terms of income forgone (AR)	High	Management to revisit the prior year findings and ensure that the finding is addressed. If it is an income statement finding, management need to establish whether the finding falls away or not.

92	Interest not calculated(AR)		High	Management should ensure that debtor's statement reflect interest charge
93	Interest charge on property rates - Prior Period Error		High	management should ensure that the interest are charged on a monthly basis instead calculating interest charged based on the annual interest calculations.
94	Receivables from non-exchange transactions: Differences between listing and auditors recalculations		High	Management should ensure that the rebates are correctly applied in line with approved Property rate policy
95	Property Rates - CAAT's - Variance exceptions were identified		Medium	Management should prepare Supplementary roll to correct any misstatements identified by AGSA
96	Revenue: Interest Earned- Difference between the interest schedule and auditors re-calculation		Medium	Management should ensure that all the account charged Property rates are on Valuation Roll.
97	CAAT's Indigent: Invalid indigent beneficiaries were identified		Medium	Management should ensure that eligible indigents are approved as valid indigent beneficiaries
98	High Vacancy Rates Across Key Municipal Divisions		Medium	Management should ensure that vacant post are timeously filled
99	Asset Write-off was not submitted to the council as per the policy		Medium	Management needs to submit a list of assets that could not be verified during the year to council for write off. This go's hand in hand with the bi-annual verification of assets.
100	Fruitless and Wasteful: Difference between Comparative Figures in Current-Year AFS and Prior-Year Final Working Papers(AR)		High	Management would revisit the balances as per final working papers, please note management would update the Annual financial statements accordingly taken into account the final working papers as referred to in the communication.
101	Unauthorised expenditure: Difference between Comparative Figures in Current-Year AFS and Prior year AFS(AR)		High	Management would revisit the balances as per final working papers, please note management would update the Annual financial statements accordingly taken into account the final working papers as referred to in the communication.