Pixley ka Seme District Municipality

Annual Report

2023/24

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Chapter 1: Mayor's Foreword and Executive Summary

Component A: Mayor's Foreword

On behalf of the Pixley ka Seme District Municipal Council and officials, I hereby present this Annual Report for the financial year 2023/2024. This report serves to outline our performance on the targets we set ourselves to do over this period. The report will give our stakeholders and communities an insight into the performance and achievements of the institution.

The mandate of Pixley ka Seme District Municipality is not unique to the broader mandate given to Local Government by the South African Constitution, chapter 7. The only uniqueness we have are the different legitimate expectations of our citizenry. Our specific mandate is drawn from the Public participation process we embarked upon in drafting our Integrated Development Plan, which is our guiding document in our performance. Our resolve is based on servicing our communities wherever they live.

The current Annual Report outline our successes and shortcomings in relation to our political mandate as provided in the key focus areas of Local Government, these can be summarised as follows:

- Provide democratic and accountable government for local communities;
- Ensure sustainable provision of services to communities;
- Promote Social and Economic development;
- Encourage communities and their organisations to be involve in Local Government matters

It is commendable to note the improvements in relation to our spending and expenditure patterns. The ever present excuse of lack of resources might be a legitimate one, but the key question is how we use the resources at our disposal.

It is paramount importance to synchronise our programmes to achieve a broader goals of effective and efficient institution.

UR Itumeleng
EXECUTIVE MAYOR

Component B: Executive Summary

Municipal Manager's Overview

Another year of developing new strategies, improving skills, increasing support to our local municipalities and generally improving ourselves to excel in Local Government has come to pass. We look back at all the challenges we faced and how we managed them together with limited opportunities, as we close yet another chapter in the history of the Pixley ka Seme District Municipality. Local government is a critical sphere of governance for coordinating and ensuring implementation of government policies relating to service delivery. To achieve this objective require that the council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2023/24 Annual Report reflects on the performance of the Pixley ka Seme District Municipality for the period 1 July 2023 to 30 June 2024. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act, act 56 of 2003, in terms of which the Municipality must prepare an Annual Report for each financial year.

Pixley ka Seme District Municipality continue to raise the inefficiency of the current equitable share formula, which have a very negative effect on the income(grant) allocation to rural municipalities especially in the Northern Cape province. To this end the municipality embarked on a revenue enhancement exercise by developing a revenue enhancement strategy with the assistance of the Project Management Unit(PMU) at the Department of Cooperative Governance, Human Settlements and Traditional Affairs(COGHSTA). The strategy was adopted by Council on 16 May 2024.

Some of the other highlights throughout the 2023/24 financial year include amongst others;

- Municipal Health Services was rendered to local municipalities. Pixley ka Seme District Municipality recently received an excellence award for their 2023/24 financial year performance.
- Internal Audits at local municipalities were performed per the Shared Services Model Agreement
- Assistance with the Erosion protection to municipal infrastructure project at Renosterberg Municipality.
- Assessments of Municipal Internal Roads (RRAMS Programme)
- Planning e.g. Approval of building plans
- Legal and Performance management as per the Shared Service Model Agreement
- Land Development Applications (SPLUMA): The District Municipal Planning Tribunal meetings was held regularly to consider various applications.
- Technical Support: was rendered to Siyancuma Local Municipality with the revision of a MIG business plan for the upgrading of the Cambell Sport Facility
- Disaster management: Pixley ka Seme District municipality within its limited funds and capacity assisted local municipalities experiencing disasters. Fire equipment and water tanks were distributed to local municipalities
- Our annual Strategic Planning Session was held on 23-24 November 2023

Throughout the financial year the municipality enjoyed a very stable political and administrative leadership. Our District and Technical IGR forums convened on a regular basis and was well attended by most municipalities in the district. We managed to maintain an unqualified audit opinion from the Auditor General , with only two matters of emphasis.

This Annual Report incorporate:

- • A record of activities during the financial year
- • A record of performance against the budget of the Municipality
- • Accountability to the local municipalities for decisions made throughout the year and
- • Annual financial statements for the year.

The Annual Report for 2023/2024 consists of the following areas:

- Chapter 1: Mayor's Foreword and Executive Summary
- Chapter 2: Governance
- Chapter 3: Service Delivery Performance
- Chapter 4: Organisational Development
- Chapter 5: Financial Performance
- Chapter 6: Auditor- General Audit Findings

This Annual Report reflects all the efforts in building a better Pixley ka Seme District Municipality with a sustainable future. It is worth mentioning that the service delivery progress reported in this Annual Report would not have been possible without the commitment, hard work and dedication of municipal staff, sometimes under extremely difficult circumstances. I would like to express my sincere appreciation to them. I submit this overview in appreciation of support rendered by all our stakeholders and communities at large and lastly, the Honourable Executive Mayor, Speaker and the entire Council for their political guidance.

Isak Visser
MUNICIPAL MANAGER

1.2 Municipal Overview

This report addresses the performance of the Pixley Ka Seme District Municipality in the Northern Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2022/23 Annual Report reflects on the performance of the Municipality for the period 1 July 2022 to 30 June 2023. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

1.2.1 Vision and Mission

The Municipality committed itself to the vision and mission of:

Vision:

"Developed and Sustainable District for Future Generations"

Mission:

- Supporting our local municipalities to create a home for all in our towns, settlements and rural areas to render dedicated services;
- Providing political and administrative leadership and direction in the development planning process;
- Promoting economic growth that is shared across and within communities;
- Promoting and enhancing integrated development planning in the operations of our municipalities; and
- Aligning development initiatives in the district to the National Development Plan.

Strategic Objectives:

- Administer finances in a sustainable manner and strive to comply with legislative requirements to achieve a favorable audit outcome;
- Compliance with the tenets of good governance as prescribed by legislation and best practice;
- Guide local municipalities in the development of their IDP's and in spatial development;
- Monitor and support local municipalities to enhance service delivery;
- Promote economic growth in the district;
- To provide a professional, people-centered human resources and administrative service to citizens, staff and Council;
- To provide an independent and objective internal audit assurance and consulting service to add value and to improve the administrative operations of all the municipalities in the district through an approach that is systematic and disciplined;
- To provide disaster management services to the citizens; and
- To provide municipal health services to improve the quality of life of the citizens.

1.2.2 Municipal Area at a Glance

Total municipal area	103 410 km²	Demographics (Census 2022)			
		Population	216 589	Households	53 737

<table>
<tr><td colspan="8">Selected statistics</td></tr>
<tr><td colspan="2">Population growth rate per annum (2011-2022)</td><td colspan="2">1.26%</td><td colspan="2">Population density(persons/km^2)</td><td colspan="2">4.03</td></tr>
<tr><td colspan="2">Dependency ratio</td><td colspan="2">54.4%</td><td colspan="2">Unemployment rate</td><td colspan="2">31%</td></tr>
<tr><td colspan="8">Access to basic services- minimum service level</td></tr>
<tr><td>Water</td><td>56.9%</td><td>Sanitation</td><td>85%</td><td>Electricity</td><td>92.5%</td><td>Refuse removal</td><td>77%</td></tr>
<tr><td colspan="8">Education</td></tr>
<tr><td colspan="2">No schooling (20+ years)</td><td colspan="2">8.3%</td><td colspan="2">Higher education (20+ years)</td><td colspan="2">6.6%</td></tr>
<tr><td colspan="8">Largest sectors (using the relative size of the provincial economy by industry)</td></tr>
<tr><td colspan="2">Finance and business services</td><td colspan="2">Mining</td><td colspan="2">Government services</td><td colspan="2">Wholesale, retail and motor trade; catering and accommodation</td></tr>
<tr><td colspan="2">11.6%</td><td colspan="2">26.7%</td><td colspan="2">12.8%</td><td colspan="2">9.9%</td></tr>
<tr><td colspan="8">Health in Pixley Ka Seme District</td></tr>
<tr><td colspan="2">Health care facilities (hospitals/clinics /hospice)</td><td colspan="2">Immunisation rate%</td><td colspan="2">HIV prevalence rate</td><td colspan="2">Teenage pregnancies - delivery rate to women U/18%</td></tr>
<tr><td colspan="2">44</td><td colspan="2">69.9%</td><td colspan="2">2.6%</td><td colspan="2">21.8%</td></tr>
</table>

Top Crimes in the District (2019/20)				
Burglaries (Residential and business)	Stock theft	Assault (GBH and Common)	Theft (General)	Malicious Damage to Property

Census 2022 and Quantec

Table 1: Municipal Area at a Glance

1.2.3 Geographical Context

Spatial Location

The jurisdiction of the Pixley ka Seme District Municipality (as a category C Municipality) covers an area of 103 410km², which is also 27,7% of the total area that constitutes the Northern Cape province.

This district municipal area is the eastern-most district Municipality within the Northern Cape, and borders on the Western Cape, Eastern Cape and Free State provinces.

The map below indicates the location of the Municipality in the province:

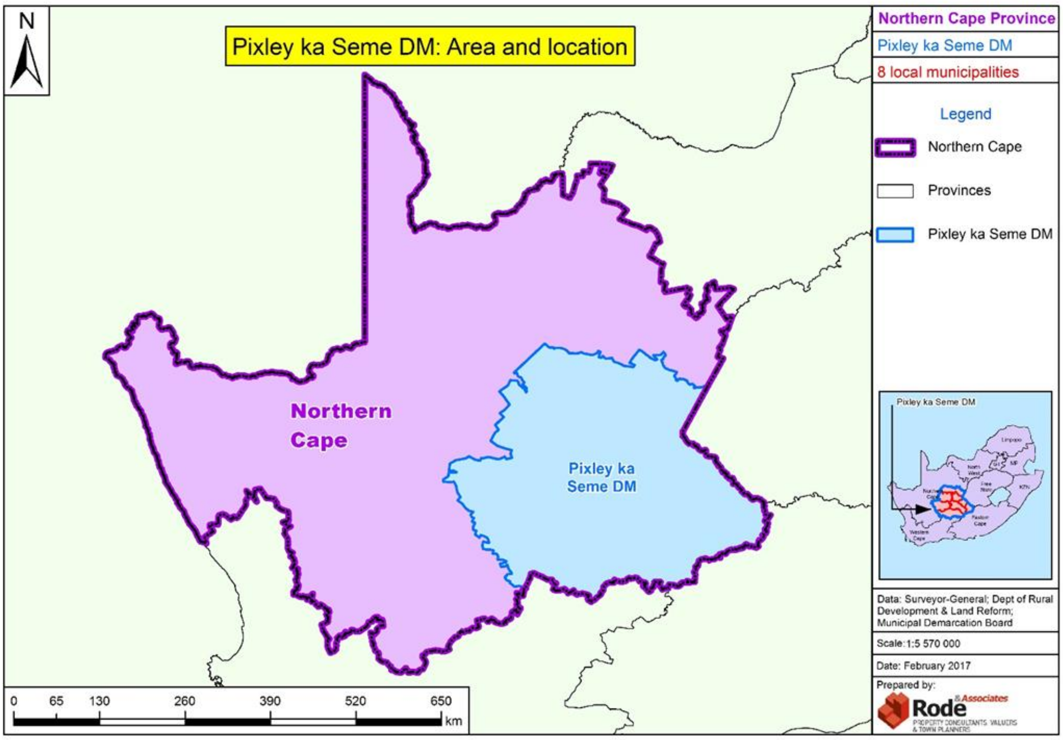


Figure 1 Locality map

There are 8 category B municipalities within the municipal are, viz. Emthanjeni, Kareeberg, Renosterberg, Siyancuma, Siyathemba, Thembelihle, Ubuntu and Umsobomvu. The following main towns in these category B municipalities represent an even spread throughout the district as central places and agricultural service centers: Douglas, Prieska, Carnarvon, Victoria West, Colesberg, Hopetown and De Aar. De Aar is the 'largest' of these towns. The closest major city to these towns is Bloemfontein in the Free State province.

Emthanjeni Municipality: comprising of the three towns De Aar, Britstown and Hanover. De Aar is the second most important railway junction in the country. When the railway line was built from Cape Town to Kimberley, the administration bought a large portion of the farm, De Aar, meaning coincidentally "artery", after underground water supply, envisaged as large life-giving veins of water.

Kareeberg Municipality: This Municipality comprises of three towns, that is, Carnarvon, Van Wyksvlei and Vosburg. The municipal area is the heart of the Karoo and the predominant economic activity is livestock farming. The possibilities of having Kilometre Array Telescope befit the landscape of the Municipality that is characterised by clear skies and less pollution. This Municipality is an entry point to the Western Cape Province from the Northern parts of the country.

Renosterberg Municipality: The Municipality is located on the banks of the Orange River. The Municipality was formed through the amalgamation of three towns, that is, Petrusville, Vanderkloof and Phillipstown.

The Municipality covers approximately 553 000 ha of land and forms about 5% of the total area of the district.

Siyancuma Municipality: This Municipality hosts the confluence of the Vaal and the Orange River. It comprises in the main of three towns, that is, Campbell, Douglas and Griekwastad and has densely populated rural settlement called Smitchdrift. The municipal area is richly endowed with precious and semi-precious stones, that is, diamonds and tiger's eye. Beneficiation of tiger's eye is on the high impact project identified in the District Growth and Development Strategy. The Municipality has a great tourism potential.

Siyathemba Municipality: This Municipality is located on the banks of the Orange River and boosts with massive and high scale irrigation farming, the river not only adds agricultural value to the Municipality but also boosts massive tourism and economic potential. The Municipality comprises of three towns, that is, Marydale, Prieska and Niekerkshoop. The Municipality has massive potential for mining activities of both precious and semi-precious stones. The Municipality also has the Alkantpan testing area where international and national ammunition testing is done.

Thembelihle Municipality: This Municipality is also located on the banks of the Orange River. The Municipality was formed through the amalgamation of three towns, that is, Hopetown, Strydenburg and Orania. The outcome of the dispute regarding Orania has not yet been decided upon and the uncertainty still exists as to where Orania is demarcated. N12 cuts through this municipal area and is a major boost to the economies of Hopetown and Strydenburg.

Ubuntu Municipality: The Municipality comprises of three towns that is Victoria West, Loxton and Richmond. The N12 and N1 pass through this Municipality and have a great tourism potential. The preliminary study in the district's Mining Strategy highlights that the Municipality is endowed with uranium deposits.

Umsobomvu Municipality: This Municipality comprises of three towns, that is, Colesberg, Norvalspond and Noupoort. N1 and N9 traverse trough the Municipality. It shares borders with other municipalities in the Eastern Cape and Free State Provinces. In the district this Municipality is among the municipalities that hold massive tourism potential.

Two of the abovementioned towns, viz. Prieska and Carnarvon have in recent years changed character from small rural towns to potentially regional hubs as a result of investments in renewable energy generation and the Square Kilometre Array radio telescope project, respectively.

The map below indicates the municipal area divided into local municipalities with their main towns:

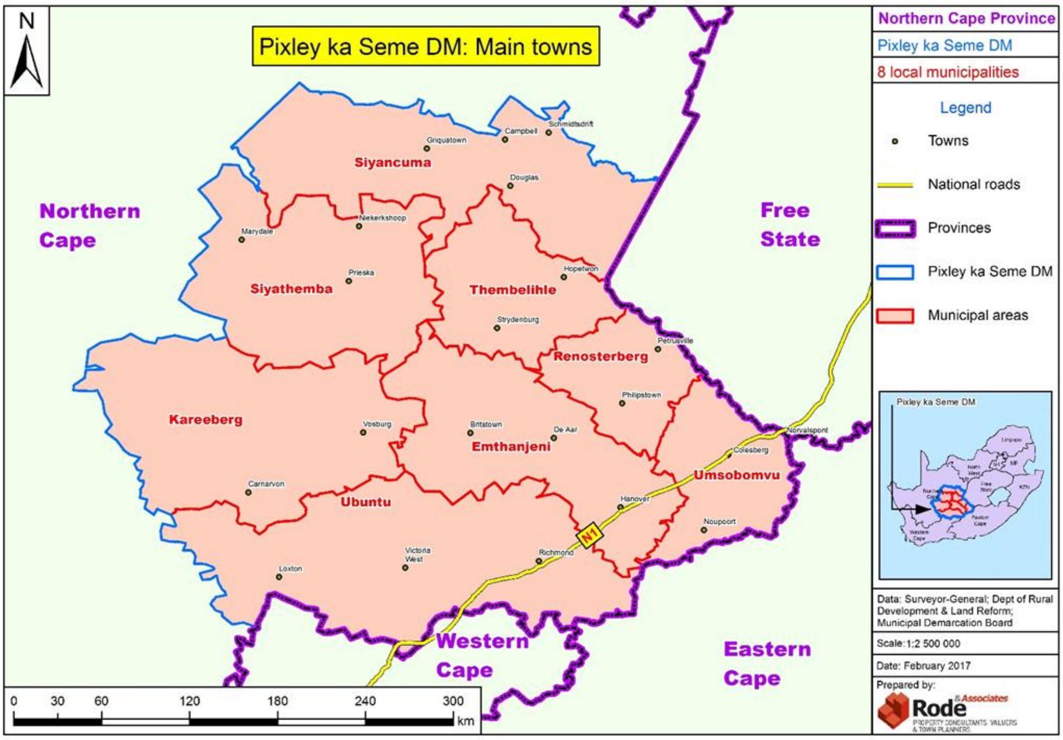


Figure 2 District Municipal Area Divided into Local Municipalities

1.2.4 Demographic Profile

Population

The table below indicates both an increase in the population size and the number of households between 2011 and 2022:

<table>
<tr><th colspan="2">Indicator</th><th>2011</th><th>2016</th><th>2022</th></tr>
<tr><td colspan="2">Population</td><td>186 351</td><td>195 595</td><td>216 589</td></tr>
<tr><td colspan="2">Households</td><td>49 193</td><td>56 309</td><td>53 737</td></tr>
<tr><td colspan="2">People per household</td><td>3,8</td><td>3.5</td><td>4.0</td></tr>
<tr><td rowspan="2">Gender breakdown</td><td>Males</td><td>92 068 (49,4%)</td><td>97 594 (49.9%)</td><td>104 538 (48.3%)</td></tr>
<tr><td>Females</td><td>92 284 (50,6%)</td><td>98 001 (50.1%)</td><td>112 051 (51.7%)</td></tr>
<tr><td rowspan="3">Age breakdown</td><td>0 - 14</td><td>31,6%</td><td>25.8%</td><td>28.6%</td></tr>
<tr><td>15 - 64</td><td>62,4%</td><td>68.2%</td><td>64.8%</td></tr>
<tr><td>65+</td><td>6,1%</td><td>6.0%</td><td>6.7%</td></tr>
<tr><td rowspan="4">Race Composition</td><td>Black-African</td><td>31,5%</td><td>30.0%</td><td>29.8%</td></tr>
<tr><td>Coloured</td><td>59,2%</td><td>63.3%</td><td>59.5%</td></tr>
<tr><td>White</td><td>8,1%</td><td>6.3%</td><td>9.9%</td></tr>
<tr><td>Asian</td><td>0,6%</td><td>0.4%</td><td>0.8%</td></tr>
<tr><td colspan="5">Census</td></tr>
</table>

Table 2: ***Demographic Profile***

As mentioned above, the Pixley ka Seme District Municipality area consists of 8 local municipalities, where Ubuntu Municipality being the largest area and Emthanjeni Municipality having the highest population. The table below provides the km² area and total population per local Municipality:

Local Municipality	Area (km²)	Population	Households
Emthanjeni	13 472	46 587	10 622
Kareeberg	17 702	10 961	2 677
Renosterberg	5 527	10 843	3 017
Siyancuma	16 753	53 165	13 422
Siyathemba	14 725	27 102	6 739
Thembelihle	8 023	22 542	5 211
Ubuntu	20 389	15 836	3 990
Umsobomvu	6 819	29 555	8 057
Census 2022			

Table 3: ***Total Area and Population per Local Municipality***

1.2.5 Economic Profile

The economy in the Pixley ka Seme municipal area is characterised by the following:

- High levels of poverty and low levels of education;
- It is a small to medium-town sub-region with a low level of development despite the strategic location in terms of the national transport corridors;
- Sparsely populated towns with a number of larger towns serving as “agricultural service centres”; spread evenly throughout the district as central places;

- High rate of unemployment, poverty and social grant dependence;
- Prone to significant environmental changes owing to long-term structural changes (such as climate change, energy crises and other shifts);
- Geographic similarity in economic sectors, growth factors and settlement patterns;
- Economies of scale not easily achieved owing to the relatively small size of towns;
- A diverse road network with national, trunk, main and divisional roads of varying quality;
- Potential and impact of renewable energy resource generation; and
- Potential and impact of radio telescope initiatives, e.g. Square Kilometre Array radio telescope project.

Economic Sector Contributor

The economic activities in the Northern Cape Province are dominated by mining, agriculture, manufacturing and construction.

The economic activities in the Pixley ka Seme municipal area are dominated by agriculture, social and personal services, financial services, tourism and transport and lately, retail and construction activities emanating from the establishment of the Square Kilometre Array project.

1.3 Service Delivery Highlights and Challenges

1.3.1 Service Delivery Highlights

Highlight	Description
Revenue Enhancement Strategy	The Revenue Enhancement Strategy was adopted at the Council Meeting of 16 May 2024.

Table 4: Services Delivery Highlights

1.3.2 Service Delivery Challenges

Service Area	Challenge	Actions to address
Financial viability	Municipal Financial Stability	Implementation of Revenue Enhancement Strategy.
Good Governance	Sector Departments not attending District Technical Intergovernmental Relations Forum on a regular basis.	Communication to be sent to Head of Departments.

Table 5: Services Delivery Challenges

1.4 Financial Health Overview

1.4.1 Financial Viability Highlights

Highlight	Description
Revenue Enhancement Strategy	The Revenue Enhancement Strategy was adopted at the Council Meeting of 16 May 2024.
No roll-over application	All conditional grants were spent.
Employee benefits paid up	SARS, Pension fund and Medical aid deduction paid over to respective institutions.
Unqualify AG Opinion	Only one compliance matter highlighted with regard to SCM.
Obtained funded budget status from National Reasury	Budget was prepared in line with MSCOA regulations and all National Treasury guidelines.
Operated without overdraft	Manage to maintain a credit bank balance throughout the financial year.

Table 6: Financial Viability Highlights

1.4.2 Financial Viability Challenges

Challenge	Description
Unfunded mandates	Municipality renders certain functions against a loss e.g Shared Services.
Inability to pay major creditors	Due to tight financial positions, not able to pay AG.
Current salary cost	The current staff cost is hampering municipality to meet other commitment e.g. AG, Capex, Repairs and Maintenance.
Current Equitable Share allocation	The current Equitable Share allocation does not meet the actual functions performed by municipality.
Payment for Shared Services by Local Municipalities	Regular engagements between the Chief Financial Officer and involved MM's of Local Municipalities.
Going concern issue	Working towards a clean audit opinion.

Table 7: Financial Viability Challenges

1.4.3 National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

KPA & Indicator	Unit of Measurement	2022/23	2023/24
Financial viability measured in terms of the available cash to cover fixed operating expenditure by 30 June 2017 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	0.11	0.10
Financial viability measured in terms of the municipality's ability to meet it's service debt obligations by 30 June 2017 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% of debt coverage	0.00%	2.10%

Table 8: National KPI's for financial viability and management

1.4.4 Financial Overview

Details	2022/23	2023/24		
		Original budget	Adjustment Budget	Actual
	R			
Income				
Grants (Operating + Capital)	67 104 817	67 673 000	69 490 000	70 672 747
Taxes, Levies and tariffs	0	0	0	0
Other	4 220 044	4 999 100	5 406 614	5 103 184
Sub Total	**71 324 861**	**72 672 100**	**74 896 614**	**75 775 931**
Less Expenditure	73 127 931	71 545 942	74 641 139	80 240 229
Net surplus/(deficit)	(1 803 070)	(1126158)	255 475	(4 464 298)

Table 9: Financial Overview

1.4.5 Operating Ratios

Detail	Expected norm	Actual %	% Variance	Actual %	% Variance
		2022/23		2023/24	
Employee Cost	30%	61,66%	31.66%	73%	43%
Repairs & Maintenance	9%	1,12%	7.88%	5%	4%
Finance Charges & Depreciation	18%	3,73%	14.27%	2,55%	15,45%
Note: Repairs and Maintenance on basic services are not applicable as the municipality as a District Municipality is not responsible for the delivery of basic services					

Table 10: ***Operating ratios***

Employee cost is 43% higher than the norm of 30% as the municipality is a district municipality which mainly provide services and support to local municipalities that involve mostly human resources. The municipality do not deliver and/or maintain any basic infrastructure services. This is also the reason for the variance on repairs and maintenance.

Finance charges and depreciation are 15.45% lower than the norm of 18% which is a positive and can mainly be attributed to the low level of borrowing by the municipality.

1.5 Organisational Development Overview

1.5.1 Municipal Transformation and Organisational Development Highlights

Highlight	Description
Work Integrated Learning for TVET Students	The municipality placed 4 Leaners for workplace exposure. The learners were enrolled in Public Management and Human Resources Management respectively.
Employment of TVET Work Integrated Leaners and EPWP Interns	• One learner from the TVET who studied HRM was permanently employed by the Municipality as a switchboard operator. • One Intern on the EPWP programme was employed as the Tourism Officer in the Municipality. • 2 Learners who were in the WIL programme were appointed on a fixed term contract by the municipality.
Pixley Employee Graduates	Through our Study Assistance Policy, four (4) employees graduated and received the following qualifications: • 1 - B.COM International Business • 2 - Advance Diploma in Environmental Health Management • 1 - Risk Management Post Graduate Diploma
Successful Collaboration with the South African Biodiversity Institute	The Municipality entered into an agreement with SANBI to place two Interns in our Municipal Health Services Unit for a period of two years. The success in this regard the municipality was able expose learners to the work environment, one learner was later employed permanently as Environmental Health Practitioner in the municipality whilst the other was employed at a different municipality as result of the experience gathered during the Internship process.

Table 11: ***Municipal Transformation and Organisational Development Highlights***

1.6 Auditor-General Report

The Municipality received an unqualified report with only a few findings by the Auditor-General for 2023/24.

This audit opinion means that the financial statements present fairly, in all material respects, the financial position and its financial performance and cash flows in accordance with applicable laws, regulations and standards. Matters of emphasis were highlighted by the Auditor-General and are listed in Chapter 6 of this report.

The audit outcomes received for the past four years are indicated in the table below:

Year	2019/20	2020/21	2021/22	2022/23	2023/24
Status	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings

Table 12: Audit Outcomes

CHAPTER 2: Governance

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

2.1 Good Governance and Public Participation Highlights

Highlight	Description
Improved attendance at IGR Forums	The Technical IGR Forum are attended by all MM's, CFO's, of the Local Municipalities, Pixley Ka Seme DM Senior Managers, Regional Heads of Sector Departments, Private Sector Service providers, SOE's and SALGA.
Support to local municipalities	The office ensured visible support to local municipalities by regular visits by the District MM to Local MM's.
Engaged Provincial Government to support our Shared Services Model as well as to beef up Housing Capacity Funding and Disaster Management Allocation.	Meetings between the Office of the Executive Mayor, Office of the Municipal Manager and Department of Treasury to secure funding for our Shared Services Model.

Table 13: Good Governance and Public Participation Performance Highlights

Component A: Political and Administrative Governance

2.2 Political Governance Structure

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, councillors are also actively involved in community work and the various social programmes in the municipal area.

2.2.1 Council

The Council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, councillors are also actively involved in community work and the various social programmes in the municipal area. The tables below categorise the councillors within their specific political parties for the 2021/22 financial year:

The table below categorised the councillors within their specific political parties and wards from ***1 July 2023 to 30 June 2024:***

Council Members	Capacity	Political Party	Representative or Proportional
UR Itumeleng	Executive Mayor	ANC	Proportional
AT Sintu	Speaker	ANC	Proportional
K Gous	Member Mayoral Committee/ Chairperson Infrastructure, Development, Housing and Planning	ANC	Proportional
S Swartling	Member Mayoral Committee/ Chairperson Corporate Services and Council Matters	ANC	Proportional
NS Van Wyk	Member Mayoral Committee/Chairperson Finance	ANC	Proportional
H Marais	Member MPAC	DA	Proportional

Council Members	Capacity	Political Party	Representative or Proportional
B Viviers	Member Corporate Services and Council Matters Committee	DA	Proportional
A Kwinana	Member Finance Committee	EFF	Proportional
PA Olyn (AS Bibi replaced PA Olyn from December 2023)	Member Corporate Services and Council Matters	Siyathemba Community Movement	Proportional
MN Mac Kay	Member MPAC	ANC	Representative
SW Makhandula (PP Mhauli replaced SW Makhandula in February 2024)	Member Corporate Services and Council Matters	ANC	Representative
B Swanepoel	Member Finance Committee	DA	Representative
WD Horne (PP Charlies replaced WD Horne in March 2024)	Member Infrastructure, Development, Housing and Planning	EFF	Representative
NB Booysen	Member Infrastructure, Development, Housing and Planning	ANC	Representative
MJ Katz	Member MPAC	ANC	Representative
EK Louw	Member Infrastructure, Development, Housing and Planning	DA	Representative
LM Zenani	Member Finance Committee	ANC	Representative
MA Maloi	Member Finance Committee	ANC	Representative
VP Harmse	Chairperson MPAC	ANC	Representative
NS Mlungwana (AP Poyo replaced NS Mlungwana from December 2023)	Member Infrastructure, Development, Housing and Planning	Umsobomvu Residents Association	Representative
F Mans	Member MPAC	EFF	Representative

Table 14: Council for the period 1 July 2023 to 30 June 2024

Below is a table which indicates the Council meetings and attendance for the period *1 July 2023 to 30 June 2024:*

Meeting date	Number of items submitted	Number of Councillors Present	Number of Apologies Submitted
30 August 2023	19	15	6
8 December 2023	13	19	2
25 January 2024	4	17	4
28 February 2024	11	16	5
27 March 2024	10	17	4
16 May 2024	19	15	6

Table 15: Council meetings for the period 1 July 2023 to 30 June 2024

2.2.2 Executive Mayoral Committee

The Executive Mayor of the Municipality, assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the

Council, and as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.

The name and portfolio of each Member of the Mayoral Committee for the period *1 July 2023 to 30 June 2024* is listed in the table below:

Name of member	Meeting Dates
Cllr UR Itumeleng -Chairperson Mayoral Committee	11 July 2023 25 August 2023 27 October 2023 18 February 2024 18 March 2024 6 May 2024
Cllr K Gous- Infrastructure Development, Housing and Planning	
Cllr NS Van Wyk- Finance Committee	
Cllr S Swartling- Corporate Services and Council Support	

Table 16: *Executive Mayoral Committee (1 July 2023 to 30 June 2024)*

2.2.3 Portfolio Committees

In terms of section 80 of the Municipal Structures Act, 1998, if a council has an executive committee; it may appoint in terms of section 79 committees of councillors to assist the executive committee or executive mayor. Section 80 committees are permanent committees that specialise in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise the executive committee on policy matters and make recommendations to Council.

The composition of the portfolio committees for the period *1 July 2023 to 30 June 2024* is listed in the table below:

Finance

Name of Member	Meeting Dates
Cllr NS Van Wyk- Chairperson	24 August 2023 22 April 2024 15 February 2024
Cllr MA Maloi	
Cllr B Swanepoel	
Cllr LM Zenani	

Table 17: *Finance Portfolio Committee*

Infrastructure Development, Housing & Planning

Name of Member	Meeting Dates
Cllr K Gous- Chairperson	8 May 2024 31 March 2024 16 October 2023 17 July 2023
Cllr EK Louw	
Cllr P. Poyo	
Cllr NB Booysen	
Cllr P. Charlie	

Table 18: *Infrastructure Development, Housing & Development Portfolio Committee*

Corporate Services and Council Support

Name of Member	Meeting Dates
Cllr S Swartling- Chairperson	14 August 2023 26 October 2023 06 February 2024 22 April 2024
Cllr SW Makhandula	
Cllr B Viviers	
Cllr PA Olyn	

Table 19: Corporate Services and Council Support Portfolio Committee

Rules Committee

Name of Member	Meeting Dates
Cllr TA Sintu	10 May 2023 04 August 2023 30 August 2023
Cllr K Gous	
Cllr A Kwinana	
Cllr PA Olyn	
Cllr NS Mlungwana	
Cllr H Marais	

Table 20: Rules Committee

Municipal Public Accounts Committee

Name of Member	Meeting Dates
Cllr VP Harmse	19 March 2024 21 November 2023 15 August 2023
Cllr H Marais	
Cllr MN Mac Kay	
Cllr MJ Katz	
Cllr F Mans	

Table 21: Municipal Public Accounts Committee

2.3 Administrative Governance Structure

The Municipal Manager is the Accounting Officer of the Municipality. He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reportees, which constitutes the Senior Management Team, whose structure is outlined in the table below:

Name of Official	Department	Performance Agreement Signed (Yes/No)
I Visser	Municipal Manager	Yes
BF James	Financial Services	Yes
TA Loko	Corporate Services	Yes
H Greeff	Infrastructure, Planning, Development & Housing	Yes
R Sors	Internal Audit	Yes

Table 22: Administrative Governance Structure

Component B: Intergovernmental Relations

2.4 Intergovernmental Structures

In terms of the Constitution of South Africa, all spheres of government and all organs of state within each sphere must co-operate with one another in mutual trust and good faith fostering friendly relations. They must assist and support one another; inform and consult one another on matters of common interest; coordinate their actions, adhering to agreed procedures and avoid legal proceedings against one another.

To adhere to the principles of the Constitution as mentioned above the municipality actively participates in the following intergovernmental structures:

Name of Structure	Members	Outcomes of Engagements/Topics Discussed
District IGR Forum	All Mayors	General service delivery challenges affecting local communities, sharing of best practice, etc. Seeks to improve on local service delivery. Provides report to PIGRF
District Aids and Health Forum	All Mayors, sector departments led by Department of Health, Civil Society, Office of the Premier	District health report, e.g. NHI, HIV\AIDS, status of health-facilities, etc. Seeks to enhance the delivery of health services in the district, comprehensive approach in dealing with HIV\AIDS, impact of poor health of communities on municipal service delivery. Provides report to Provincial Council on Aids
District Communication Forum	Pixley ka Seme DM, GCIS, sector departments, state-owned enterprises etc.	Improvement and coordination of government communication and messaging, alignment of government programmes in the district
Technical IGR Forum	All MM's, CFO's, Pixley Ka Seme DM senior managers, regional heads of sector departments, private sector service providers, SOE's, SALGA	Government service delivery challenges, including local government challenges, sharing best practice, presentations by private sector service providers, etc. Provides technical advice and report to DIGRF

Table 23: Intergovernmental Structures

2.5 Joint Projects with Sector Departments

All the functions of government are divided between the different spheres namely National, Provincial and Local. The municipality therefore share their area and community with other spheres of government and their various sector departments and has to work closely with national and provincial departments to ensure the effective implementation of various projects and functions.

The table below provides detail of such projects:

Name of Project/ Function	Expected Outcome/s of the Project	Sector Department/s involved	Contribution of Sector Department
Adoption of schools	Functional schools, improved levels of education and teaching	Department of Basic Education, School Governing Bodies	Identification of needy schools

Table 24: Joint Projects with Sector Departments

Component C: Public Accountability and Participation

Section 16 of the MSA refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- the preparation, implementation and review of the IDP
- establishment, implementation and review of the performance management system
- monitoring and review of the performance, including the outcomes and impact of such performance
- preparation of the municipal budget

2.6 Public Meetings

Nature and purpose of meeting	Date of events	Local Municipality & Number of Community members attending	
Council Meeting the People	19 September 2023	Kareeberg Local Municipality	128
	20 October 2023	Kareeberg Local Municipality (Vosburg)	70
	29 November 2023	Thembelihle Local Municipality (Hopetown)	84
	19 February 2024	Siyancuma Local Municipality (Douglas)	98
	8 March 2024	Kareeberg Local Municipality (Van Wyksvlei)	66
	29 April 2024	Renosterberg Local Municipality (Petrusville)	18
	30 April 2024	Ubuntu Local Municipality (Richmond)	71
Budget and IDP	29 April 2024	Renosterberg Local Municipality (Petrusville)	18
	30 April 2024	Ubuntu Local Municipality (Richmond)	71
AG Outcomes (2022/23)	8 March 2024	Kareeberg Local Municipality (Van Wyksvlei)	66

Table 25: Public Meetings

2.7 Representative Forums

Local Labour Forum

The table below specifies the members of the Local Labour forum for the period ***1 July 2023 to 30 June 2024***:

Name of Representative	Capacity	Meeting Dates
Cllr. K Gous	Council Representative	- 19 October 2023 - 2 February 2024 - 18 June 2024 - 28 June 2024
Cllr. S Swartling	Council Representative	
Cllr. Sintu	Council Representative	
Mr. TA Loko	Employer Representative	
Mr. MZ Swarts	Imatu Representative	
Ms C Draai	Imatu Representative	
Ms. SN Thomas	SAMWU Representative	
Mr. C Valla	SAMWU Representative	
Miss Y Mabedla	SAMWU Representative	
Mr. S Ntamehlo	LLF Secretary	
Cllr. S Swartling	LLF Chairperson (SAMWU)	

Table 26: Local Labour Forum (1 July 2023 to 30 June 2024)

IDP Forum

Name of Representative/ Organisation Presenting	Capacity	Meeting Dates
Mr. Greeff and MR. Baas - Planning Unit	Pixley ka Seme District Municipal Steering Committee	15 August 2023 26 February 2024
Mr. Greeff and Mr Baas- Planning Unit	Pixley ka Seme District Municipal IDP Representative Forum Meeting	14 November 2023 6 March 2024
Mayor and Councillors, - Mayor's office Mr. Greeff and MR Baas – Planning Unit	Pixley ka Seme District Municipal IDP Public Engagement Session in Petrusville and Richmond	29 April 2024 30 April 2024

Table 27: IDP Forum

District and Local AIDS Committee Meetings

Name of Municipality and Town	Type of Committee Meeting	Meeting Dates
Sector Departments, Civil Society, local Municipalities, Non-Governmental Organizations and Office of the Premier	Managers, Chairpersons and Secretaries, Local Mayors and District Coordinators	District AIDS Council 14 August 2023 11 November 2023 18 March 2024 Local AIDS Council 15 September 2023

Table 28: District and Local AIDS Council

District Communication Forum

Name of Municipality and Town	Type of Committee Meeting	Meeting Dates
Pixley Ka Seme District Municipality (De Aar)	District Communication Forum	14 September 2023
Pixley Ka Seme District Municipality (De Aar)	District Communication Forum	21 November 2023
Pixley Ka Seme District Municipality (De Aar)	District Communication Forum	6 March 2024
Department of Health Boardroom (De Aar)	District Communication Forum	28 June 2024

Table 29: District Communication Forum

2.8 Shared Services

2.8.1 Planning

The Planning Section falls under the Infrastructure Development and Housing Department and is charged with the responsibility of planning for the district. This planning function is multidimensional focusing on spatial planning and integrated development planning for the district as a whole.

Part B of Schedules 4 and 5 of the Constitution of the Republic of South Africa, Act 108 of 1996, places the function of town planning on local municipalities. However, taking the abilities of the local municipalities in consideration, Council has decided that Pixley ka Seme District Municipality should provide hands on support to all its local municipalities, in adherence to the prescripts of the Local Government: Municipal Structures Act, 117 of 1998.

Support was rendered in the following activities:

- Processing of building plan applications in order for applicants to get building permits in time.
- Assist local municipality with land development applications e.g. rezoning, residential layout and removal of restrictions.

During the year the following achievements were made in this field:

- 40 building applications were received of which 1 was still in the process, 19 were approved and 20 were not approved due to incompliance issues in terms of the Title Deed of the property or Municipal Scheme Regulations or National Building Regulation and Building Standards Act. The quality of the building plans remains a challenge. Draughtsman training was conducted during the year to improve the quality of the building plan submissions. Further training in some municipalities e.g., Siyancuma, Ubuntu and Thembelihle is still necessary in this regard.

Spatial Plan Land Use Management Act

SPLUMA came into effect from 1 July 2015 and since council has decided to establish a District Municipal Planning Tribunal (DMPT) to consider land development applications in the district. The term of the 2nd DMPT was established towards the end of the previous financial year. The DMPT meeting met ***4*** times during the year, considering ***74*** applications of which ***55*** were approved, ***19*** were withdrawn by the relevant municipality and ***0*** was rejected.

Integrated Development Planning

The Municipal Systems Act requires municipalities to review and adopt their IDPs annually to guide development within their areas of jurisdiction to ensure sustainable development, poverty eradication and a better life for all. The Municipality adopted its reviewed IDP for the 2024/25 in May 2024. The District must assist our eight local municipalities on proper municipal planning to ensure alignment and objective driven IDP's.

The IDP is a strategic planning tool for addressing developmental challenges, the plan sets out some strategic agendas and focus for development and service delivery in years to come. The strategic development agendas are premised on five key performance areas as set out by the Department of Cooperative Governance, Human Settlements and Traditional Affairs. The said five key performance areas are basic service delivery, good governance and public participation, municipal transformation and institutional development, municipal financial viability and management and local economic development.

2.8.2 Internal Audit

Section 165 of the MFMA prescribes that each municipality must have an Internal Audit Department. The Internal Audit Charter defines the service and function as follows: Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve PKSDM's operations. It helps PKSDM to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- Develop a Risk-Based Audit Plan (RBAP), incorporating any risks or control concerns identified by management and submit the plan to the Audit and Performance Committee (APC) for review and approval.
- Implement the annual internal audit plan, as approved covering Section 165(2) of the MFMA and, as appropriate, any special tasks or projects requested by management and the APC.
- Advising the Municipal Manager and report to the APC on the implementation of the internal audit plan and matters relating to:
- Internal audit;
- Internal controls;
- Accounting procedures and practices;
- Risk and risk management;
- Performance management Loss control;
- Compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation; and
- Performing any other such duties as may be assigned to the unit by the Municipal Manager.

During the 2023/24 financial year, internal audit department rendered internal audit services to seven (7) of the local municipalities within the Pixley ka Seme District in terms of the Service Level Agreement. These services were therefore rendered to the following municipalities:

- Emthanjeni Municipality
- Umsobomvu Municipality
- Siyathemba Municipality
- Siyancuma Municipality
- Kareeberg Municipality
- Thembelihle Municipality
- Ubuntu Local Municipality

Signed Service Level Agreements are in place and expired on 30 June 2024.

Internal audit procedures were performed based on the 2023/24 RBAP and performed as follows:

Activity	Name of Local Municipality	Number
Quarterly Audits	Emthanjeni	4
	Umsobomvu	4
	Siyathemba	4
	Siyancuma	4
	Kareeberg	4
	Thembelihle	4
	Ubuntu	4
Audit committee meetings	Emthanjeni	4
	Umsobomvu	4
	Siyathemba	4
	Siyancuma	3
	Kareeberg	3
	Thembelihle	2
	Ubuntu	3
Quality Assurance Programme	1	
Adopted Audit and Performance committee Charters	Emthanjeni	1
	Umsobomvu	1
	Siyathemba	1
	Siyancuma	1
	Kareeberg	1
	Thembelihle	0
	Ubuntu	1
Developed and approved Risk Based Audit Plan and Three-year strategic plans	Emthanjeni	1
	Umsobomvu	1
	Siyathemba	1
	Siyancuma	1
	Kareeberg	1
	Thembelihle	0
	Ubuntu	1

Table 30: Shared Services: Internal Audit Activities

The Internal Audit Unit also completed a number of investigations and consulting assignments – the significant one was at Umsobomvu Municipality regarding the payroll. It is an ongoing: case that is currently in court.

Component D: Corporate Governance

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.

2.9 Risk Management

The dedicated Risk Management Unit assumed a coordinating role regarding the updating of the risk profile for the Municipality. The risk profile was also submitted to the both the Risk Management Committee and the Audit Committee.

The role of risk management is to assist management in identification and review of risks in order to properly manage them. Risk management is an integral or natural part of the organizational processes and procedures. Risk management should be embedded in the organization. It becomes an intrinsic part of business planning and decision making as there is no direction taken without looking at potential risks.

The table below include the top risks of the Municipality:

Risk	Root Cause	Risk Exposure
Insufficient grant allocation	Formula used by NT not addressing to PKSDM situation.	20
Municipality not continuing after disruption or disaster	No Business Continuity Plan No ICT Contingency Plan Desktops & Laptops data not backed-up	16
Cyber security	ICT User Access Management not adhered to Process. Users circumventing logical access rights Constant e-mails password (check box remember) Users obtaining access to unauthorised information Lack of IT System(s) rights matrix	16
Integrated waste management plan not fully implemented	Non alignment of the budget and integrated waste management plan	16
Litigations	breach of contract(newsletter). Non submission of data to compile the newsletter	16
Going concern	Not honouring SLA/ Debt collection policy implementation. Grant dependency.	16
Accountability over IT	Non adherence to CGICT Framework and SALGA ICT Guidelines partial ICT Strategic documents and policies Lack ICT Contingency Plan Lack of IT Governance's. (Cyber, Access Control, Password / Security, Change Management and etc)	16
Business interruption due to Interruption of electricity supply, fire or floods	Absence of Business continuity plan	25

Table 31: Top Risks

2.9.1 Risk Committee

The role of the Risk Committee is to provide timely and useful enterprise risk management reports to the Audit Committee of the municipality. The members and meeting dates of the Committee are indicated in the table below:

Name of Committee Member	Capacity	Meeting dates
Mr. Pietersen	Chairperson	- 31 October 2023 - 27 June 2024
Ms. N Sindelo	Risk Management Officer	
Mr. Visser	Municipal Manager	
Mr. T Loko	Senior Manager Corporate Services	
Mr. BF James	CFO	
Ms. R.A Sors	Chief Audit Executive	
Mr. H Greeff	Senior Manager Infrastructure, Development Housing and Planning	
Mr. K Mokgope Ms. S Nkumbi	Representative from Provincial Treasury	

Table 32: Risk Committee

2.10 Anti-Corruption and Anti-Fraud

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identifies supply chain measures to be enforced to combat fraud and corruption, favouritism 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.

No cases of corruption were reported during the 2023/24 financial year.

Developed Strategies

Name of Strategy	Developed Yes/No	Date Adopted/Reviewed
Fraud Prevention Plan	Yes	Yes, 16 May 2024

Table 33: Strategies: Anti-corruption and Anti-fraud

2.11 Audit and Performance Committee (APC)

The APC is an independent advisory body to Council and this committee was established to assist Council with the execution of its mandate.

Both the internal and external auditors had unrestricted access to the APC. The roles of the APC are set out in the Municipality's APC Charter and covers the requirements of Section 166 of the MFMA. Their main responsibilities are as follow:

- Advising Council, the political office-bearers, the Accounting Officer and the management staff of the Municipality;
- Overseeing internal controls, financial reporting and compliance with regulatory matters;
- Review the effectiveness of the Council's system of internal control and risk management;
- Review the financial reporting and financial statements;
- Review the internal audit function;
- Review the performance management system and reports;
- Review compliance to policies, regulations and procedures in terms of prescribed guidelines and applicable laws;
- Internal audit reports are submitted to the APC on a quarterly basis for review, through formal meetings; and
- The APAC is functional and their purpose is in line with the MFMA and clearly outlined in the Council approved APC Charter.

2.11.1 Members of the Audit and Performance Committee (APC)

Currently the APC comprises of four members as indicated in the table below:

Member	Term Start	Term End
Mr. J Snyders	01 June 2020	31 May 2026
Mr. A Shabalala	01 June 2020	31 May 2026
Mr. M Mtubu	01 June 2023	31 May 2026
Mr. G Morolong	01 June 2023	31 May 2026

Table 34: Members of the APC

For the period under review, the APC had four formal meetings. APC minutes are kept and the Chairperson prepares a report on the performance of APC to Council on a bi-annual basis.

2.11.2 Meeting dates and attendance of the Audit and Performance Committee

The table below meeting dates and attendance of the APC meetings per member:

Meeting Dates	Member: J Snyders	Member: A Shabalala	Member: F Lotz
24 August 2023	Yes	Yes	No
28 November 2023	Yes	Yes	Yes
21 February 2024	Yes	Yes	Yes
4 June 2024	Yes	Yes	Yes

Table 35: Meeting dates and attendance of the APC

2.12 Internal Auditing

Section 165(2)(a), (b)(iv) of the MFMA requires that the internal audit unit of a municipality must –

(a) prepare a risk based audit plan and an internal audit program for each financial year; and

(b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to risk and risk management.

The municipality has an in-house Internal Audit function consisting of four auditors, four internal audit clerks, one Senior Internal Auditor and one Chief Audit Executive.

The table below indicates the detail of internal audit activities for the year under review for Pixley ka Seme itself:

Activity	2022/23	2023/24
Quarterly Audits	4	4
Adhoc assignments	0	0
Quality Assurance Programme	1	1
Reviewed and approved Internal Audit Charter	1	1
Reviewed and adopted Audit Committee Charter	1	1
Developed and approved Risk Based Audit Plan	1	1

Table 36: Internal Audit Activities

2.13 Auditor-General

The Municipality is audited by the Auditor-General of South Africa in terms of Section 188 of the Constitution and Section 4 of the Public Audit Act and Section 126 of the MFMA. The audit report for the financial year under review is in Annexure B of this report.

2.14 By-Laws and Policies

Section 11 of the MSA gives Council the executive and legislative authority to implement By-Laws and policies. The Municipal Health Services By-Law were revised during the year.

Below is a list of all the policies developed and/or reviewed during the 2023/24 financial year:

Policies Developed/ Revised	Date Adopted
Organizational Structure	31 March 2023
Recruitment and Appointment Policy	16 May 2024
Study Assistance Policy	16 May 2024
Employment Equity Policy	16 May 2024
Job Evaluation Policy	16 May 2024
Data and Cellphone Allowance Policy	16 May 2024
Scare Skills and Retention Strategy Policy	16 May 2024
Disaster Management and Contingency Plan	31 March 2024
Health and Safety Policy	31 March 2024
E-Mail Records Management Policy	16 May 2024
Fleet Management Policy	16 May 2024
Information Technology Governance Framework	16 May 2024
Information Technology Security Policy	16 May 2024
IT Backup Policy	16 May 2024

Policies Developed/ Revised	Date Adopted
IT Change Management Policies and Procedure	16 May 2024
IT Disaster Recovery Plan	16 May 2024
IT Firewall Policy	16 May 2024
IT Steering Comm - TOR	16 May 2024
IT User Access Management Policy	16 May 2024
Acceptable Use of PKSDM IT Facilities	16 May 2024
Language Policy	16 May 2024
Password Policy	16 May 2024
PKSDM Information Technology Strategic Plan	16 May 2024
PMS Policy Review	16 May 2024
Promotion of Access to Information Manual	16 May 2024
Records Management Policy	16 May 2024
Registry Manual	16 May 2024
PKSDM Records Policy	16 May 2024
Telephone Policy	16 May 2024
TOR Standing & Other Comm	16 May 2024
Policy on Vehicle use and Vehicle Accidents	16 May 2024
Contract Management Policy	16 May 2024
HR Strategy	16 May 2024
Consequence Management Policy	16 May 2024
Communication Policy	16 May 2024
Communication Strategy	16 May 2024
Social Media Use Policy	16 May 2024
Municipal Health Services Standard Operating Procedures 2024/25	16 May 2024
Asset Management Policy	16 May 2024
Borrowing Policy	16 May 2024
Cash and Investment Policy	16 May 2024
Cost Containment Policy	16 May 2024
Commitments Policy	16 May 2024
Contingent Liability Policy	16 May 2024
Subsistence and Travelling Policy	16 May 2024
Credit Control Policy	16 May 2024
Fraud Prevention Plan	16 May 2024
Related Party Policy	16 May 2024
Revenue Management Policy	16 May 2024
Risk Management Policy	16 May 2024
Supply Chain Management Policy	16 May 2024
Unauthorized, Irregular, Fruitless and Wasteful Expenditure Policy	16 May 2024
Electronic Funds Transfer Policy	16 May 2024
Infrastructure Procurement and Delivery Management Policy	16 May 2024
Tariff Policy	16 May 2024
Budget Implementation and Management Policy	16 May 2024
Funding &Reserve Policy	16 May 2024
Long Term Financial Planning Policy	16 May 2024

Policies Developed/ Revised	Date Adopted
UIF Reduction Strategy Policy	16 May 2024
Consultants Reduction Policy	16 May 2024
Integrated Development plan 2023/2024 (First Review)	16 May 2024

Table 37: Policies Developed/ Revised

2.15 Communication

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa, 1996 and other statutory enactments all impose an obligation on local government and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

Good customer care is clearly of fundamental importance to any organisation. A successful communication strategy therefore links the people to the municipality's programme for the year.

Below is a communication checklist of the compliance to the communication requirements:

2.15.1 Communication Activities

Description	Yes/No
Communication strategy	Yes
Customer satisfaction surveys	No
Newsletters distributed at least quarterly	Yes
Crisis Communication Procedure	No
Language Policy and Procedure	No
Media Protocol Procedure	Yes
Social Media	Yes
District Communication Forum	Yes
Local Communication Forums	Yes

Table 38: Communication Activities

2.15.2 Communication Unit:

Number of People in the Unit	Job Titles
4 positions, but only 2 filled.	Communications Specialist
	Communication Learner

Table 39: Communication Unit

2.15.3 Website

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of S75 of the MFMA and S21A and B of the Municipal Systems Act ("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. The municipal website should serve as an integral part of the municipality's communication strategy.

The table below gives an indication of the information and documents that are published on the municipal website.

Description of information and/or document	Yes/No
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
Financial Information (Sections 53, 75, 79 and 81(1) of the Municipal Finance Management Act)	
Draft Budget 2023/24	Yes
Adjusted Budget 2023/24	Yes
Asset Management Policy	Yes
Credit control & Debt collection Policy	Yes
Investment & Cash Management Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
Travel and Subsistence Policy	Yes
Borrowing Policy	Yes
Top Layer SDBIP 2023/24	Yes
Budget and Treasury Office Structure	Yes
Budget and Treasury Office delegations	Yes
Delegations	Yes
Integrated Development Plan and Public Participation (Section 25(4)(b) of the Municipal Systems Act and Section 21(1)(b) of the Municipal Finance Management Act)	
Reviewed IDP for 2023/24	Yes
IDP Process Plan for 2023/24	Yes
Supply Chain Management (Sections 14(2), 33, 37 &75(1)(e) & (f) and 120(6)(b)of the Municipal Finance Management Act and Section 18(a) of the National SCM Regulation)	
List of capital assets that have been disposed	Yes
Long Term borrowing contracts	Yes
SCM contracts above R30 000	Yes
Contracts which impose a financial obligation on the municipality beyond 3 years	Yes
Service delivery agreements	Yes
Public invitations for formal price quotations	Yes

Description of information and/or document	Yes/No
Reports (Sections 52(d), 71, 72 &75(1)(c) and 129(3) of the MFMA)	
Annual Report of 2022/23	Yes
Oversight report of 2022/23	Yes
Mid-year budget and performance assessment of 2023/24 (Sec 72 MFMA)	Yes
Quarterly Reports (sec 52 MFMA)	Yes
Monthly Budget Statement (Sec 71 MFMA)	Yes
Performance Management (Section 75(1)(d) of the Municipal Finance Management Act)	
Performance Agreements for employees appointed as per S57 of Municipal Systems Act for 2023/24	Yes
Assurance Functions (Sections 62(1), 165 & 166 of the Municipal Finance Management Act)	
Internal Audit charter	Yes
Audit Committee charter	Yes
Risk Management Policy	Yes

Table 40: Information on Website

2.16 B-BBEE Compliance Performance Information

Section 121(3)(k) of the MFMA indicates that the annual report of a municipality should include any other information as may be prescribed. The Broad Based Black Economic Empowerment (B-BBEE) Act (Act 53 of 2003; as amended by Act 46 of 2013) read in conjunction with the B-BEE Regulations of 2016 states in Section 13G(1) that all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their Annual Financial Statements and Annual Reports. In accordance with the explanatory notice (Notice 1 of 2018) issued by the B-BBEE Commission the following tables provide details on the municipality's compliance with regard to broad-based black economic empowerment to the extent where the information is currently readily available at municipal level in the specific format:

2.16.1 Senior Management

Category	Number	Race Classification	Gender	Disability
Senior Management	5	1 African 3 Coloured 1 White	4 Male 1 Female	0

Table 41: B-BBEE Compliance Performance Information: Senior Management

2.16.2 Skills Development

Category	Number	Race Classification	Gender	Disability
Black employees	8	3 Africans 5 Coloureds	6 Females 2 Male	0
Black non-employees	0	n/a	n/a	n/a
Black people on internships, apprenticeship, learnership	5	2 Africans 3 Coloureds	3 Females 2 Males	0
Unemployed black people on any programme under the learning programme matrix	9	5 Africans 4 Coloureds	7 Females 2 Males	0
Black people absorbed at end of internships, apprenticeship, learnership	9	3 African 6 Coloured	7 Females 2 Male	0

Table 42: B-BBEE Compliance Performance Information: Skills Development

2.16.3 Enterprise and Supplier Development

Total Number of Suppliers	10
Total Value Spend	R 1 269 043.80

Name of supplier	Total value spend R	% Black Ownership	% Black women ownership
Exempt Micro Enterprises (EME's) suppliers			
WDM Enterprises (PTY) LTD	R101 500,00	100	100
Matt Crative Fabrication (PTY)LTD	R 69 946,00	100	0
Archaic Holdings (PTY) LTD	R 137 262,00	100	0
Ubuntu Halfwy House (PTY)LTD	R 199 500,00	100	100
V and E Photography (PTY)LTD	R 105 000,00	100	100
Ellen Mathapelo Tokoto	R 50 000,00	100	0
Giljud Services (PTY) LTD	R 65 000,00	100	0
Valostar 300 CC	R193 432,30	100	0
Wispernet (PTY)LTD	R 172 086,00	0	0
Valostar 300 CC	R 175 317,50	100	0

Table 43: B-BBEE Compliance Performance Information: Enterprise and Supplier Development

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

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

At 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.

Legislative requirements

The Constitution of the RSA, 1996, section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of 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) requires the Integrated Development Plan (IDP) to be aligned to 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 addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

In terms of section 46(1)(a) of the systems Act (Act 32 of 2000) 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 the performance of 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.

Organisational performance

Strategic performance indicates how well the municipality is meeting its objectives and whether policies and processes are working effectively. All government institutions must measure and report on their strategic performance to ensure that service delivery is done in an efficient, effective and economical manner. Municipalities must therefore develop strategic plans and allocate resources for the implementation. The implementation of the plans must be monitored on an on-going basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlights the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the Strategic Objectives and performance on the National Key Performance Indicators as prescribed in terms of section 43 of the Municipal Systems Act, 2000.

Performance Management System used in the financial year 2023/24

The IDP and the Budget

The IDP and the main budget for 2023/24 was approved by Council in ***May 2023***. As he IDP process and the performance management process are integrated, the IDP fulfils the planning stage of performance management whilst performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

The Mayor approved the Top Layer Service Delivery Budget Implementation Plan (SDBIP) for 2023/24 in ***June 2023***. The Top layer SDBIP indicators are aligned with the budget which was prepared in terms of the reviewed IDP. The indicators in the Top layer SDBIP include indicators required by legislation, indicators that will assist to achieve the objectives adopted in the IDP and indicators that measure service delivery responsibilities.

The actual performance achieved in terms of the KPI's was reported on quarterly. The indicators and targets were adjusted after the finalisation of the previous year budget and mid-year budget assessment.

Actual Performance

The municipality utilizes an electronic web-based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the target set.
- A performance comment.
- Actions to improve the performance against the target set, if the target was not achieved.

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

Monitoring of the Service Delivery Budget Implementation Plan

Municipal performance is measured as follows:

- Quarterly reports were submitted to council on the actual performance in terms of the Top Layer SDBIP.
- Mid-year assessment and submission of the mid-year report to the Mayor in terms of section of Section 72(1) (a) and 52(d) of the Local Government Municipal Finance Management Act to assess the performance of the municipality during the first half of the financial year.

PERFORMANCE REPORT PART I

3.1 Introduction

This section provides an overview of the key service achievements of the municipality that came to fruition during 2023/24 in terms of the deliverables achieved against the strategic objectives of the IDP.

3.2 Strategic Service Delivery Budget Implementation Plan

This section provides an overview on the achievement of the municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer SDBIP assists with documenting and monitoring of the municipality's strategic plan and shows the strategic alignment between the IDP, Budget and Performance plans.

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP KPI's applicable to 2023/24 in terms of the IDP strategic objectives.

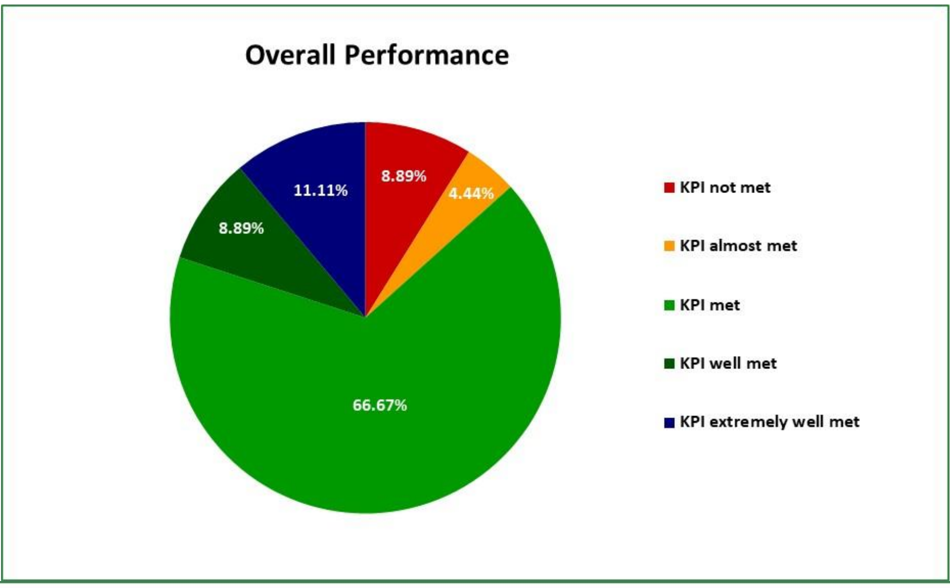
The following table explains the method by which the overall assessment of the actual performance against the targets set for the key performance indicators (KPI's) of the SDBIP are measured:

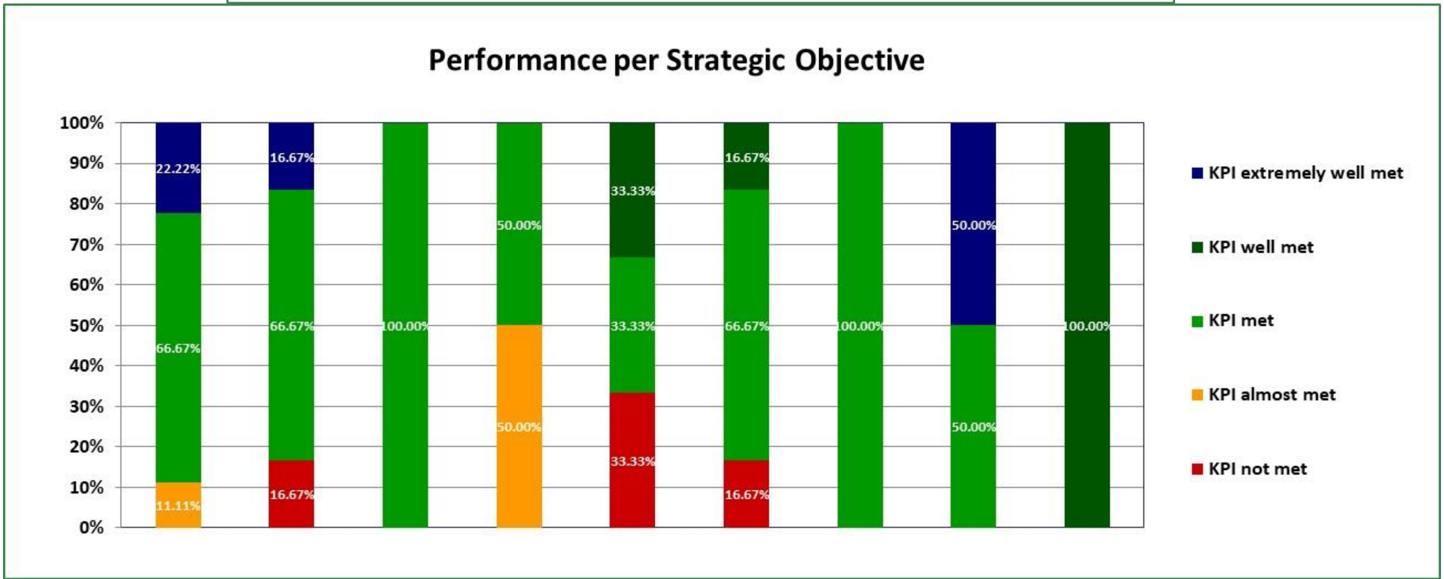
Category	Colour	Explanation
KPI Not Yet Measured	n/a	KPI's with no targets or actuals in the selected period
KPI Not Met	R	0% > = Actual/Target< 75%
KPI Almost Met	O	75% > = Actual/Target < 100%
KPI Met	G	Actual/Target = 100%
KPI Well Met	G2	100% > Actual/Target < 150%
KPI Extremely Well Met	B	Actual/Target > = 150%

Figure 3 SDBIP measurement criteria

3.2.1 Overall Performance as per Top Layer SDBIP

The overall performance results achieved by the Municipality in terms of the Top Layer SDBIP are indicated in the tables and graphs below





Measurement Criteria	Administer finances in a sustainable manner and strive to comply with legislative requirements to achieve a favorable audit outcome	Compliance with the tenets of good governance as prescribed by legislation and best practice	Guide local municipalities in the development of their IDP's and in spatial development	Monitor and support local municipalities to enhance service delivery	Promote economic growth in the district	To provide a professional, people-centered human resources and administrative service to citizens, staff and Council	To provide an independent and objective internal audit assurance and consulting service to add value and to improve the administrative operations of all the municipalities in the district through an approach that is systematic and disciplined	To provide disaster management services to the citizens	To provide municipal health services to improve the quality of life of the citizens
KPI Not Met	0	2	0	0	1	1	0	0	0
KPI Almost Met	1	0	0	1	0	0	0	0	0
KPI Met	6	8	2	1	1	4	7	1	0
KPI Well Met	0	0	0	0	1	1	0	0	2
KPI Extremely Well Met	2	2	0	0	0	0	0	1	0
Total	9	12	2	2	3	6	7	2	2

Graph 1: Top Layer SDBIP Performance per objective

Actual performance as per Top Layer SDBIP according to objectives

Administer finances in a sustainable manner and strive to comply with legislative requirements to achieve a favorable audit outcome

Ref	KPI	Unit of Measurement	Actual performance 2022/23	Performance of 2023/24						
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
TL19	Compile and submit an Audit Action Plan to Council by 31 January 2024 to address the issues raised by the AG	Audit Action Plan compiled and approved by 31 January 2024	1	0	0	1	0	**1**	**1**	G
TL20	Report quarterly to council on meetings with and correspondence to defaulting municipalities on debt relating to services rendered	Number of reports submitted	4	1	1	1	1	**4**	**3**	O
	Corrective Action	The fourth report will be table at the Council meeting of 30 August 2024.								
TL21	Prepare and submit the draft budget to Council by 31 March 2024	Draft budget submitted by 31 March 2024	1	0	0	1	0	**1**	**1**	G
TL22	Prepare and submit the final budget to Council by 31 May 2024	Final budget submitted by 31 May 2024	1	0	0	0	1	**1**	**1**	G
TL23	Prepare and submit the adjustments budget to Council by the 28 February 2024	Adjustments budget submitted by 28 February 2024	1	0	0	1	0	**1**	**1**	G
TL24	Submit the annual financial statements to the Auditor-General by 31 August 2023	Statements submitted to the AG by 31 August 2023	1	1	0	0	0	**1**	**1**	G
TL25	Financial viability measured in terms of the Municipality's ability to meet it's service debt obligations by 30 June 2024 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% debt coverage as at 30 June 2024	0.00%	0.00%	0.00%	0.00%	45.00%	**45.00%**	**2.10%**	B
TL26	Financial viability measured in terms of the available	Number of months it takes to cover fix operating	0.11	0	0	0	0.01	**0.01**	**0.1**	B

Ref	KPI	Unit of Measurement	Actual performance 2022/23	Performance of 2023/24						
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
	cash to cover fixed operating expenditure by 30 June 2024 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	expenditure with available cash as at 30 June 2024								
TL27	Develop a Revenue Enhancement Plan and submit to Council by 31 May 2024	Revenue Enhancement Plan developed and submitted to Council by 31 May 2024	New KPI for 2023/24	0	0	0	1	**1**	**1**	G

Table 44: Administer finances in a sustainable manner and strive to comply with legislative requirements to achieve a favorable audit outcome

Compliance with the tenets of good governance as prescribed by legislation and best practice

Ref	KPI	Unit of Measurement	Actual performance 2022/23	Performance of 2023/24						
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
TL1	Submit a report to council by 31 May 2024 on the monitoring and evaluation of community participation	Report submitted to council by 31 May 2024	0	0	0	0	1	**1**	**1**	G
TL2	Host commemorative days as per the approved list by the Municipal Manager and Mayor	Number of commemorative days hosted	5	2	1	1	1	**5**	**5**	G
TL3	Facilitate the meeting of the District HIV/AIDS council	Number of meetings held	2	0	1	0	1	**2**	**3**	B
TL4	Facilitate "Council meets the People" meetings for each municipality by 30 June 2024	Number of meetings facilitated	8	0	0	0	8	**8**	**8**	G

Ref	KPI	Unit of Measurement	Actual performance 2022/23	Performance of 2023/24						
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
TL5	Facilitate the meeting of the District Communication Forum	Number of meetings held	2	0	1	0	1	2	4	B
TL6	Compile and distribute the District Municipality's external newsletter	Number of newsletters compiled and distributed	1	1	1	1	1	4	2	R
	Corrective Action	The newsletters for Quarter 3 and 4 could not be printed. It was a challenge to appoint the services provider. The newsletters will be compiled and printed as planned in the 2024/25 financial year and a suitable service provider will be appointed.								
TL7	Facilitate the quarterly meetings of the Political District Intergovernmental Forum	Number of meetings facilitated	3	1	1	1	1	4	2	R
	Corrective Action	The Forum was postponed twice in the first part of the financial year and then again due to the National Elections. The meetings will be held as planned in the new financial year.								
TL8	Facilitate the quarterly meetings of the Technical District Intergovernmental Forum	Number of meetings facilitated	4	1	1	1	1	4	4	G
TL9	Sign 57 performance agreements with all directors by 31 July 2023	Number of performance agreements signed by 31 July 2023	4	4	0	0	0	4	4	G
TL11	Complete the Risk Assessment and submit the updated risk register to the Risk Management Committee by 31 March 2024	Risk Analysis completed and updated risk register submitted to the Risk Management Committee by 31 March 2024	0	0	0	1	0	1	1	G
TL28	Submit the Top layer SDBIP for approval by the Mayor within 14 days after the budget has been approved	Top Layer SDBIP submitted 4 to Mayor within 14 days after the budget has been approved	1	0	0	0	1	1	1	G
TL29	Submit the draft Annual Report to Council annually by 31 January 2024	Draft annual report submitted to council by 31 January 2024	1	0	0	1	0	1	1	G

Table 45: Compliance with the tenets of good governance as prescribed by legislation and best practice

Guide local municipalities in the development of their IDP's and in spatial development

Ref	KPI	Unit of Measurement	Actual performance 2022/23	Performance of 2023/24						
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
TL41	Compile the IDP review and submit draft to Council by 31 March 2024	Draft IDP review submitted to Council by 31 March 2024	1	0	0	1	0	1	1	G
TL42	Compile an IDP framework by 31 August 2023 to guide local municipalities	IDP framework completed by 31 August 2023	1	1	0	0	0	1	1	G

Table 46: Guide local municipalities in the development of their IDP's and in spatial development

Monitor and support local municipalities to enhance service delivery

Ref	KPI	Unit of Measurement	Actual performance 2022/23	Performance of 2023/24						
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
TL10	Report quarterly to council on Shared Services	Number of reports submitted	4	1	1	1	1	4	3	O
	Corrective Action	The fourth report will be table at the Council meeting of 30 August 2024.								
TL40	Submit quarterly progress reports to the Portfolio Committee on the activities in the department including expenditure on all MIG projects of local municipalities in the district and infrastructure grants/allocations implemented by the district municipality	Number of reports submitted	4	1	1	1	1	4	4	G

Table 47: Monitor and support local municipalities to enhance service delivery

Promote economic growth in the district

Ref	KPI	Unit of Measurement	Actual performance 2022/23	Performance of 2023/24						
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
TL43	Create full time equivalents (FTE's) through the Expanded Public Works Programme (EPWP) by 30 June 2024 [Person days / FTE (230 days)]	Number full time equivalents (FTE's) created by 30 June 2024	14	0	0	0	12	12	15	G2
TL44	Facilitate quarterly LED forum meetings	Number of meetings Facilitated	4	1	1	1	1	4	4	G

Ref	KPI	Unit of Measurement	Actual performance 2022/23	Performance of 2023/24						
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
TL45	Develop a District Tourism Strategy Plan and submit to Council by 31 May 2024	District Tourism Strategy Plan developed and submitted to Council by 31 May 2024	New KPI for 2023/24	0	0	0	1	**1**	**0**	R
	Corrective Action	SALGA recommended to the Municipality that the Tourism Strategy should be part of reviewed LED strategy for the district. It will be developed in the 2024/25 financial year.								

Table 48: Promote economic growth in the district

To provide a professional, people-centered human resources and administrative service to citizens, staff and Council

Ref	KPI	Unit of Measurement	Actual performance 2022/23	Performance of 2023/24						
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
TL30	Spent 1% of personnel budget on training by 30 June 2024 (Actual total training expenditure divided by total personnel budget)	% of the personnel budget spent on training as at 30 June 2024	1.80%	0.00%	0.00%	0.00%	1.00%	**1.00%**	**1.19%**	G2
TL31	Implement the WPSP measured by the % of identified employees that completed training as identified in WPSP by 30 June 2024 (Total number of officials that received training as was identified in the WPSP for 2023/24/total number of officials that were identified for training in the WPSP for 2023/24	% of identified employees that completed training as identified in WPSP by 30 June 2024	100%	0.00%	0.00%	0.00%	90.00%	**90.00%**	**90.00%**	G
TL32	Limit the vacancy rate of all funded and vacant posts to 10% of funded posts by 30 June 2024 so that 90% of posts are filled ((Number of funded posts vacant/Total number of funded posts)x100)	% vacancy rate of funded posts (Number of funded posts vacant/Total number of funded posts)x100	4%	0.00%	0.00%	0.00%	10.00%	**10.00%**	**15.00%**	R
	Corrective Action	There were a number of services terminations during the year. Vacant funded post are advertised regularly and will be filled as soon as suitable candidates apply.								

Ref	KPI	Unit of Measurement	Actual performance 2022/23	Performance of 2023/24						
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
TL33	Review the Workplace Skills Plan and submit to the LGSETA by 30 April 2024	Plan submitted to the LGSETA by 30 April 2024	1	0	0	0	1	**1**	**1**	G
TL34	The number of people from employment equity target groups employed (newly appointed) in the three highest levels of management in compliance with the municipality's approved Employment Equity Plan by 30 June 2024	Number of people employed (newly appointed)	1	0	0	0	1	**1**	**1**	G
TL39	Review the organizational structure of the district Municipality and submit to council by 31 May 2024	Reviewed Organizational Structure submitted to council by 31 May 2024	1	0	0	0	1	**1**	**1**	G

Table 49: To provide a professional, people-centered human resources and administrative service to citizens, staff and Council

To provide an independent and objective internal audit assurance and consulting service to add value and to improve the administrative operations of all the municipalities in the district through an approach that is systematic and disciplined

Ref	KPI	Unit of Measurement	Actual performance 2022/23	Performance of 2023/24						
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
TL12	Submit a Quality Assurance Plan for Pixley Ka Seme District Municipality to the Audit Committee by 30 June 2024	Quality Assurance Plan submitted by 30 June 2024	1	0	0	0	1	**1**	**1**	G
TL13	Submit internal audit reports to the local municipalities in terms of the Service Level Agreements	Number of reports submitted	28	7	7	7	7	**28**	**28**	G
TL14	Compile the Risk Based Audit Plan (RBAP) for Pixley Ka Seme District Municipality and submit to the Audit Committee for consideration by 30 June 2024	RBAP submitted by 30 June 2024	1	0	0	0	1	**1**	**1**	G

Ref	KPI	Unit of Measurement	Actual performance 2022/23	Performance of 2023/24						
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
TL15	Compile the Risk based audit plans (RBAP) for the local municipalities in terms of the Service Level Agreements by 30 June 2024 and place on the agenda of the next Audit Committee meeting	Number of plans completed by 30 June 2024 and placed on the agenda of the next AC meeting	6	0	0	0	7	7	7	G
TL16	Review the 3 year Strategic Audit Plan for Pixley Ka Seme District Municipality and submit to the Audit Committee by 30 June 2024	Revised 3 year Strategic Audit plan submitted to the AC by 30 June 2024	1	0	0	0	1	1	1	G
TL17	Review the 3 year Strategic Audit Plan for the Local Municipalities in terms of the Service Level Agreements by 30 June 2024 and place on the agenda for the next Audit Committee meeting	Revised 3 year Strategic Audit plans by 30 June 2024 and placed on the agenda of the next AC meeting	6	0	0	0	7	7	7	G
TL18	Facilitate the quarterly Audit Committee meetings during the 2023/24 financial year for Pixley Ka Seme District Municipality	Number of Audit Committee meetings facilitated	4	1	1	1	1	4	4	G

Table 50: To provide an independent and objective internal audit assurance and consulting service to add value and to improve the administrative operations of all the municipalities in the district through an approach that is systematic and disciplined

To provide disaster management services to the citizens

Ref	KPI	Unit of Measurement	Actual performance 2022/23	Performance of 2023/24						
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
TL35	Host training session by 31 May 2024 to train volunteers ito Disaster Management (In collaboration with all departments)	Training session hosted by 31 May 2024	1	0	0	0	1	1	4	B
TL36	Review the Disaster	Reviewed plan submitted to	1	0	0	0	1	1	1	G

Ref	KPI	Unit of Measurement	Actual performance 2022/23	Performance of 2023/24						
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
	Management Plan annually and submit to Council by 31 May 2024	council by 31 May 2024								

Table 51: To provide disaster management services to the citizens

To provide municipal health services to improve the quality of life of the citizen

Ref	KPI	Unit of Measurement	Actual performance 2022/23	Performance of 2023/24						
				Targets					Actual	
				Q1	Q2	Q3	Q4	Annual		
TL37	Compile monthly water quality analysis reports to local municipalities in terms of the Water Quality Monitoring Programme	Number of reports compiled	118	24	24	24	24	**96**	**111**	G2
TL38	Submit quarterly reports to Council on municipal health services rendered	Number of reports submitted	4	1	1	1	1	**4**	**5**	G2

Table 52: To provide municipal health services to improve the quality of life of the citizen

3.3 Service Providers Performance

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement:

a) Service provider means a person or institution or any combination of persons and institutions which provide a municipal service

b) External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality

c) Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the municipality did not appoint any service providers who provided a municipal service to or for the benefit of the local community on behalf of the municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured, that the requirements of the contract are complied with.

3.4 Municipal Functions

The table below indicates the functional areas that the municipality are responsible for in terms of the Constitution:

Municipal Function	Municipal Function Yes / No
Constitution Schedule 4, Part B functions:	
Air pollution	Yes
Building regulations	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal health services	Yes
Trading regulations	Yes
Constitution Schedule 5, Part B functions:	
Control of public nuisances	Yes
Licensing and control of undertakings that sell food to the public	Yes

Table 53: Functional areas

COMPONENT A: BASIC SERVICES

3.5 Housing

Pixley ka Seme DM, a level 2 accredited housing service delivery agent is delivering the housing service as a shared service to seven of the seven local municipalities in the district. The strategic objectives in terms of housing delivery for the institution are:

- Promote integrated sustainable human settlements;
- Align housing projects to existing IDP development priorities;
- Develop and implement a programmed approach to land development for housing;
- Develop and implement efficient land identification and land release strategies;
- Ensure effective planning and servicing of identified land;
- Improve skills and capacity building within the municipalities; and
- Implement IGR goals and objectives related to housing.

Highlights: Housing

Highlight	Description
National Housing Needs Register	Register applicants into the system as per National Legislation.
Beneficiary Administration	Capture beneficiary on the System for Approval.
Consumer Education	- Educate Households on how to maintain a house. - 416 beneficiaries were reach with the consumer education outreach programme this year: Siyathemba – 95 and Siyancuma - 321

Table 54: Housing Highlights

Challenges: Housing

Challenge	Action to Address
Implementation Protocol	National Department to be implored to apply consequence management on the application of Implementation Protocol.
Beneficiary Administration	The Department to be approached to allocate the function to the DM in all the prospective housing projects.
Reduced Capacity Fund Allocation	Previous capacity fund allocation received from Coghsta was ±R700 000 per annum, this was reduced to a mere R200 000 for the 2023/24 financial strength which is the main reason why the unit could reach it target for beneficiary administration.

Table 55: Housing Challenges

Service Statistics: Housing

Financial year	Beneficiary Education
2022/23	718
2023/24	416

Table 56: Housing Beneficiary Education

Employees: Housing

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0.0
4 - 6	4	3	1	25.0
7 - 9	0	0	0	0.0
10 - 12	2	0	2	100.0
13 - 15	1	1	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	**7**	**4**	**3**	**42.9**
As at 30 June 2024				

Table 57: Employees Housing

Capital Expenditure: Housing

No capital funding is allocated to the district. The provincial department assigns implementation of housing projects to their appointed Project Management Unit (PMU).

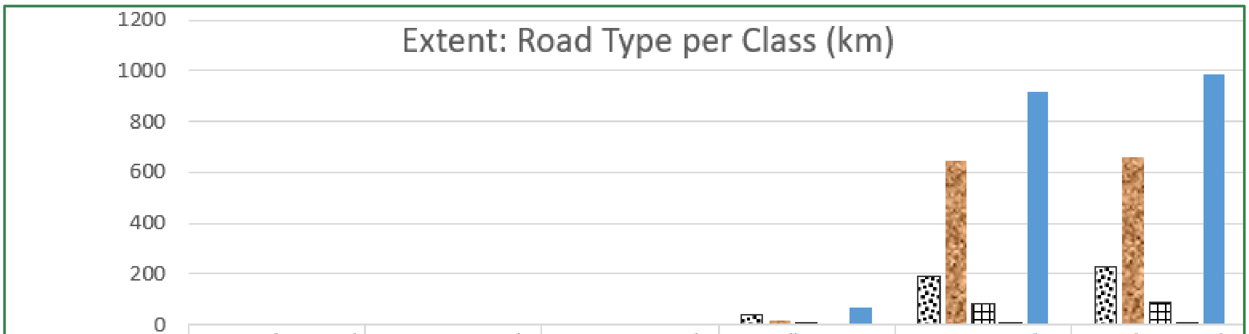
COMPONENT B: ROAD TRANSPORT

3.6 Roads

The District Municipality does not have any road assets to maintain, however the municipality is involved with the Rural Road Asset Management which entails the condition assessment of municipal streets, traffic analysis and condition assessment of bridges within the district which is funded by the National Department of Transport.

4 civil engineering graduates and 2 data capturers were employed in order to implement the programme with the available funding. Roads and Highways a business unit of Digital Industries (PTY) Ltd. provide technical assistance as and when needed with the implementation of the programme.

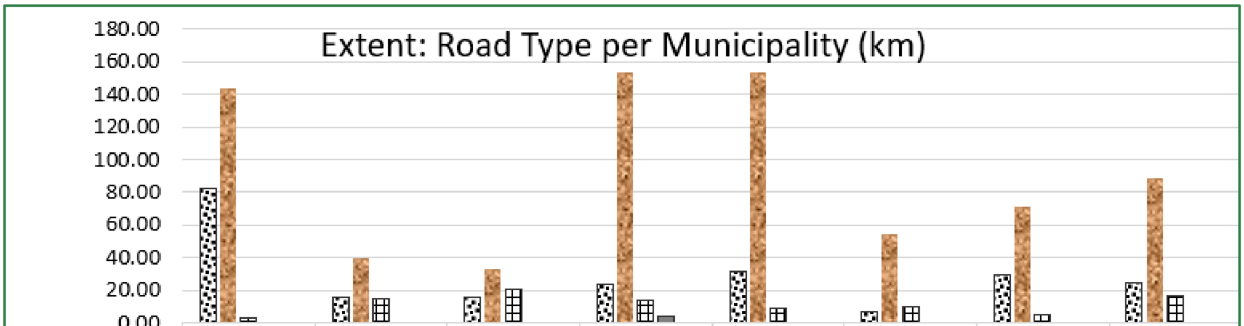
The graph below illustrate the network per road type assessed and the overall condition of the network assessed during the period.



	Principal Arterial	Major Arterial	Minor Arterial	Collector	Access Roads	Total Network
Flexible	0	0	0	41.55	187.52	229.07
Unpaved	0	0	0	16.44	645.54	661.98
Block Paved	0	0	0	9.39	83.4	92.79
Concrete	0	0	0	0	4.29	4.29
Total extent	0	0	0	67.38	920.75	988.13

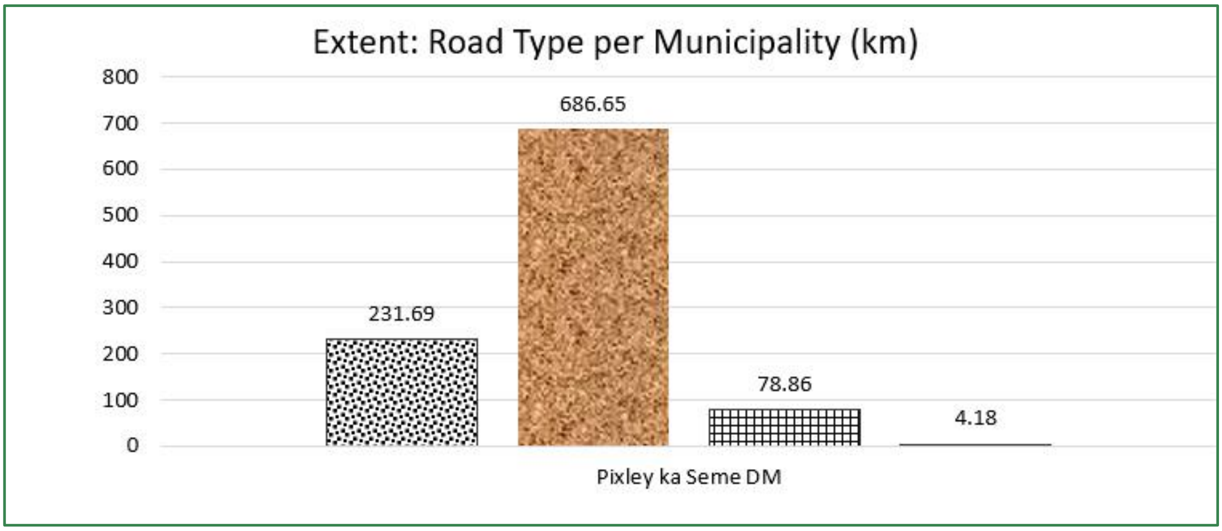
Graph 2: Extent: Road Type per Road Class (km)

Emthanjeni municipality has the largest municipal road network consisting of 82.01km paved roads, 146,89 km gravel and earth roads and 2,94km of block paved roads. The road network for the other municipalities in the area is illustrated in the graph below.



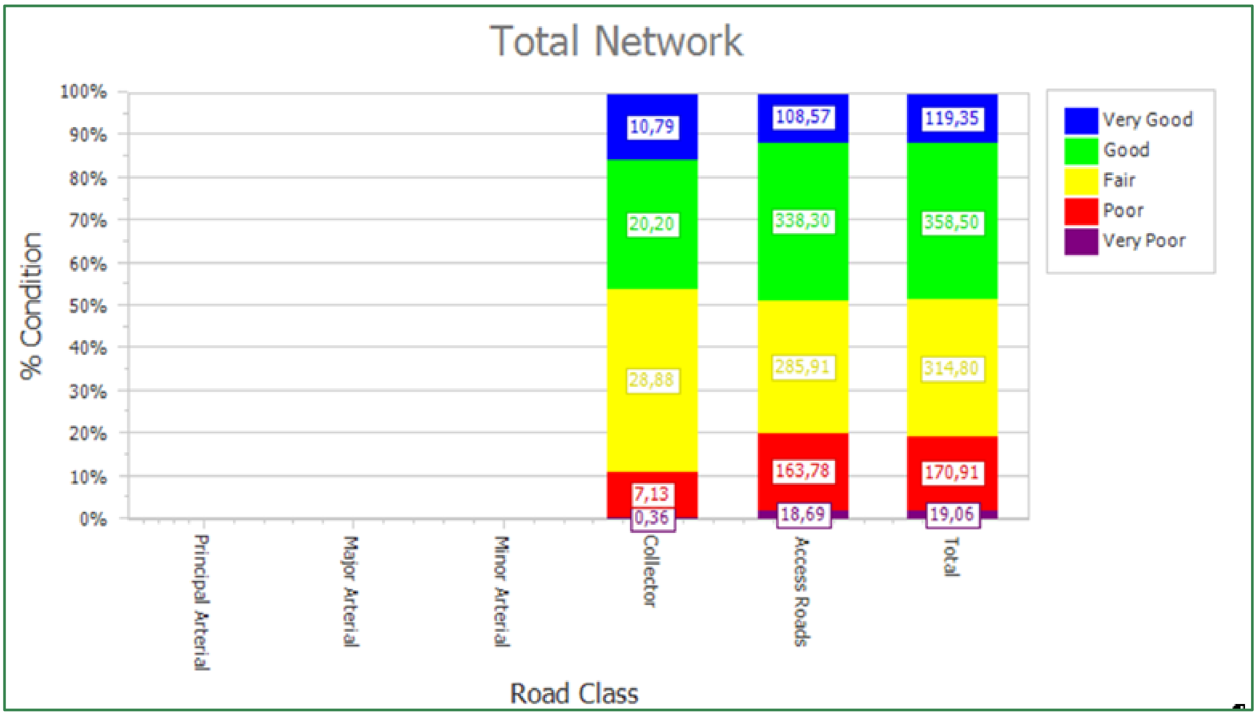
	Emthanjeni	Kareeberg	Renosterberg	Siyancuma	Siyathemba	Thembelihle	Ubuntu	Umsobomvu
Flexible	81.98	15.38	15.39	24.01	31.42	7.11	29.22	24.56
Unpaved	143.70	40.17	33.06	152.95	153.82	54.81	71.21	88.74
Block Paved	2.94	14.87	20.83	14.20	8.63	10.08	4.85	16.39
Concrete	0.00	0.00	0.00	4.29	0.00	0.00	0.00	0.00
Total								

Graph 3: Extent: Road type per Municipality (2023/24 data set)



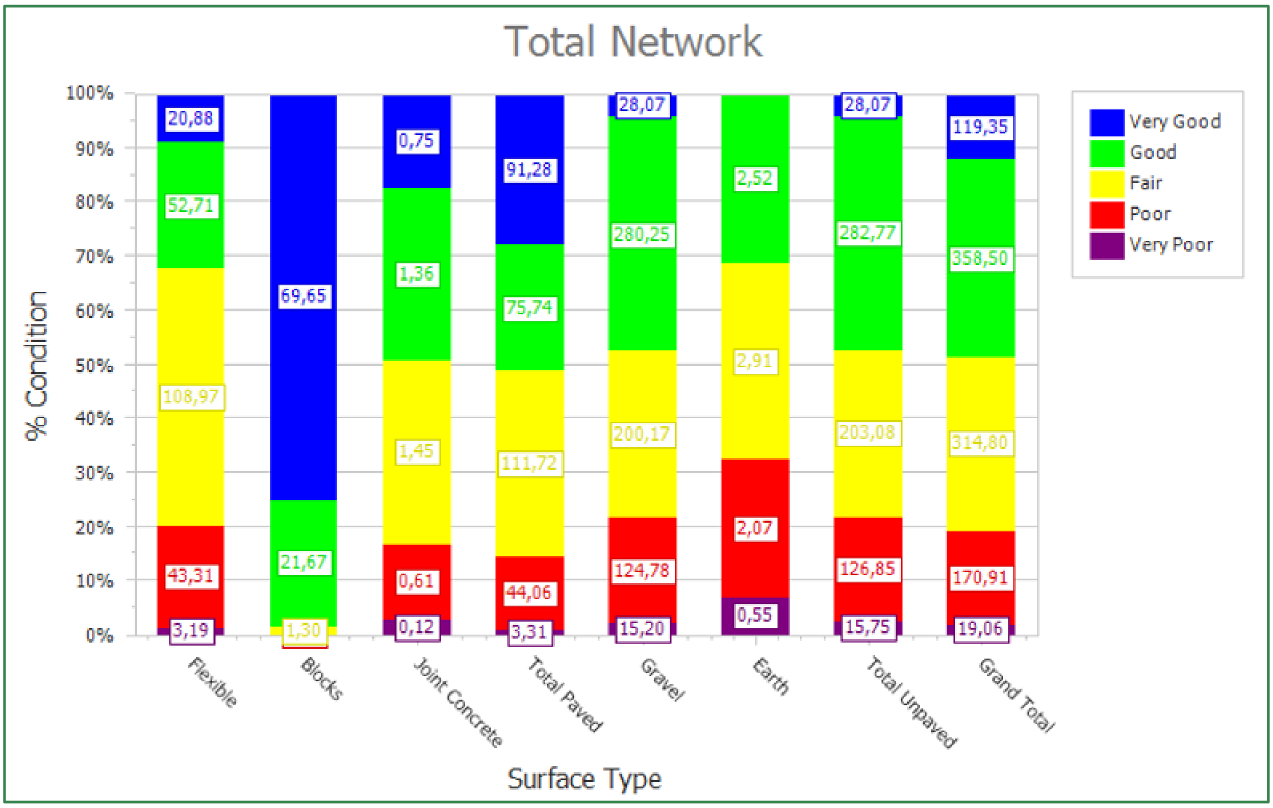
Graph 4: Extent: Road Type for Total Network (2023/24 data set) (km)

The visual condition index (VCI) for the different road classes in the district can be summarised as follows:



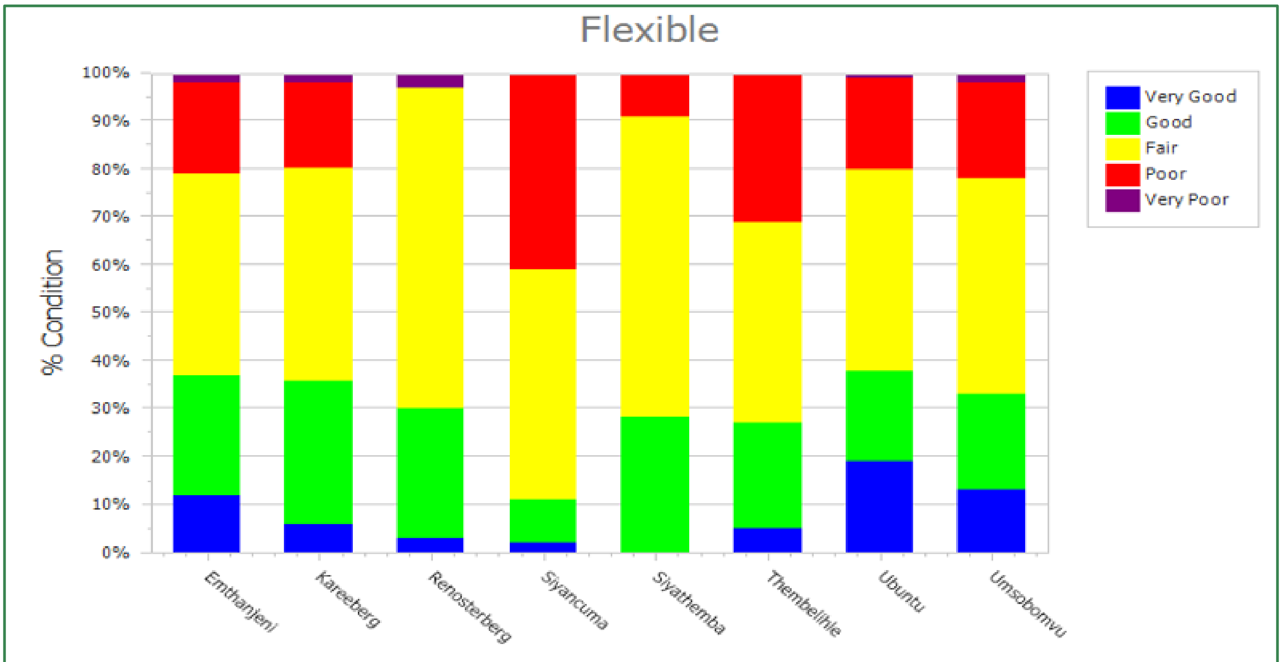
Graph 5: Total Pixley ka Seme Road Network Level of service LOS (2023/24 data set) (km)

The visual condition index (VCI) for the different road types in the district can be summarised as follows:



Graph 6: Visual Condition Index of Pixley Ka Seme Network (km)

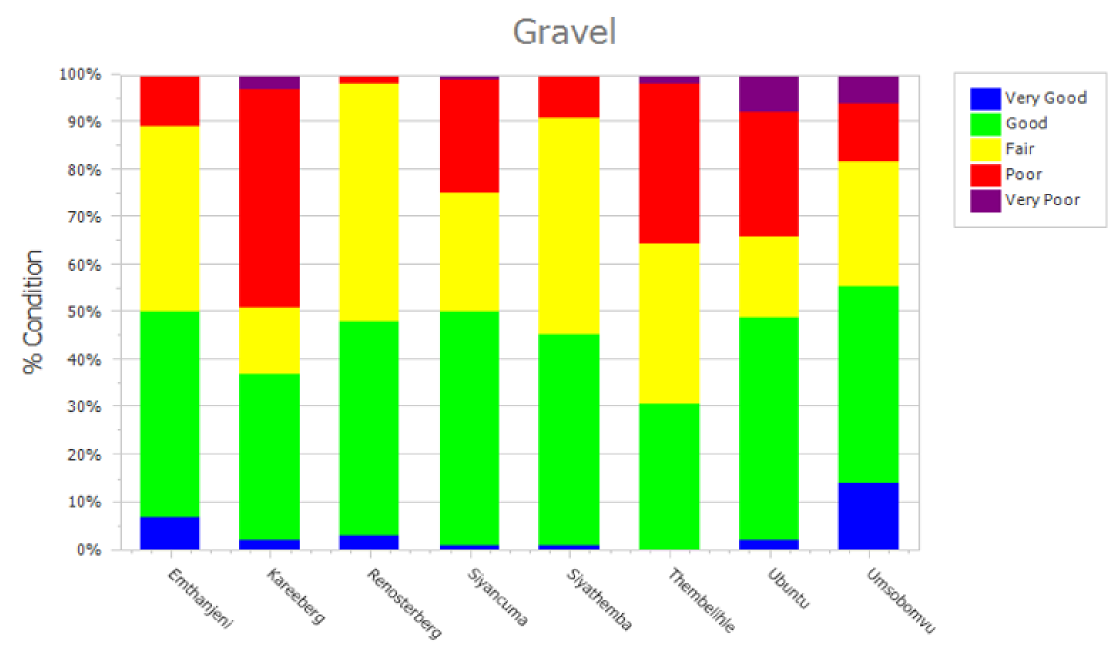
The VCI for the paved roads in the municipalities can be summarised as follows:



Very Good	9.893	0.887	0.526	0.484	0.096	0.353	5.543	3.097
Good	20.862	4.614	4.087	2.223	8.9	1.568	5.569	4.883
Fair	34.461	6.885	10.241	11.476	19.621	2.972	12.257	11.059
Poor	15.403	2.711	0.055	9.765	2.801	2.219	5.434	4.924
Very Poor	1.365	0.279	0.477	0.065	0	0	0.412	0.593

Graph 7: Paved Road Condition (2023/24 data set) (km)

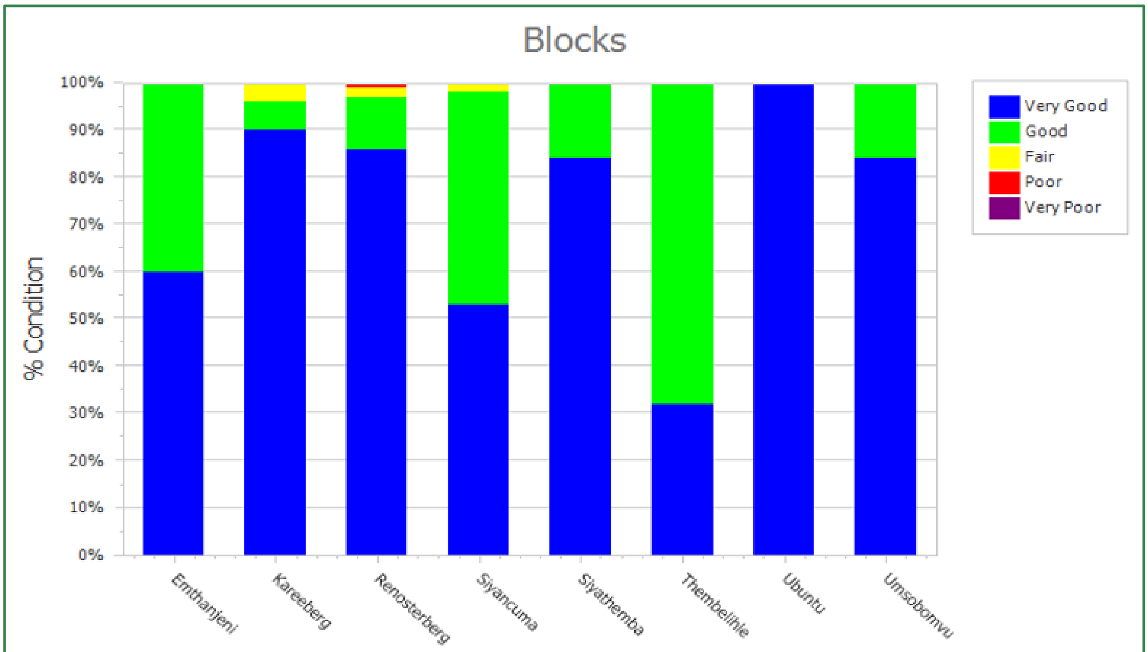
The VCI for the unpaved roads in the municipalities can be summarised as follows:



	Emthanjeni	Kareeberg	Renosterberg	Siyancuma	Siyathemba	Thembelihle	Ubuntu	Umsobomvu
Very Good	9.829	0.954	1.011	1.556	0.72	0.06	1.452	12.491
Good	59.98	13.728	14.692	73.185	32.8	16.58	33.278	36.002
Fair	53.991	5.438	16.066	37.143	34.119	18.293	11.984	23.133
Poor	15.501	18.2	0.665	36.499	7.089	18.023	18.552	10.255
Very Poor	0.629	1.272	0	0.821	0.387	0.894	5.664	5.529

Graph 8: Unpaved Roads Condition (2023/24 data set) (km)

The VCI for the block paved roads in the municipalities can be summarised as follows:



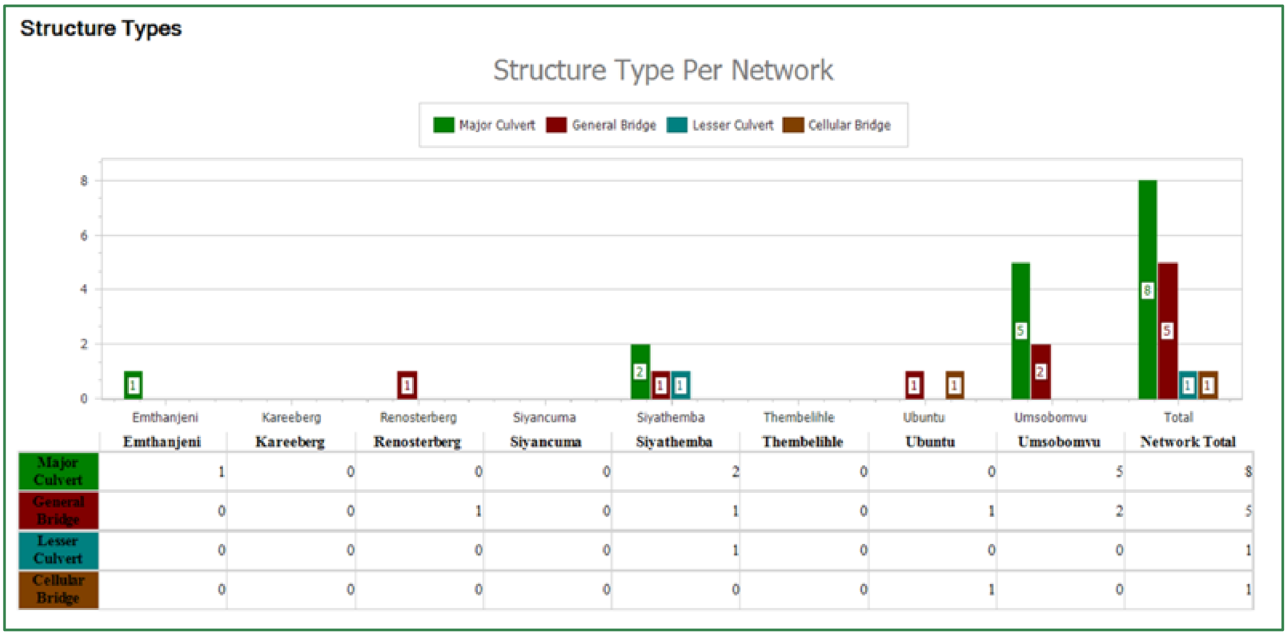
	Emthanjeni	Kareeberg	Renosterberg	Siyancuma	Siyathemba	Thembelihle	Ubuntu	Umsobomvu
Very Good	1.748	13.327	17.908	7.552	7.253	3.239	4.85	13.771
Good	1.188	0.962	2.318	6.359	1.381	6.838	0	2.621
Fair	0	0.577	0.467	0.252	0	0	0	0
Poor	0	0	0.139	0	0	0	0	0
Very Poor	0	0	0	0	0	0	0	0

Graph 9: Block paved Roads Condition (2023/24 data set) (km)

Pixley Ka Seme District has adopted the Struman Bridge Management System developed by the CSIR for the investigation of their local bridges. All structurers were assessed according to TMH19 by an accredited structural engineer.

The average condition index (ACI) of bridges / culverts is determined based on the severity and extent of defects in elements. In general, ACI is evaluated the STRUMAN software based on routine bridge inspection defects ratings considering the severity of dominant defects.

The next graph indicates the type and number of structures per municipality:



	Emthanjeni	Kareeberg	Renosterberg	Siyancuma	Siyathemba	Thembelihle	Ubuntu	Umsobomvu	Network Total
Major Culvert	1	0	0	0	2	0	0	5	8
General Bridge	0	0	1	0	1	0	1	2	5
Lesser Culvert	0	0	0	0	1	0	0	0	1
Cellular Bridge	0	0	0	0	0	0	1	0	1

Graph 10: Type and Number of Bridge Structures per Municipality

Structures need to be assessed once in a three-year cycle.

The next table indicates the estimate maintenance cost to repair the structures:

Municipality	Town	Bridge Name	Estimate Repair Costs	Municipal Total
Siyathemba	Prieska	Prieska Culvert 1	R 39 604.00	R692 543.00
	Prieska	Prieska Pedestrian Bridge	R568 720.00	
	Prieska	Prieska Culvert 2	R 60 580.00	
	Prieska	Prieska Culvert 3	R 23 639.00	
Renosterberg	Philipstown	Philipstown Bridge	R272 446.00	R272 446.00
Emthanjeni	De Aar	Culvert	R 88 935.00	R 88 935.00
Umsobomvu	Colesberg	Colesberg Bridge	R 64 428.00	R521 260.00
	Colesberg	Gereformeerde Bridge	R127 960.00	
	Colesberg	Correctional Services	R 75 745.00	
	Colesberg	Colesberg Bridge 3	R 92 426.00	
	Colesberg	Colesberg Bridge 4	R 22 640.00	
	Noupoort	Culvert	R138 061.00	
Ubuntu	Richmond	Causeway	R 96 958.00	R132 939.00
	Richmond	Olivier Brug	R 35 981.00	

Table 58: Estimated Maintenance Costs for Structures

Highlights: Roads

Highlight	Description
Road Asset Management Plan	A Road Asset Management Plan was compiled for the district.

Table 59: Roads Highlights

Challenges: Roads

Description	Actions to address
Municipal Road Maintenance	Analysis of the road condition assessment indicates that the municipal road network is deteriorating annually and urgent maintenance is needed to turn the situation around.

Table 60: Roads Challenges

Employees: Roads

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0.0
4 - 6	1	1	0	0.0
7 - 9	0	0	0	0.0
10 - 12	2	0	2	100.0
13 - 15	0	0	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	**3**	**1**	**2**	**66.6**
As at 30 June 2024				

Table 61: Employees - Roads

Capital Expenditure: Roads

There was no capital expenditure for the 2023/24 financial year.

COMPONENT C: PLANNING AND DEVELOPMENT

3.7 Planning

Sustainable economic development in a region is firstly only possible if there is a balance between the urban-rural and larger-smaller town developments (thus, if there is spatial development balance). Secondly, it requires sufficient protection of all dimensions of the natural environment and, thirdly, the different elements of the physical infrastructure have to develop at a sufficient pace.

These three areas are easily taken for granted in the daily efforts of private enterprises to make a profit, break even or fulfil their short-term goals vs the objectives of public policy to protect and allocate resources to ensure long term sustainability.

The functions of the planning unit consist of:

- The processing of building plan applications on behalf of local municipalities in the district
- Assisting local municipalities with zoning and residential layout plans

- Assist local municipalities with land rezoning and removal of restrictions
- Establishment of all structures to give effect for the implementation of the Spatial Planning Land Use Management Act (SPLUMA).

Highlights: Planning

Processing of building plan applications

The district is considering building plan applications for some municipalities (Kareeberg, Renosterberg, Thembelihle, Siyancuma, Siyathemba and Ubuntu) in the district.

During the financial year the planning unit assessed ***40*** building plan applications. The table below provides more information of the number of applications from the relevant municipalities:

Municipality	Kareeberg	Siyathemba	Ubuntu	Siyancuma	Thembelihle	Renosterberg	Total
Approved	5	5	4	0	1	4	19
Not Approved/ Referred Back	2	10	3	2	0	3	20
Pending	0	0	1	0	0	0	1
Grand Total	**7**	**15**	**8**	**2**	**1**	**7**	**40**

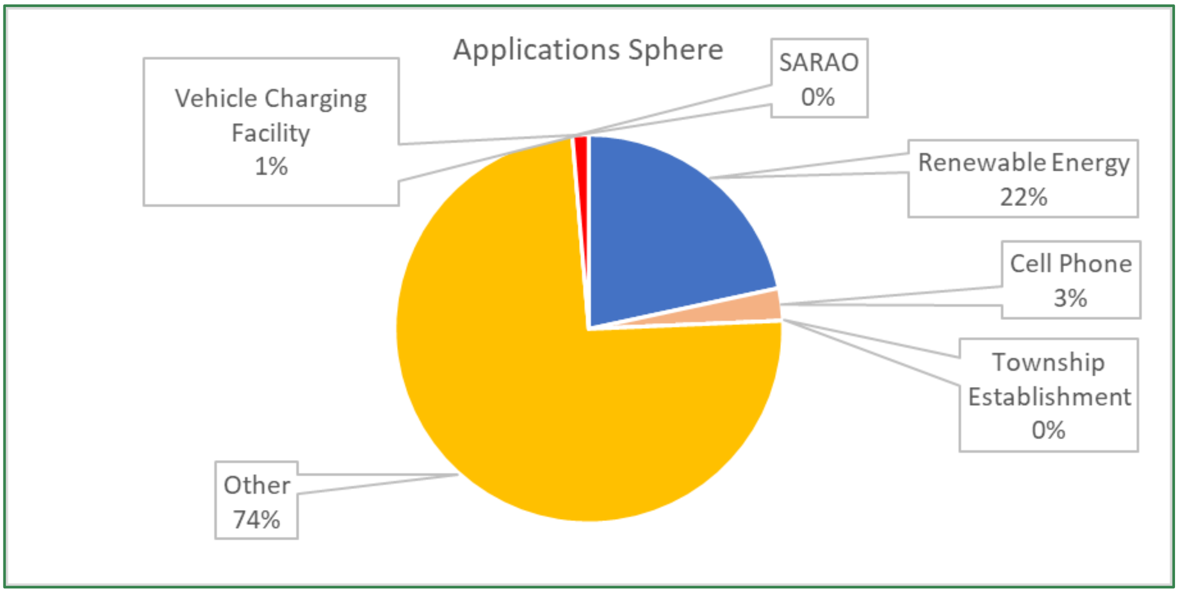
Table 62: Building Plan Applications

Building plan applications are assessed according to the National Building Regulations and Building Standards Act No. 103 of 1977, the scheme regulations of the relevant municipality and Title deed conditions. During the year a building plan training was conducted with draughtsman to improve the quality of the building plan submissions. Further training in some municipalities e.g., Siyancuma, Ubuntu and Thembelihle is still necessary in this regard. ***88%*** of the applications were addressed within the 30-day period as prescribed by the Act.

District Municipal Planning Tribunal (DMPT)

The DMPT met ***4*** times during the year, considering ***74*** applications of which ***55*** were approved, ***19*** were withdrawn by the relevant municipality and ***0*** was rejected.

Applications from various sectors were received as indicated in the next graph. Twenty two percent of the applications received are from the renewable energy sector.



Graph 11: Planning Applications Received

Quarter	Date of meeting	Municipality	No of applications		
			Approved	Withdrawn	Rejected
1	24 August 2023	Siyancuma	4	0	0
		Emthanjeni	3	0	0
		Ubuntu	1	0	0
		Umsobomvu	1	2	0
		Siyathemba	2	0	0
2	4 December 2023	Kareeberg		2	0
		Siyancuma	2	1	0
		Emthanjeni	5	0	0
		Umsobomvu		2	0
		Siyathemba	3	0	0
		Thembelihle	1	0	0
3	19 March 2024	Thembelihle	2	0	0
		Kareeberg		1	0
		Renosterberg	2	0	0
		Emthanjeni	2	1	0
		Ubuntu	1	1	0
		Siyathemba	3	0	0
		Siyancuma	1	2	0
4	25 June 2024	Ubuntu	2	6	0
		Renosterberg	6	0	0
		Emthanjeni	8	0	0
		Umsobomvu	3	1	0
		Thembelihle	1	0	0
		Kareeberg	1	0	0
		Siyancuma	1	0	0
Total			55	19	0

Table 63: District Municipal Planning Tribunal (DMPT): Land Development Applications

Improved IDP Stakeholder and community engagements

6 Meetings were conducted during the financial year in reviewing the IDP. These includes IDP Steering committee meeting 15 August 2023 and 26 February 2024; IDP Representative Forums – 14 November 2023 and 6th March 2024, and IDP Public Participation meeting on 29 and 30 April 2024 in Petrusville and Richmond respectively.

IDP Review support to Municipalities through IDP working group sessions

Support was rendered to Siyancuma and Emthanjeni Municipality during their IDP review process, by attending IDP Representative Forum Meetings.

Adoption of the process plans and IDP framework, draft and final IDP's

The IDP framework and IDP process plan was compiled and adopted by council on 30 August 2023.

Challenges: Planning

Description	Actions to address
Capacity	The unit is responsible for assisting 8 local municipalities with spatial planning and land development and additional support is needed to fulfil these crucial strategic functions.

Table 64: Planning Challenges

Employees: Planning

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
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	1	1	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	**1**	**1**	**0**	**0.0**
As at 30 June 2024				

Table 65: Employees - Planning

Capital Expenditure: Planning

There was no capital expenditure for the 2023/24 financial year.

3.8 Local Economic Development

The purpose of Local Economic Development is to build up the sustainable development capacity of a local area to improve its economic future and the quality of life for all. It is a process by which government, the private sector, labour and civil society work collectively to create better conditions for economic growth, investment and employment generation.

The National LED policy framework 2018-2028 therefore focuses on the following LED Policy Pillars/Thrusts:

- Building a Diverse and innovation driven local economies.
- Developing Learning and Skilful Local Economies.
- Developing Inclusive Economies.
- Enterprise development and Support.
- Economic governance and infrastructure.
- Strengthening local innovation system.

As the Pixley ka Seme district, our economy is predominantly primary sector focused with manufacturing and tourism also contributing to the district economy. In the coming years, the sector contributions will fluctuate with the contributions by the social and personal services sector (including tourism) and the agriculture sector expected to increase and decrease respectively. This is owing to a very low growth rate in certain sectors but a sharp increase in the others, mainly as a result of, as mentioned, the investment in renewable energy generation and the SKA project.

We are furthermore excited about the mining prospects coming to the district with the copper mine set to open in Copperton. We continue to look at ways to ensure that economic circulation happens in the district, for example, we currently researching the establishment of a Pixley ka Seme Development Agency.

The economy in the Pixley ka Seme municipal area is characterised by the following:

- High levels of poverty and low levels of education.
- Historic heritage sights for heritage tourism.
- It is a small-town sub-region with a low level of development despite the strategic location in terms of the national transport corridors
- Sparsely populated towns with a number of larger towns serving as "agricultural service centres"; spread evenly throughout the district as central places
- High rate of unemployment, poverty and social grant dependence
- Prone to significant environmental changes owing to long-term structural changes (such as climate change, energy crises and other shifts)
- Geographic similarity in economic sectors, growth factors and settlement patterns
- Economies of scale not easily achieved owing to the relatively small size of towns
- A diverse road network with national, trunk, main and divisional roads of varying quality, and
- Potential and impact of in renewable energy resource generation.
- Retail continues to be the leading employment sector outside government in the district.
- Various mining opportunities that are currently being explored in the district i.e., Copper & Tiger's eye.

Highlights: LED

Highlight	Description
PKSDM Tourism and Investment Summit	We successfully hosted a PKSDM Tourism and Investment Summit. The first of its kind in the Northern Cape province. The idea to host this summit was appreciated so much by the Office of The Premier, that they took a decision to host investment summits in all districts in the province. A working group was established to spearhead the resolutions of the summit and the working group is fully functional.
Establishment of Business Chambers in Local Municpalities	We have added to the previously reported six (6) Business Chambers in the district with the inception of the Emthanjeni Business Chamber. With much needed development in rail, solar and roads & infrastructure in the Emthanjeni area, the business chamber currently advocates for their stakeholders in this area. Other business chambers are currently struggling but remain functional.
PKSDM Global Entrepreneurship Week	Global Entrepreneurship Week is an annual celebration of entrepreneurship across the globe. We celebrate this week-long phenomenon every November through various programs in different towns. This year, ABSA sponsored two programs which were conducted in De Aar and Hanover. We are grateful to have attracted the private sector too.
District LED Forum	Our Local Economic Development Forum offers local government, private sector and local community which includes the business community the opportunity to work together to improve the local economy. We conducted four LED Forum in the previous financial year where we promoted the inclusion and development of local businesses and SMMEs.
Annual workshop to assist SMMEs with compliance	The annual workshop is held annually and falls within the PKSDM Global Entrepreneurship Week. This year we were joined by CIPC, NYDA and CIDB in Vosburg.

Table 66: LED Highlights

Challenges: LED

Description	Actions to address
Lack of resources	The LED unit needs to be expanded by adding at least two (2) officials. The PKSDM LED Strategy speaks to this proposal. We have hired a Tourism Officer in the financial year.
Lack of visible budget	LED budget continues to be insignificant compared to the population of the Pixley ka Seme district especially considering the lack of resources in local municipalities. The PKSDM Development Fund budget was not fulfilled due to budget cuts.
Limited Funding Development Institution District Offices	Resources and information dissemination remain a challenge to the SMMEs because of lack of offices for Funding Development Institutions where SMMEs can easily access funding opportunities.
Local LED Municipality Capacitation	Five (5) of the eight (8) local municipalities in the district continue not to have designated LED officials making it difficult to fulfil the facilitation of development to its full potential.

Table 67: LED Challenges

LED Objectives

LED includes all activities associated with economic development initiatives. The municipality has a mandate to provide strategic guidance to the municipality's integrated development planning and economic development matters and working in partnership with the relevant stakeholders on strategic economic issues. The LED strategy identifies various issues and strategic areas for intervention such as:

Objectives	Strategies
Enabling Infrastructure	Support local municipal, national & provincial government initiatives
Impacts on regional planning	Make inputs in regional forums and conferences
Land use management practices	Participates in IDP and SDF review processes
Attracts investors	Highlights the competitive and comparative advantages

Table 68: LED Objectives and Strategies

Extended Public Works Programme (EPWP)

The table below indicates the number of projects and jobs created with the EPWP:

Job creation through Extended Public Works Programme (EPWP) projects		
Year	Number of Projects	Number of Job Opportunities Created
2022/23	4	56
2023/24	3	23

Table 69: Job creation through EPWP projects

EPWP Projects

The Council approved the implementation of the following projects in the 2023/24 financial year.

Provision of Municipal Health Service Admin Support

Pixley ka Seme District Municipality has a Constitutional duty to strive within its financial and administrative capacity to promote a safe and healthy environment & have the responsibility, through Municipal Health Services to ensure that all municipalities within its jurisdiction regulate all activities and administer all matters for which they are legally responsible in a manner that-

- Avoids creating environmental health hazards or nuisances;
- Does not make it easier for human or animal diseases to spread;
- Does not give rise to unsanitary or unhygienic conditions;
- Prevents unsafe food or drinks from being eaten or drunk;
- Avoids creating conditions favorable for infestation by pests; or
- Wherever reasonably possible, improves public health in the entire district municipal area.

To respond to the constitutional duty, Pixley Ka Seme District Municipality gazetted Municipal Health Services By-Law on 19 April 2019 & took over Environmental Management Services function from Department of Environmental Affairs. The MHS-By-law & Air Quality Management Plan main purposes is to ensure council is able to regulate all activities within Municipal Health Services unit.

Health promotion and training programmes are the main mechanisms for equipping the community with knowledge and information. EHPs also interact formally and informally with the public on a wide range of health education and training initiatives. These initiatives emphasise the promotion of healthy lifestyles, personal hygiene and a safe and healthy environment.

The objective of this project is to provide support to Municipal Health Officials in health promotion and training programmes to equip the community and ECD learners with knowledge and information. ***(8 Participants)***

Renovation of offices, upgrading of server room and storage facilities at Pixley ka Seme DM

The scope of the work for the project entails:

- Phase 1: Construction of backup server room in Disaster Management Center – remove window and close opening, building partition wall with door, plaster and painting of all walls, tiling of floors, etc.
- Phase 2: Upgrading of the existing server room – e.g., raising the floor level, closing of window, tiling and painting.
- Phase 3: Upgrading of existing garages to store rooms – removing of roll-up doors and closure of opening and installation of new doors and windows, building partition wall, painting and finishing.
- Phase 4: Replacement of carpets with laminate flooring in the offices

Phase 1 to 3 was completed and phase 4 was partially completed. It is included in the 2024/25 financial year. ***(11 Participants)***

Support workers for Pixley ka Seme District Municipality

The objective of this project is to provide administrative support to the institution in fulfilling its objectives by providing an accountable government by supporting e.g. council programmes, capturing of EPWP beneficiaries on the system, filing and processing of EPWP beneficiaries' payments, etc. ***(4 Participants)***

Job Creation Projects

EPWP – Cleaning of Storm Water Structures and Erosion Protection Project in Petrusville

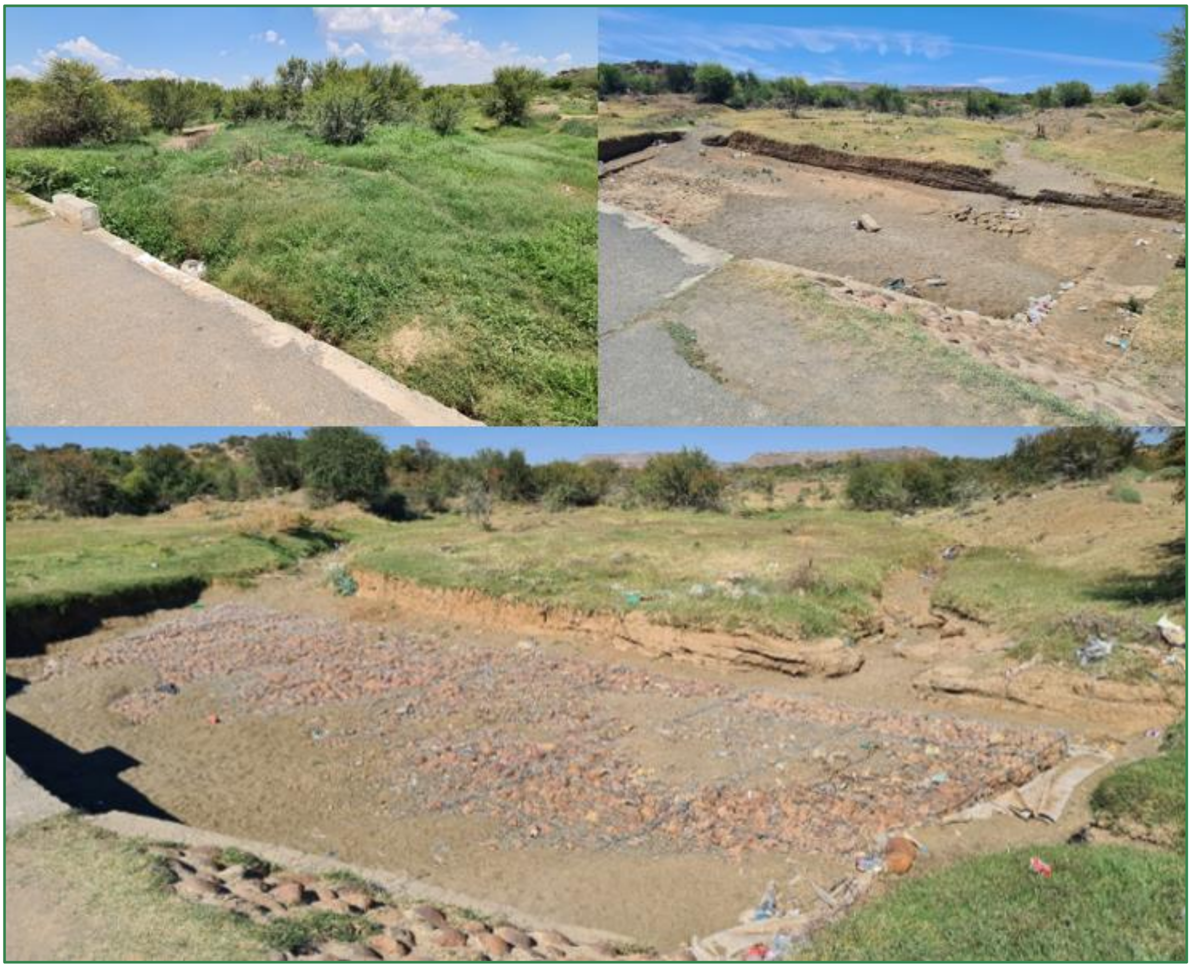
Pixley ka Seme District Municipality was successful in obtaining additional funding during the previous financial year from the Department of Economic Development for the implementation of an environmental orientated EPWP project in Renosterberg Municipality.

The project entails:

- Clearing of the river in order to enhance storm water run-off through the existing drainage structures, and
- Excavations, collecting of stones, placement of reno mattrasses and gabion and the filling thereof.

Delays with the appointment of a material supplier delays the implementation of the project resulting that the project could not be completed as planned. The local municipality was requested to assist with the continuation of the project to complete it. ***(85 beneficiaries)***

Below are pictures of the before and work in progress – Upstream:



Below are pictures of the before and work in progress – Downstream:

Employees: LED

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
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	0	0.0
13 - 15	1	1	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	**2**	**2**	**0**	**0.0**
As at 30 June 2024				

Table 70: Employees - LED

Capital Expenditure: LED

There was no capital expenditure for the 2023/24 financial year.

COMPONENT D: MUNICIPAL HEALTH

3.9 Environmental Health

According to the Constitution of the Republic of South Africa 1996, the Local Government, Municipal Structures Act No.117 of 1998 and the National Health Act, No 61 of 2003, it is the statutory responsibility of a District Municipality and Metropolitan Municipality to render Municipal Health Services.

Section 24 of the Constitution entrenches the right of all citizens to live in an environment that is not harmful to their health or well-being. Section 1 of the National Health Act, 2003 (Act 61 of 2003), defines municipal health services and clearly stipulates the responsibilities of municipalities in the performance of such services.

Environmental Health

Environmental health transects several areas of human interaction and existence and is defined by the World Health Organization (WHO) as addressing the physical, chemical and biological factors external to a person and all the related factors impacting behaviours. It encompasses the assessment and control of those environmental factors that can potentially affect public health.

Environmental Health Services

In Pixley Ka Seme DM it is still an unfortunate reality that a proportion of diseases can be attributed to preventable environmental health conditions and it is often the marginalized communities who tend to be worse affected. Protecting the public's health through the protection of the environment is one of Pixley Ka Seme DM's core legislative mandates by the rendering of municipal health services.

The Role and Function of the Municipal Health Services & Environmental Management Unit

Municipal health services are rendered to ensure protection of public health in the district, it is essential that effective municipal health services are implemented. Pixley Ka Seme DM have twelve Environmental Health Practitioners (EHP's) to ensure effective rendering of municipal health services, such officials ensure that the services are rendered in accordance with the National Health Act (Act 61 of 2003).

Key Performance Areas of Municipal Health are:

- Water quality monitoring
- Waste management
- Food control
- Health surveillance of premises
- Disposal of the dead
- Chemical safety
- Environmental pollution control
- Vector control
- Surveillance and prevention of communicable diseases excluding immunization
- Air Quality Monitoring

EHP's work together to provide situation analysis and need based risks affecting public health. Routine inspections reveal that new and evolving risks and exposures continuously place demands on our Municipal Health Services and to respond to these risks, Gazetting of Municipal Health Services was done and implementation generating an income for the running of the service. Continuous appointment of EHP's is done to respond/address such risks and through awareness campaigns, clean-up programs and indoor air quality.

The District identified seven Key Priority Areas:

- Municipal Health Services By-law 2019 Implementation.
- Revenue generation
- Water Quality Monitoring
- Food Safety Control
- Surveillance of premises Early Childhood Development (ECD) Centre's, clinics, hospitals and schools etc.
- Disposal of the dead
- Air Quality Monitoring

Highlights: Municipal Health

Highlight	Description
Revenue Generation	MHS generated revenue of R1 657 635.
Appointment of two Environmental Health Practitioners	Ms Nomalanga Radebe and Ms Mandisa Makhanya was appointed In May 2024 as Environmental Health Practitioners.
Tender for laboratory testing services of water samples was awarded to UFS	Tender was awarded to the successful bidder, the University of Free State for the provision of Laboratory testing and analysis services for drinking and waste water quality.
Appointment and renewing of EPWP EHP Assistants	Renewed five EPWP incumbents' admin assistants and appointed three new EPWP incumbents to assist the Environmental Health Practitioners based at the local municipalities in July 2023.
Bench Marking outside the province in Nkangala DM Mpumalanga	Corporate services along with MHS unit benched marked MHS services and best practices with Nkangala District Municipality in Mpumalanga in April 2024.
Certificate of Appreciation by the National Department of Health	Municipal Health Unit was awarded a certificate of appreciation during the World Environmental Health Day in September 2023 for the heroic delivery of extraordinary EH services in response to the pandemic.
Work Integrated Learning	Provided an opportunity for Ms Faith Kundo a Bachelor Degree Environmental Health student at Nelson Mandela University to be placed within the Municipal Health and Environmental Management Unit for Work Integrated Learning.
MHS Electronic System	Developmental phase of electronic system has started with service provider.

Table 71: Municipal Health Highlights

Challenges: Municipal Health

Description	Actions to address
No succession plans for Senior EHP	Provision of additional Senior EHP position on the unit structure.
MHS administration assistant - Currently operating with one admin assistant for the unit is causing operational challenges	Appointment of an intern to assist with admin but eventually amend organogram for two admin assistants for the unit to improve service delivery.
Shortages of vehicles	Implementing a suitable vehicles scheme for all EHP's.
Poor and insufficient office accommodation at satellite and head offices	Procurement of rental spaces or mobile units at satellite and head office.
Lack of storage for archive and condemned products	Procure shipping containers to be used as storage space.

Description	Actions to address
Backlog on condemnation of unsound seized food products	Procurement of suitable fleet for excavation and disposal site.s
Lack of operational corporation from local municipality to effectively perform the MHS	Memorandum of Understanding or Service Level Agreement between Local Municipalities and District Municipalities.

Table 72: Municipal Health Challenges

Service Statistics: Municipal Health

Type of service	2022/23	2023/24
Water quality monitoring by conducting monthly sampling to determine compliance to SANS 241-2011	1 875	1 514
Inspections of food premises	2 010	1 206
Inspection to landfill sites	46	55
Inspection of funeral undertakers (disposal of the dead)	56	58
Inspection of non-food premises e.g., schools, crèches, hospitals and clinics (i.e., Surveillance premises)	848	573
Health and Hygiene Promotion Campaigns	791	580
Training on funeral Undertaker	73	96
Illegal Dumping Campaign	777	607
Chemical safety Campaigns	784	571
Training on food safety for food handlers	771	557

Table 73: Service Statistics: Municipal Health

Employees: Municipal Health

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0.0
4 - 6	2	2	0	0.0
7 - 9	0	0	0	0.0
10 - 12	19	13	6	31.6
13 - 15	2	2	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	**23**	**17**	**6**	**26.1**
As at 30 June 2024				

Table 74: Employees - Municipal Health

Capital Expenditure: Municipal Health

There was no capital expenditure for the 2023/24 financial year.

COMPONENT E: PUBLIC SAFETY

3.10 Disaster Management

Overview and Objective of the Centre

In terms of section 42 Municipal disaster framework-

(1) Each metropolitan and each district municipality must establish and implement a framework for disaster management in the municipality aimed at ensuring an integrated and uniform approach to disaster management in its area by

- (a) the municipality and statutory functionaries of the municipality, including the case of the local municipalities in its area;
- (b) all municipal entities operating in its area;
- (c) all non- governmental institutions involved in disaster management in its area; and
- (d) the private sector.

(2) A district municipality must establish its disaster management framework after consultation with the local municipalities in its area.

(3) A municipal disaster management framework must be consistent with the provisions of this Act, the national disaster management framework and the disaster management framework of the province.

Municipal Disaster Management Centre:

43. Establishment - (1) Each metropolitan and district municipality must establish in its administration a disaster management centre for its municipal area.

The general powers and duties of the centre:

- (a) Must specialise in issues concerning disasters and disaster management in its area
- (b) Must promote an integrated and co-ordinated approach to disaster management in the municipal area, with special emphasis on prevention and mitigation, by
  - (i) Departments and other internal units within the administration of the municipality, and in the case of a district municipality, also by departments and other internal units within the administration of the local municipality in the area of the district municipality
  - (ii) All municipal entities operating in the municipal area, and
  - (iii) (iii) Other role- players involved in disaster management in the municipal area

Objectives for 2023/24

- To enhance and strengthen capacity to deal with Disasters and Emergencies in the disaster fraternity by providing financial support to all 8 Local Municipalities through Grant funds and Disaster Management programmes.
- To improve the proactive and responsive capability of the District and Local Municipalities.
- To ensure integrated and well-coordinated Disaster Management planning and implementation
- Monitoring and Risk Assessments.

Legislative Mandate

- Disaster Management Act 57 of 2002
- Disaster Management Framework 2005

- Constitution of South Africa
- Municipal Finance Management Act
- Health and Safety Act
- Emergency Housing Programme

Disaster Management Centre: Pixley ka Seme District Municipality

- The Head of the Centre is the Disaster Management Officer appointed in June 2015 overseeing all activities of the Centre.
- Six (6) permanent operators and One relief worker manning the centre twenty- four hours working shifts.
- Eight Security Guards safe guarding the premises equipment and safety of personnel and clients of the municipality
- The services for disaster management is within the municipal premises with minimal equipment for EMS services, however the unit has good working relationship with the province when more assistance is required
- Fire services are the Local Municipalities responsibilities the District Disaster Management is coordinating all Fire incidents.

Activities of the Disaster Management Centre

Meetings

Meetings	Attended	Convened
Provincial Disaster Management Forums (4)	2	0
District Disaster Management Forums (4)	0	4
Rims Forums (4)	4	0
NKP Forums (4)	3	0
Security Cluster Meetings – when necessary	4	0

Table 75: Disaster Management Centre Meetings

Events

- The opening of Nonzwakazi Stadium on the 4th of May 2024 was monitored; and
- Schools Choir competition was monitored on 17 and 18 May 2024 in De Aar town hall.

Collaborations

- Pixley Ka Seme DM and Chris Hani DM entered into a Mutual Aid Agreement on 7th February 2024. The aim of the agreement is to assist and share resources between the bordering municipalities whenever incidents happen.
- Santam Insurance collaborated with Pixley Ka Seme DM and donated fire equipment and PPE's for the District to assist Local Municipalities in fighting fires and preserve lives in our communities able to extinguish and suppress fires.
- On 6 October 2023 the MEC of COGHSTA in the Northern Cape donated 8 firefighting trailers to Pixley Ka See DM to be supplied to Local municipalities in the District Area;

Training

Pixley Ka Seme in collaboration with Santam rolled out basic firefighting training in the following municipalities:

- Umsobomvu LM 15 participants on 3rd and 4th June 2024;
- Ubuntu LM 15 participants on 6th and 7th June 2024;

- Siyathemba LM 15 participants on 10 and 11th June 2024; and
- Emthanjeni LM 15 participants on 13 and 14 June 2024.

Training in some LM's

Incidents/ Emergencies that occurred in the 2023/24 financial year

Motor Vehicle Incidents

Road Description	Number of incidents	Injuries	Fatalities	Total Injuries
N 1	38	23	4	23
N 8	2	3	None	3
N 9	4	4	5	4
N 10	18	22	6	22
N 12	15	28	2	28
0ther roads	8	19	5	19
Total	85	99	22	99

Table 76: Motor Vehicle Incidents

Domestic and Veld Fire Incidents 2023/24

Description	Domestic Fire	Veld Fire	Damages	Injuries	Fatalities	Intervention
N1	0	2	n/a	n/a	n/a	Extinguished
De Aar	Structural Fire X7	4	Yes	2	1	Extinguished
N8	0	0	n/a	n/a	n/a	n/a
N9	0	0	n/a	n/a	n/a	n/a
N10	0	0	n/a	n/a	n/a	n/a
N12	0	0	n/a	n/a	n/a	n/a
Farms	0	5		Animals	0	Fire contained

Table 77: Domestic and Veld Fire Incidents

Flooding Report: December 2023

Emthanjeni Local Municipality: Britstown

Between 28 and 30 December 2023 floods were experienced in some parts of the Pixley Ka Seme region. The Britstown area was severely affected by the storms causing flooding in some areas of Proteaville, Noordville and Uitspanning informal Settlements. 200 Households were affected and 50 could not be accessed due to heavy storms.

Interventions:

- Emthanjeni Municipality in collaborating with Disaster management offered assistance by accommodating affected families to a community hall;
- Social Development activated a soup kitchen and provide 3 meals to the affected;
- SASSA provided food parcels and blankets; and
- Pep Stores, OVK and OK Stores also assisted with blankets and mattresses.

Thembelihle Local Municipality: Hopetown

Approximately 70 families were affected by the storms and their belongings were damaged. 30 of the affected families were accommodated at Steynville Community Hall.

Interventions:

- Social Development activated the Soup Kitchen for families where 3 meals were served;
- Pepstores, Ackermans and OVK also contributed by supplying meals and blankets; and
- Social Development also provided more blankets and mattresses in collaboration with Disaster Management of Pixley ka Seme.

Infrastructure:

N12 Road Closure

Roads were flooded and were closed due to the storms and alternative route was advised for motorist travelling to Kimberley to use route into De Aar from N10 using R48 road to R369 Petrusville and join N12 via Hopetown.

Emthanjeni Local Municipality: De Aar

On Sunday night 7 April 2024 communities of De Aar experienced heavy rainstorms which affected some households in Nonzwakazi Location. Houses were flooded during the storms and electricity was disrupted during the night and Emthanjeni Local Municipality restored it the next morning. Some house-holds belongings were damaged due to flooding. The disaster management unit conducted an assessment on Monday 8 April 2024.

Findings:

- Houses built-in low lying areas were affected by flooding;
- Storm water drainage systems are not maintained and cleaned; and
- Communities are also responsible for making storm water drainage systems dumping sites.

Levels of Risk within the District

The District has conducted several hazard assessments during previous years. These hazard assessments were combined into a risk profile for the District. The following is a Risk Profile of Pixley Ka Seme District:

Area Description	Hazard Identified	Action Plan
Kareeberg Municipality	Domestic and Veld fires, Floods, Chemical spillages, Drought	Conduct awareness programme
Ubuntu Municipality	Flash Floods, Domestic and Veld fires, Drought, Chemical Spillages, Floods	Conduct awareness programme Evaluate Response and Recovery Plans
Emthanjeni Municipality	Domestic Fires, Floods. Spillages, and Drought	Conduct awareness programme Evaluate Response and Recovery Plans
Siyancuma Municipality	Floods, Domestic and Veld fires, Flash Floods and Drought	Conduct awareness programme Evaluate Response and Recovery Plans
Thembelihle Municipality	Domestic and Veld fires, chemical spillages, Drought and Floods	Perform Risk Assessment Conduct awareness programme Evaluate Response and Recovery Plans
Siyathemba Municipality	Veld and Domestic fires, Drought	Perform Risk Assessment Conduct awareness programme Evaluate Response and Recovery Plans
Renosterberg Municipality	Drought, floods, Domestic and Veld fires	Perform Risk Assessment Conduct awareness programme Evaluate Response and Recovery Plans
Umsobomvu Municipality	Drought, Floods, Domestic and Veld fires	Perform Risk Assessment

Table 78: Disaster Risk Profile

Disaster declared during 2023/2024

There was no Disaster declaration in the District Municipal area during the 2023/24 financial year.

Challenges: Disaster Management

Description	Actions to address
Sufficient budget for Disaster Management at District Municipal level	Increase budget
Avail necessary resources to deal with disasters	Increase budget
Sufficient budget at local Municipalities for disasters	Discuss at District Intergovernmental Forum

Table 79: Disaster Management Challenges

Employees: Disaster Management

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0.0
4 - 6	14	14	0	0.0
7 - 9	0	0	0	0.0
10 - 12	0	0	0	0.0
13 - 15	1	1	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	**15**	**15**	**0**	**0.0**
As at 30 June 2024				

Table 80: Employees - Disaster Management

Capital Expenditure: Disaster Management

There was no capital expenditure for the 2023/24 financial year.

COMPONENT F: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.12 Office of the Mayor

This division include Communication, Community Liaison and Special Programmes

Highlights: Office of the Mayor

Highlights	Description
Delivery of 30 blankets and 30 mattresses	Blankets and mattresses were delivered in Vosburg, Douglas and Van Wyksvlei.
Distribution of School uniforms	School uniforms were delivered at T St Johns Primary School, Umso High School, Vosburg Primary School and Zingisani Primary School.
Cleaning materials and toiletries	Mother Teresa Hospice and an appreciation lunch with the elderly in Noupoort.

Table 81: Office of the Mayor Highlights

Challenges: Office of the Mayor

Highlights	Description
Shortage of staff in the Communication Unit	Vacant post to be funded and advertised.

Table 82: Office of the Mayor Challenges

Employees: Office of the Mayor

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0.0
4 - 6	1	1	0	0.0
7 - 9	2	2	0	0.0
10 - 12	2	1	1	50.0
13 - 15	2	2	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	**7**	**6**	**1**	**14.3**
As at 30 June 2024				

Table 83: Employees - Office of the Mayor

Capital Expenditure: Office of the Mayor

There was no capital expenditure for the 2023/24 financial year.

3.13 Office of the Municipal Manager

Highlights: Office of the Municipal Manager

Highlights	Description
Adoption of Revenue Enhancement Strategy	The Office spearheaded the development and adoption of a Revenue Enhancement Strategy. It was adopted at the Council Meeting of 16 May 2024.
Improved attendance at IGR Forums	The Technical IGR Forum are attended by all MM's, CFO's, of the Local Municipalities, Pixley Ka Seme DM Senior Managers, Regional Heads of Sector Departments, Private Sector Service providers, SOE's and SALGA.
Support to local municipalities	The office ensured visible support to local municipalities by regular visits by the District MM to Local MM's.
Engaged Provincial Government to support our Shared Services Model as well as to beef up Housing Capacity Funding and Disaster Management Allocation.	Meetings between the Office of the Executive Mayor, Office of the Municipal Manager and Department of Treasury to secure funding for our Shared Services Model.

Table 84: Office of the Municipal Manager Highlights

Challenges: Office of the Municipal Manager

Challenge	Actions to address
Payment for Shared Services by Local Municipalities	Regular engagements between the Chief Financial Officer and involved MM's of Local Municipalities.
Going concern issue	Working towards a clean audit opinion.

Table 85: Office of the Municipal Manager Challenges

Employees: Office of the Municipal Manager

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
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	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	**2**	**2**	**0**	**0.0**
As at 30 June 2024				

Table 86: Employees - Office of the Municipal Manager

Capital Expenditure: Office of the Municipal Manager

There was no capital expenditure for the 2023/24 financial year.

3.14 Financial Services

Financial Services is responsible for budgeting, revenue, expenditure and supply chain management.

Service Statistics: Supply Chain Management (SCM)

The table below indicates the service statics for the division:

Description	2022/23		2023/24	
	Total No	Monthly Average	Total No	Monthly Average
Orders processed	651	54.25	705	58.75
Extensions	5	0.417	3	0.25
Bids received (number of documents)	33	2.75	31	2.58
Bids awarded	4	0.33	4	0.33
Bids awarded ≤ R200 000	9	0.75	10	0.83
Appeals registered	0	0	0	0
Successful Appeals	0	0	0	0

Table 87: Statistics SCM

Total Employees – Financial Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0.0
4 - 6	4	3	1	25.0
7 - 9	2	1	1	50.0
10 - 12	4	3	1	25.0
13 - 15	0	0	0	0.0
16 - 18	1	1	0	0.0
19 - 20	0	0	0	0.0
Total	**11**	**8**	**3**	**27.3**
As at 30 June 2024				

Table 88: Total employees - Financial Services

Capital Expenditure: Financial Services

Capital Projects	2023/24		
	Budget	Adjustment Budget	Actual Expenditure
R			
Furniture & Office equipment	50 000	90 000	127 125
Computer equipment	100 000	50 000	29 899
Intangible assets	900 000	500 000	353 309
Municipal office building	100 000	60 000	0

Table 89: Capital Projects: Financial Services

3.15 Support Services

Highlights: Support Services

Highlights	Description
Clean Record Management Inspection Report received.	Provincial inspection done by Department Sports Arts and culture was received with high quality and good standards.
One of the few municipalities with a electronic record management system and approved file up and running.	Proman system and File plan approved by Department Sports Arts and Culture.

Table 90: Support Services Highlights

Challenges: Support Services

Challenge	Description
Shortage of White Fleet	To look into a car scheme allowance policy to be put place to relieve the pressure on the usage of the white fleet vehicles.
Shortage of storage	Funds /budget to build or enlarge out storage for archival usage for records management.

Table 91: Support Services Challenges

Employees: Support Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	6	6	0	0.0
4 - 6	4	4	0	0.0
7 - 9	1	1	0	0.0
10 - 12	3	3	0	0.0
13 - 15	1	1	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	**15**	**15**	**0**	**0.0**
As at 30 June 2024				

Table 92: Employees - Support Services

Capital Expenditure: Support Services

There was no capital expenditure for the 2023/24 financial year.

3.16 Human Resources

Highlights: Human Resources

Highlights	Description
Work Integrated Learning for TVET Students	The municipality placed 4 Leaners for workplace exposure. The learners were enrolled in Public Management and Human Resources Management respectively.
Employment of TVET Work Integrated Leaners and EPWP Interns	- One learner from the TVET who studied HRM was permanently employed by the Municipality as a switchboard operator. - One Intern on the EPWP programme was employed as the Tourism Officer in the Municipality. - 2 Learners who were in the WIL programme were appointed on a fixed term contract by the municipality.
Employment of Financial Interns	3 Financial Interns were employed by the municipality in the Finance Department on a Fixed Term Contract.
Pixley Employee Graduates	Through our Study Assistance Policy, four (4) employees graduated and received the following qualifications: - 1 - B.COM International Business - 2 - Advance Diploma in Environmental Health Management - 1 - Risk Management Post Graduate Diploma
Successful Collaboration with the South African Biodiversity Institute	The Municipality entered into an agreement with SANBI to place two Interns in our Municipal Health Services Unit for a period of two years. The success in this regard the municipality was able expose learners to the work environment, one learner was later employed permanently as Environmental Health Practitioner in the municipality whilst the other was employed at a different municipality as result of the experience gathered during the Internship process.

Table 93: Human Resources Highlights

Challenges: Human Resources

Challenge	Actions to address
An increase in the number of Study assistance beneficiaries versus the Municipal Budget	The municipality will apply for discretionary grant not only from the Local Government SETA but also from other SETA's and the National Skills Development Authority.
Budget for the Employee Assistance Programme	Management to ensure a dedicated budget. The municipality is working towards partnering with other stakeholders viz. Department of Health, Financial Institutions (Banks) etc.

Table 94: Human Resources Challenges

Employees: Human Resources

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0.0
4 - 6	1	1	0	0.0
7 - 9	0	0	0	0.0
10 - 12	1	1	0	0.0
13 - 15	1	1	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	**3**	**3**	**0**	**0.0**
As at 30 June 2024				

Table 95: Employees - Human Resources

Capital Expenditure: Human Resources

There was no capital expenditure for the 2023/24 financial year.

3.17 Legal Services & Labour Division

Highlights: Legal Services & Labour Division

Highlights	Description
Appointment of Labour Relations Officer	Appointment of Labour Relations Officer in July 2023.
The 4TH Legal Practitioners Forum	The Legal Advisor attended for the first time this capacity building forum which was offered by SALGA.

Table 96: Legal Services & Labour Division Highlights

Challenges: Legal Services & Labour Division

Challenge	Actions to address
Shortage of Employer Representative and Presiding Officers	Making it compulsory for Management officials to carry out their duties un relation to labour matters.
Lack of a research Software System	Purchase a research software system.
Lack of Library ,archive room, filling drawers etc	Designating a library and archive room for the unit.
Shortage of staff within the Unit e.g. Administrative Assistant	Appointment of the necessary additional staff within the unit.
Shortage or lack of tools of trade, Laptops, recording devices and Transcribing program	Purchase the necessary tools of trade for the unit.
Lack of adequate training programme for the efficient and effective performance of duties e.g., MFMP	Provision forf the necessary training needs of the unit.

Table 97: Legal Services & Labour Division Challenges

Employees: Legal Services & Labour Division

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
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	0	0.0
13 - 15	1	1	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	**2**	**2**	**0**	**0.0**
As at 30 June 2024				

Table 98: Employees - Legal Services & Labour Division

Capital Expenditure: Legal Services & Labour Division

There was no capital expenditure for the 2023/24 financial year.

3.18 Internal Audit

Highlights: Internal Audit

Key projects that were achieved during the financial year:

Highlight	Description
Professional development	Now have 2 PIA's in the department.
The Internal Audit unit performed their duties in terms of the annual operational audit plan	Developed and implemented the Risk Bases Audit Plan.
All members of IIASA with paid-up membership	All members in the Internal Audit Department are active members of the Institute of Internal Audit South Africa (IIASA).

Table 99: Internal Audit Highlights

Challenges: Internal Audit

Challenge	Actions to address
Limited to resource to respond more effectively (eg. Staff and vehicles)	Internal Audit to submit needs and to report quarterly to Management and APC on human and financial resources.

Table 100: Internal Audit Challenges

Employees: Internal Audit

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0.0
4 - 6	0	0	0	0.0
7 - 9	4	3	1	25.0
10 - 12	0	0	0	0.0
13 - 15	6	6	0	0.0
16 - 18	0	0	0	0.0
19 - 20	0	0	0	0.0
Total	**10**	**9**	**1**	**10.0**
As at 30 June 2024				

Table 101: Employees - Internal Audit

Capital Expenditure: Internal Audit

There was no capital expenditure for the 2023/24 financial year.

COMPONENT G: ORGANISATIONAL PERFOMANCE SCORECARD AND INDIVIDUAL PERFORMANCE

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

3.19 Development and Service Delivery Priorities for 2024/25

The main development and service delivery priorities for 2024/25 are included in the Municipality's Top Layer SDBIP for 2024/25 and the Key Performance Indicators to achieve the service delivery priorities:

Administer Finances in a Sustainable Manner and Strive to Comply with Legislative Requirements to Achieve a Favourable Audit Outcome

Internal Ref	KPI	Unit of Measurement	Target
TL19	Compile and submit an Audit Action Plan to Council by 31 January 2025 to address the issues raised by the AG	Audit Action Plan compiled and approved by 31 January 2025	1
TL20	Report quarterly to council on meetings with and correspondence to defaulting municipalities on debt relating to services rendered	Number of reports submitted	4
TL21	Prepare and submit the draft budget to Council by 31 March 2025	Draft budget submitted by 31 March 2025	1
TL22	Prepare and submit the final budget to Council by 31 May 2025	Final budget submitted by 31 May 2025	1
TL23	Prepare and submit the adjustments budget to Council by the 28 February 2025	Adjustments budget submitted by 28 February 2025	1
TL24	Submit the annual financial statements to the Auditor-General by 31 August 2024	Statements submitted to the AG by 31 August 2024	1
TL25	Financial viability measured in terms of the Municipality's ability to meet it's service debt obligations by 30 June 2025 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% debt coverage as at 30 June 2025	45%
TL26	Financial viability measured in terms of the available cash to cover fixed operating expenditure by 30 June 2025 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash as at 30 June 2025	0.01
TL27	Develop an implementation plan for the Revenue Enhancement Plan and submit to Council by 31 May 2025	Implementation plan for the Revenue Enhancement Plan developed and submitted to Council by 31 May 2025	1

Table 102: Service Delivery Priorities for 2024/25- Administer Finances in a Sustainable Manner and Strive to Comply with Legislative Requirements to Achieve a Favourable Audit Outcome

Compliance with the Tenets of Good Governance as Prescribed by Legislation and Best Practice

Internal Ref	KPI	Unit of Measurement	Target
TL1	Submit a report to council by 31 May 2025 on the monitoring and evaluation of community participation	Report submitted to council by 31 May 2025	1
TL2	Host commemorative days as per the approved list by the Municipal Manager and Mayor	Number of commemorative days hosted	5
TL3	Facilitate the meeting of the District HIV/AIDS council	Number of meetings held	2
TL4	Facilitate "Council meets the People" meetings for each municipality by 30 June 2025	Number of meetings facilitated	8
TL5	Facilitate the meeting of the District Communication Forum	Number of meetings held	2
TL6	Compile and distribute the District Municipality's external newsletter	Number of newsletters compiled and distributed	4
TL7	Facilitate the quarterly meetings of the Political District Intergovernmental Forum	Number of meetings facilitated	4
TL8	Facilitate the quarterly meetings of the Technical District Intergovernmental Forum	Number of meetings facilitated	4
TL9	Sign 57 performance agreements with all directors by 31 July 2024	Number of performance agreements signed by 31 July 2024	4
TL11	Complete the Risk Assessment and submit the updated risk register to the Risk Management Committee by 31 March 2025	Risk Analysis completed and updated risk register submitted to the Risk Management Committee by 31 March 2025	1
TL28	Submit the Top layer SDBIP for approval by the Mayor within 14 days after the budget has been approved	Top Layer SDBIP submitted 4 to Mayor within 14 days after the budget has been approved	1
TL29	Submit the draft Annual Report to Council annually by 31 January 2025	Draft annual report submitted to council by 31 January 2025	1

Table 103: ***Services Delivery Priorities for 2024/25 Compliance with the Tenets of Good Governance as Prescribed by Legislation and Best Practice***

Guide Local Municipalities in the Development of their IDP's and in Spatial Development

Internal Ref	KPI	Unit of Measurement	Target
TL41	Compile the IDP review and submit draft to Council by 31 March 2025	Draft IDP review submitted to Council by 31 March 2025	1
TL42	Compile an IDP framework by 31 August 2024 to guide local municipalities	IDP framework completed by 31 August 2024	1

Table 104: ***Services Delivery Priorities for 2024/25- Guide Local Municipalities in the Development of their IDP's and in Spatial Development***

Monitor and Support Local Municipalities to Enhance Service Delivery

Internal Ref	KPI	Unit of Measurement	Target
TL10	Report quarterly to council on Shared Services	Number of reports submitted	4
TL40	Submit quarterly progress reports to the Portfolio Committee on the activities in the department including expenditure on all MIG projects of local municipalities in the district	Number of reports submitted	4

Internal Ref	KPI	Unit of Measurement	Target
	and infrastructure grants/allocations implemented by the district municipality		

Table 105: Services Delivery Priorities for 2024/25- Monitor and Support Local Municipalities to Enhance Service Delivery

Promote Economic Growth in the District

Internal Ref	KPI	Unit of Measurement	Target
TL43	Create full time equivalents (FTE's) through the Expanded Public Works Programme (EPWP) by 30 June 2025 [Person days / FTE (230 days)]	Number full time equivalents (FTE's) created by 30 June 2025	12
TL44	Facilitate quarterly LED forum meetings	Number of meetings Facilitated	4
TL45	Develop an implementation plan for the District Tourism Strategy Plan and submit to Council by 31 May 2025	Implementation Plan for the District Tourism Strategy Plan developed and submitted to Council by 31 May 2025	1
TL46	Host an annual Tourism and Investment summit by 30 June 2025	Tourism and Investment summit hosted annually by 30 June 2025	1
TL47	Review the LED Strategy that includes an implementation plan and submit to Council by 31 May 2025	Reviewed LED Strategy that includes an implementation plan submitted to Council by 31 May 2025	1

Table 106: Service Delivery Priorities for 2024/25- Promote Economic Growth in the District

To Provide a Professional, People-Centred Human Resources and Administrative Service to Citizens, Staff and Council

Internal Ref	KPI	Unit of Measurement	Target
TL30	Spent 1% of personnel budget on training by 30 June 2025 (Actual total training expenditure divided by total personnel budget)	% of the personnel budget spent on training as at 30 June 2025	1%
TL31	Implement the WPSP measured by the % of identified employees that completed training as identified in WPSP by 30 June 2025 (Total number of officials that received training as was identified in the WPSP for 2024/25 / total number of officials that were identified for training in the WPSP for 2024/25	% of identified employees that completed training as identified in WPSP by 30 June 2025	90%
TL32	Limit the vacancy rate of all funded and vacant posts to 10% of funded posts by 30 June 2025 so that 90% of posts are filled ((Number of funded posts vacant/Total number of funded posts)x100)	% vacancy rate of funded posts (Number of funded posts vacant/Total number of funded posts)x100	10%
TL33	Review the Workplace Skills Plan and submit to the LGSETA by 30 April 2025	Plan submitted to the LGSETA by 30 April 2025	1
TL34	The number of people from employment equity target groups employed (newly appointed) in the three highest levels of management in compliance with the municipality's approved Employment Equity Plan by 30 June 2025	Number of people employed (newly appointed)	1
TL39	Review the organizational structure of the district Municipality and submit to council by 31 May 2025	Reviewed Organizational Structure submitted to council by 31 May 2025	1

Table 107: Service Delivery Priorities for 2024/25- To Provide a Professional, People-Centred Human Resources and Administrative Service to Citizens, Staff and Council

To Provide an Independent and Objective Internal Audit Assurance and Consulting Service to Add Value and to Improve the Administrative Operations of all the Municipalities in the District through an Approach that is Systematic and Disciplined

Internal Ref	KPI	Unit of Measurement	Target
TL12	Submit a Quality Assurance Plan for Pixley Ka Seme District Municipality to the Audit Committee by 30 June 2025	Quality Assurance Plan submitted by 30 June 2025	1
TL13	Submit internal audit reports to the local municipalities in terms of the Service Level Agreements	Number of reports submitted	28
TL14	Compile the Risk Based Audit Plan (RBAP) for Pixley Ka Seme District Municipality and submit to the Audit Committee for consideration by 30 June 2025	RBAP submitted by 30 June 2025	1
TL15	Compile the Risk based audit plans (RBAP) for the local municipalities in terms of the Service Level Agreements by 30 June 2025 and place on the agenda of the next Audit Committee meeting	Number of plans completed by 30 June 2025 and placed on the agenda of the next AC meeting	7
TL16	Review the 3 year Strategic Audit Plan for Pixley Ka Seme District Municipality and submit to the Audit Committee by 30 June 2025	Revised 3 year Strategic Audit plan submitted to the AC by 30 June 2025	1
TL17	Review the 3 year Strategic Audit Plan for the Local Municipalities in terms of the Service Level Agreements by 30 June 2025 and place on the agenda for the next Audit Committee meeting	Revised 3 year Strategic Audit plans by 30 June 2025 and placed on the agenda of the next AC meeting	7
TL18	Facilitate the quarterly Audit Committee meetings during the 2024/25 financial year for Pixley Ka Seme District Municipality	Number of Audit Committee meetings facilitated	4

Table 108: Service Delivery Priorities for 2024/25- To Provide an Independent and Objective Internal Audit Assurance and Consulting Service to Add Value and to Improve the Administrative Operations of all the Municipalities in the District through an Approach that is Systematic and Disciplined

To Provide Disaster Management Services to the Citizens

Internal Ref	KPI	Unit of Measurement	Target
TL35	Host training session by 31 May 2025 to train volunteers ito Disaster Management (In collaboration with all departments)	Training session hosted by 31 May 2025	1
TL36	Review the Disaster Management Plan annually and submit to Council by 31 May 2025	Reviewed plan submitted to council by 31 May 2025	1

Table 109: Service Delivery Priorities for 2024/25- To Provide Disaster Management Services to the Citizens

To Provide Municipal Health Services to Improve the Quality of Life of the Citizens

Internal Ref	KPI	Unit of Measurement	Target
TL37	Compile monthly water quality analysis reports to local municipalities in terms of the Water Quality Monitoring Programme	Number of reports compiled	96
TL38	Submit quarterly reports to Council on municipal health services rendered	Number of reports submitted	4

Table 110: Service Delivery Priorities for 2024/25- To Provide Municipal Health Services to Improve the Quality of Life of the Citizens

3.20 Municipal Manager and Managers directly accountable to the Municipal Manager

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance-based agreements with the all s57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). The performance agreements of the senior managers for the 2023/24 financial year were signed as prescribed. The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The final evaluation of the 2022/23 financial year (1 January 2023 to 30 June 2023) took place on ***24 November 2023*** and the mid-year performance of 2023/24 (1 July 2023 to 31 December 2023) took place on ***4 March 2024***.

Chapter 4: Organisational Development Performance

Performance Report Part II

4.1 National Key Performance Indicators - Municipal Transformation and Organisational Development

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development.

KPA& Indicators	2022/23	2023/24
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	1	1
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	1.80%	1.19%

Table 111: National KPIs- Municipal Transformation and Organisational Development

4.2 Introduction to the Municipal Workforce

The Pixley Ka Seme District Municipality currently employs ***90*** permanent officials as at 30 June 2024, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

4.3 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"

Employment Equity Targets/Actual within the 3 highest levels

African		Coloured		Indian		White	
Target June	Actual June	Target June	Actual June	Target June	Actual June	Target June	Actual June
2	4	1	0	0	0	1	1

Table 112: 2023/24 EE targets/Actual by racial classification

Male			Female			Disability		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
1	1	1	3	4	3	1	0	0

Table 113: 2023/24 EE targets/actual by gender classification

Occupational Levels - Race

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
MM & MSA section 57 & 56	1	2	0	1	0	1	0	0	5
Managers (Unit heads)	5	1	0	1	2	1	0	0	10
Professionals and Middle management	2	1	0	1	3	1	0	0	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	5	0	0	0	16	5	0	0	26
Semi - skilled	10	8	0	1	9	7	0	0	34
Unskilled and defined decision making	1	2	0	0	2	2	0	0	7
Total permanent	**24**	**14**	**0**	**4**	**32**	**16**	**0**	**0**	**90**
Non- permanent employees	8	2	0	0	6	8	0	0	24
Grand total	32	16	0	4	38	24	0	0	114

Table 114: Occupational Levels - Race

Departments - Race

The following table categories the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Office of the Municipal Manager	1	2	0	1	1	2	0	0	7
Office of the Executive Mayor	3	0	0	0	2	1	0	0	6
Finance	0	2	0	1	3	2	0	0	8
Corporate Services	14	7	0	1	21	9	0	0	52
Infrastructure, Housing, Planning & Development	5	0	0	0	3	0	0	0	8
Internal Audit	1	3	0	1	2	2	0	0	9
Total permanent	**24**	**14**	**0**	**4**	**32**	**16**	**0**	**0**	**90**
Non- permanent employees	8	2	0	0	6	8	0	0	24
Grand total	32	16	0	4	38	24	0	0	114

Table 115: Departments - Race

4.4 Vacancy Rate

The approved organogram for the municipality has ***106*** posts. The actual positions filled are indicated in the tables below by post level and by functional level. ***16*** posts were vacant at the end of 2023/24, resulting in a vacancy rate of ***15%***.

Below is a table that indicates the vacancies within the municipality:

Department	Filled	Vacant
Office of the Municipal Manager	7	0
Office of the Executive Mayor	6	1
Finance	8	3
Corporate Services	52	6
Infrastructure, Housing, Planning & Development	8	5
Internal Audit	9	1
Total	90	16

Table 116: Vacancy rate per post and functional level

4.5 Turnover rate

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality.

The table below indicates the turn-over rate over the last two years:

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2022/23	85	6	6	7.1%
2023/24	90	20	6	6.7%

Table 117: Turnover rate

4.6 Managing the Municipal Workforce

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The table below indicates the total number of injuries within the different departments:

Department	2022/23	2023/24
Office of the Municipal Manager	0	0
Office of the Executive Mayor	0	0
Finance	0	0
Corporate Services	0	0
Infrastructure, Housing, Planning & Development	0	0
Internal Audit	0	0
Total	**0**	**0**

Table 118: Injuries

Sick Leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The total number of employees that have taken sick leave during the 2023/24 financial year shows na increase when comparing it with the 2022/23 financial year.

The table below indicates the total number sick leave days taken within the year:

Year	Total number of sick leave days taken within the year
2022/23	866
2023/24	1 220

Table 119: Sick Leave

HR Policies and Plans

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved:

Approved policies	
Name of policy	**Date approved/revised**
Recruitment and Selection Policy	16 May 2024
Skills Development Policy	16 May 2024
Career Pathing Policy	16 May 2024
Study Assistance Policy	16 May 2024
Staff Induction Policy	16 May 2024
Bereavement Policy	16 May 2024
Code of Conduct for Municipal Officials	16 May 2024
Dress Code Policy	16 May 2024
Employee Health and Wellness Policy	16 May 2024
Employment Equity Plan	31 March 2023
HIV/Aids Policy	16 May 2024
Human Resources Strategy	16 May 2024
Placement Policy	16 May 2024

Approved policies	
Performance Management Framework	16 May 2024
Promotion and Succession Planning Policy	16 May 2024
Remuneration Policy	16 May 2024
Rental Allowance Scheme Policy	16 May 2024
Substance Abuse Policy	16 May 2024
Organisational Structure	16 May 2024

Table 120: HR policies and plans

4.7 Capacitating the Municipal Workforce

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Skills Matrix

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training
MM and S57	Female	1	1
	Male	2	2
Legislators, senior officials and managers	Female	2	1
	Male	2	2
Associate professionals and Technicians	Female	0	0
	Male	2	1
Professionals	Female	15	12
	Male	5	4
Clerks	Female	10	3
	Male	7	2
Elementary occupations	Female	4	0
	Male	2	0
Sub total	**Female**	**32**	**17**
	Male	**20**	**11**
Total		**52**	**28**

Table 121: Skills Development: Training provided

MFMA Competencies

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcome based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 as per Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

The table below provides details of the financial competency development progress as required by the regulation:

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials				
Accounting officer	1	Yes	1	1
Chief financial officer	1	Yes	1	1
Senior managers	3	Yes	3	3
Any other financial officials	7	N/A	n/a	7
Supply Chain Management Officials				
Heads of supply chain management units	1	No	n/a	1
Supply chain management senior managers	0	No	n/a	0
TOTAL	**13**	**n/a**	**5**	**13**

Table 122: Financial competency development: Progress report

Skills Development - Budget allocation

The table below indicates that a total amount of ***R465 971*** was allocated to the workplace skills plan and that ***82.79%*** of the total amount was spent in the 2023/24 financial year:

Year	Total Expenditure Salary and Allowances	Total Allocated	Total Spend	% Spent
	R			
2022/23	46 715 481	425 450	357 379	84.00
2023/24	58 233 312	465 971	385 773	82.79

Table 123: Budget allocated and spent for skills development

4.8 Managing the Municipal 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.

Personnel Expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years:

Financial year	Total Expenditure Salary and Allowances	Total Operating Expenditure	Percentage
	R		%
2022/23	45 087 647	73 127 931	61.66
2023/24	52 101 986	80 240 229	64.93%

Table 124: Personnel Expenditure

Below is a summary of Councillor and staff benefits for the year under review:

Financial year	2022/23	2023/24		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R			
Councillors (Political Office Bearers plus Other)				
Executive Mayor	944 285	971 819	964 200	999 673
Deputy Executive Mayor	0	0	0	0
Mayoral Committee Members	2 086 684	2 217 197	2 933 152	2 994 563
Speaker	746 959	785 616	783 200	808859
Councillors	1 750 176	1 650 235	1 289 600	1 328 231
Total - Councillors	**5 528 104**	**5 624 867**	**5 970 152**	**6 131 326**
Senior Managers of the Municipality				
Annual Remuneration	4 017 302	4 445 843	4 399 700	4 577 269
Acting Allowance	0	0	0	0
Car Allowance	383 904	420 000	424 400	956 040
Settlement Payment	0	0	0	0
Bonus & Long Service Bonus	300 793	309 252	291 000	286 807
Performance Bonus	608 700	760 000	722 000	706 155
Contribution to UIF, Medical & Pension	9 563	10 630	10 630	11310
Housing Subsidy	0	0	0	0
Telephone Allowance	7 880	61 200	61 200	50400
Leave Pay-Out	0	0	0	0
Other	323 514	537 877	511 900	332 373
Total - Senior Managers of Municipality	**5 651 656**	**6 544 802**	**6 420 830**	**6 920 354**

Financial year	2022/23	2023/24		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R			
Other Municipal Staff				
Basic Salaries and Wages	27 607 090	31 617 568	31 201 521	31 041 107
Pension Contributions	4 673 666	5 174 162	5 112 201	5 134 933
Medical Aid Contributions	1 403 204	1 389 152	1 477 844	1 528 496
Motor vehicle allowance	1 507 163	1 623 869	1 653 500	1 069 018
Cell phone allowance	257 450	216 000	351 800	365 400
Housing allowance	298 625	296 520	268 399	270 279
Overtime	366 793	60 000	500 000	618 918
Other benefits or allowances	3 099 482	2 904 237	3 296 987	5 153 481
Total - Other Municipal Staff	**39 213 473**	**43 281 508**	**43 862 252**	**44 928 751**

Table 125: Personnel Expenditure

Chapter 5: Financial Performance

Component A: Statements of Financial Performance

The Statement of financial performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1 Financial Summary

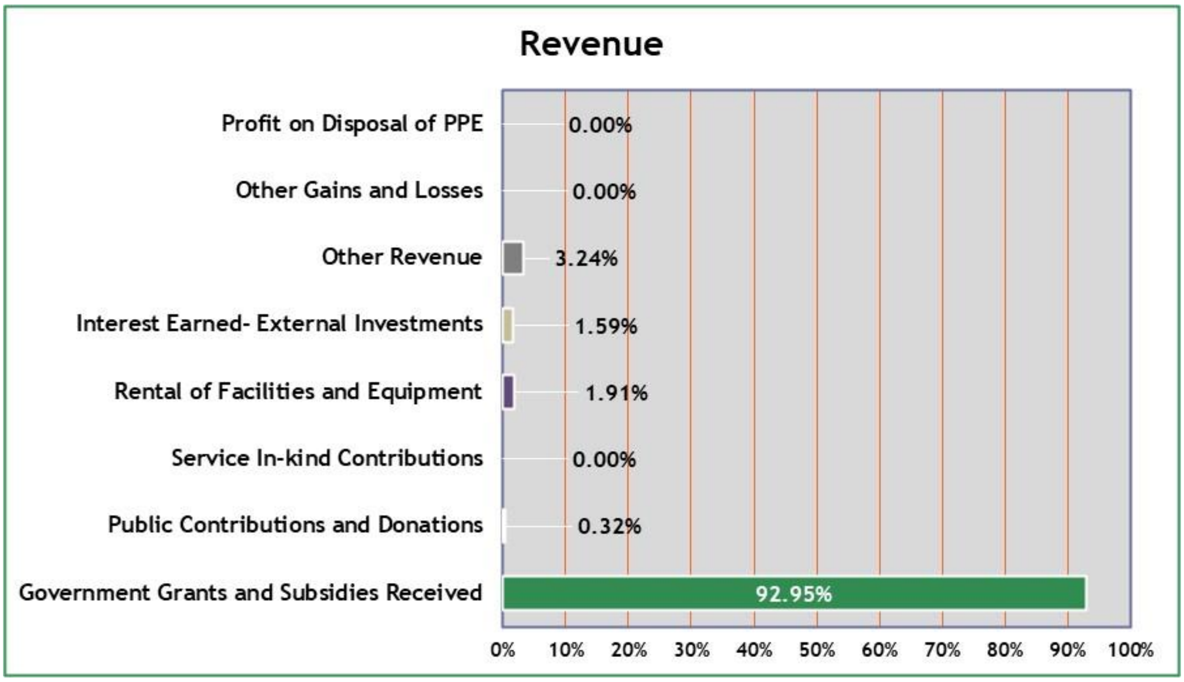
The table below indicates the summary of the financial performance for the 2023/24 financial year:

Description	2022/23	2023/24			2023/24 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	R'000				%	
Financial Performance						
Government Grants and Subsidies Received	67,105	67,673	69,490	70,431	3.92	1.34
Public Contributions and Donations	0	0	0	242	100.00	100.00
Service In-kind Contributions	0	0	0	0	0.00	0.00
Rental of Facilities and Equipment	1,132	1,250	1,300	1,444	13.43	9.96
Interest Earned- External Investments	950	500	800	1,205	58.51	33.62
Other Revenue	2,138	3,249	3,307	2,454	-32.39	-34.74
Other Gains and Losses	0	0	0	0	0.00	0.00
Profit on Disposal of PPE	0	0	0	0	0.00	0.00
Total Revenue (excluding capital transfers and contributions)	**71,325**	**72,672**	**74,897**	**75,776**	**4.10**	**1.16**
Employee costs	44,666	49,826	50,101	52,102	4.37	3.84
Remuneration of councillors	5,528	5,625	5,970	6,131	8.26	2.63
Depreciation & asset impairment	1,703	1,001	1,431	1,515	33.94	5.57
Debt Impairment	2,066	0	0	2,066	100.00	100.00
Repairs and Maintenance	817	500	417	605	17.30	31.03
Finance charges	1,205	0	0	528	100.00	100.00
Materials	357	507	1,001	215	-136.24	-366.24
Transfers and grants	0	0	0	0	0.00	0.00
Other expenditure	18,008	13,669	16,164	19,128	28.54	15.50
Loss on Disposal of PPE	55	0	0	16	28.54	15.50
Total Expenditure	**74,406**	**71,128**	**75,084**	**82,306**	**13.58**	**8.77**
Surplus/(Deficit)	**(3,081)**	**1,544**	**(188)**	**(6,530)**	**123.64**	**97.13**
Transfers recognised - capital	0	0	0	0	0.00	0.00
Contributed assets	0	0	0	0	0.00	0.00
Loss on foreign exchange	0	0	0	0	0.00	0.00
Fair value adjustment	0	0	0	0	0.00	0.00
Acturial gains / (losses)	0	0	0	0	0.00	0.00
Surplus/(Deficit)	**(3,081)**	**1,544**	**(188)**	**(6,530)**	**123.64**	**97.13**
Capital expenditure & funds sources						
Capital expenditure						

Description	2022/23	2023/24			2023/24 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust-ments Budget
	R'000				%	
Transfers recognised - capital (incl Housing Development Fund)	0	0	0	0	0.00	0.00
Public contributions & donations	0	0	0	242	100.00	100.00
Borrowing	0	0	0	0	0.00	0.00
Internally generated funds	3,187	4,319	4,717	3,807	-13.46	-23.90
Total sources of capital funds	3,187	4,319	4,717	4,049	-6.68	-16.50
Financial position						
Total current assets	1,006	-	-	1,257	100.00	100.00
Total non-current assets	11,777	1,150	700	12,373	90.71	94.34
Total current liabilities	11,198	0	0	15,232	100.00	100.00
Total non-current liabilities	7,968	0	0	9,246	100.00	100.00
Community wealth/Equity	0	0	0	0	0.00	0.00
Cash flows						
Cash/cash equivalents at the year begin	2,201	0	0	609	100.00	100.00
Net cash from (used) operating	945	0	0	641	100.00	100.00
Net cash from (used) investing	(1,132)	0	0	(416)	100.00	100.00
Net cash from (used) financing	(1,406)	0	0	(194)	100.00	100.00
Cash/cash equivalents at the year end	**609**	**0**	**0**	**640**	**100.00**	**100.00**
Cash backing/surplus reconciliation						
Cash and investments available	609	0	0	640	100.00	100.00
Application of cash and investments	0	0	0	0	0.00	0.00
Balance - surplus (shortfall)	**609**	**0**	**0**	**640**	**100.00**	**100.00**
Asset management						
Asset register summary (WDV)	11,291	0	0	11,805	100.00	100.00
Depreciation & asset impairment	18,229	0	0	20,097	100.00	100.00
Renewal of Existing Assets	614	1,150	700	1,871	38.54	62.59
Repairs and Maintenance	817	500	417	605	17.30	31.03

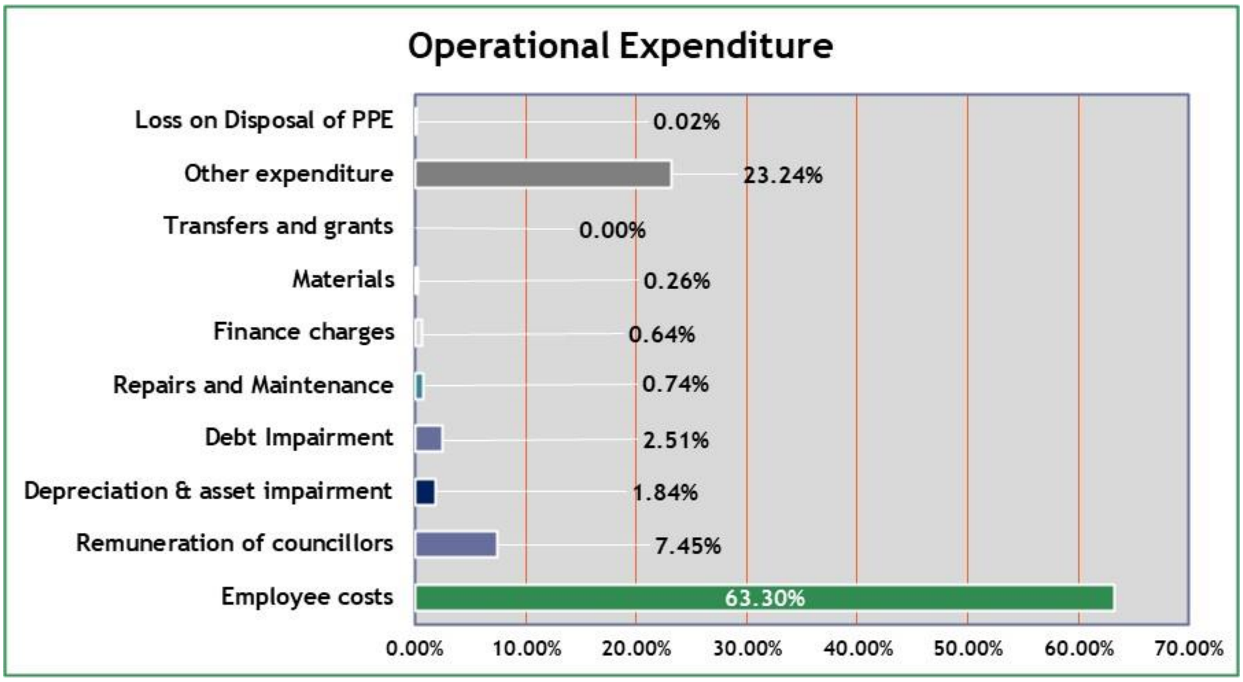
Table 126: Financial Performance

The following graph indicates the various types of revenue received in 2023/24:



Graph 12: Revenue

The following graph indicates the various types of expenditure items in 2023/24:



Graph 13: Operating Expenditure

The table below shows a summary of performance against budgets:

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	(R'000)				(R'000)			
2022/23	70,121	71,325	1,204	0.02	70,031	72,340	2,310	0.03
2023/24	72,672	75,776	3,104	0.04	71,546	80,240	8,694	0.12

Table 127: Performance against budgets

5.1.1 Revenue Collection by Vote

The table below indicates the Revenue collection performance by vote

Vote Description	2022/23	2023/24
	Actual	Actual
	R'000	
Mayor & Council	500	0
Budget and Treasury Office	65,200	67,240
IDP	4,293	4,182
Health	1,132	1,250
Housing	200	-
Total Revenue by Vote (Including capital transfers and contributions)	**71,325**	**72,672**

Table 128: Revenue collection by vote

5.1.2 Revenue Collection by Source

The table below indicates the Revenue collection performance by source for the financial year:

Description	2022/23	2023/24			2023/24 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000			%		
Government Grants and Subsidies received	67,105	67,673	69,490	70,431	3.92	1.34
Public Contributions and donations	0	0	0	242	100.00	100.00
Service In-kind Contributions	0	0	0	0	0.00	0.00
Licence and permits	1,132	1,250	1,300	1,444	13.43	9.96
Interest earned - external investments	950	500	800	1,205	58.51	33.62
Other revenue	2,138	2,649	3,307	2,454	-7.95	-34.74
Other Gains and Losses	0	0	0	0	0.00	0.00
Profit on disposal of Property Plant and Equipment	0	0	0	0	0.00	0.00
Total Revenue (excluding capital transfers and contributions)	**71,325**	**72,072**	**74,897**	**75,776**	**4.89**	**1.16**

Table 129: Revenue collection by source

5.2 Financial Performance per Municipal Function

5.2.1 Housing

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	**0**	**0**	**0**	**0**	**0.00**
Expenditure:					
Employees	2,065	1,948	1,974	1,994	2.31
Repairs and Maintenance	0	0	0	0	0.00
Other	222	129	129	94	-36.99
Total Operational Expenditure	**2,287**	**2,076**	**2,103**	**2,088**	**0.54**
Net Operational (Service)	**(2,287)**	**(2,076)**	**(2,103)**	**(2,088)**	**0.54**

Table 130: Financial Performance: Housing

5.2.2 Planning, Infrastructure and Development

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	**4,293**	**4,182**	**4,924**	**5,226**	**19.98**
Expenditure:					
Employees	6,528	7,360	6,768	5,944	-23.82
Repairs and Maintenance	0	0	0	0	0.00
Other	3,895	2,726	3,596	4,101	33.53
Total Operational Expenditure	**10,423**	**10,086**	**10,364**	**10,045**	**-0.41**
Net Operational (Service)	**(6,130)**	**(5,904)**	**(5,440)**	**(4,819)**	**-22.52**

Table 131: Financial Performance: Planning, Infrastructure and Development

5.2.3 Disaster Management

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	**0**	**0**	**0**	**0**	**0.00**
Expenditure:					
Employees	3,545	3,354	4,359	4,749	29.38
Repairs and Maintenance	0	0	0	0	0.00
Other	339	352	282	213	-65.45
Total Operational Expenditure	**3,884**	**3,706**	**4,640**	**4,962**	**25.32**
Net Operational (Service)	**(3,884)**	**(3,706)**	**(4,640)**	**(4,962)**	**25.32**

Table 132: Financial Performance: Disaster Management

5.2.4 Municipal Health Service

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	1,132	1,250	1,300	1,544	**19.03**
Expenditure:					
Employees	7,277	7,935	8,055	8,078	1.77
Repairs and Maintenance	0	0	0	0	0.00
Other	627	889	855	728	-22.12
Total Operational Expenditure	**7,904**	**8,824**	**8,910**	**8,806**	**-0.20**
Net Operational (Service)	**(6,772)**	**(7,574)**	**(7,610)**	**(7,262)**	**-4.29**

Table 133: Financial Performance: Municipal Health Service

5.2.5 Council

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	500	0	775	775	**100.00**
Expenditure:					
Employees	9,159	9,420	9,931	10,341	8.91
Repairs and Maintenance	0	0	0	0	0.00
Other	2,827	2,098	2,850	3,750	44.05
Total Operational Expenditure	**11,985**	**11,518**	**12,781**	**14,091**	**18.26**
Net Operational (Service)	**(11,485)**	**(11,518)**	**(12,006)**	**(13,316)**	**13.50**

Table 134: Financial Performance: Council

5.2.6 Office of the Municipal Manager

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	**0**	**0**	**0**	**0**	**0.00**
Expenditure:					
Employees	1,560	2,036	1,993	2,060	1.16
Repairs and Maintenance	0	0	0	0	0.00
Other	205	216	220	244	11.51
Total Operational Expenditure	**1,766**	**2,251**	**2,213**	**2,303**	**2.25**
Net Operational (Service)	**(1,766)**	**(2,251)**	**(2,213)**	**(2,303)**	**2.25**

Table 135: Financial Performance: Office of the Municipal Manager

5.2.7 Financial Services

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	65,200	67,240	67,598	67,789	**0.81**
Expenditure:					
Employees	6,498	7,116	6,630	6,368	-11.74
Repairs and Maintenance	817	500	417	605	17.30
Grants and subsidies paid	0	0	0	0	0.00
Depreciation/Amortarisation	1,703	1,001	1,431	1,515	33.94
Impairment Losses	0	0	0	0	0.00
Finance Cost	1,205	0	0	528	100.00
Contracted Services	670	2,776	2,980	745	-272.84
Other	0	0	0	4,864	100.00
Loss on disposal of PPE	55	0	0	16	100.00
Total Operational Expenditure	**10,949**	**11,393**	**11,458**	**14,641**	**22.19**
Net Operational (Service)	**54,251**	**55,847**	**56,140**	**53,148**	**-5.08**

Table 136: Financial Performance: Financial Services

5.2.8 Corporate Services

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	**0**	**0**	**0**	**0**	**0.00**
Expenditure:					
Employees	10,597	9,777	9,903	10,258	4.69
Repairs and Maintenance	0	0	0	0	0.00
Other	3,573	2,586	3,021	2,899	10.80
Total Operational Expenditure	**14,170**	**12,363**	**12,924**	**13,156**	**6.03**
Net Operational (Service)	**(14,170)**	**(12,363)**	**(12,924)**	**(13,156)**	**6.03**

Table 137: Financial Performance: Corporate Services

5.2.9 Internal Audit

Description	2022/23	2023/24			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	**0**	**0**	**0**	**0**	**0.00**
Expenditure:					
Employees	6,022	6,507	6,458	6,555	0.74
Repairs and Maintenance	0	0	0	0	0.00
Other	971	922	750	907	-1.68
Total Operational Expenditure	**6,992**	**7,429**	**7,208**	**7,462**	**0.44**
Net Operational (Service)	**(6,992)**	**(7,429)**	**(7,208)**	**(7,462)**	**0.44**

Table 138: Financial Performance: Internal Audit

5.3 Grants

5.3.1 Grant Performance

The Municipality had a total amount R70,431 million available that was received in the form of grants from the National and Provincial Governments during the 2023/24 financial year. The performance in the spending of these grants is indicated in the table below:

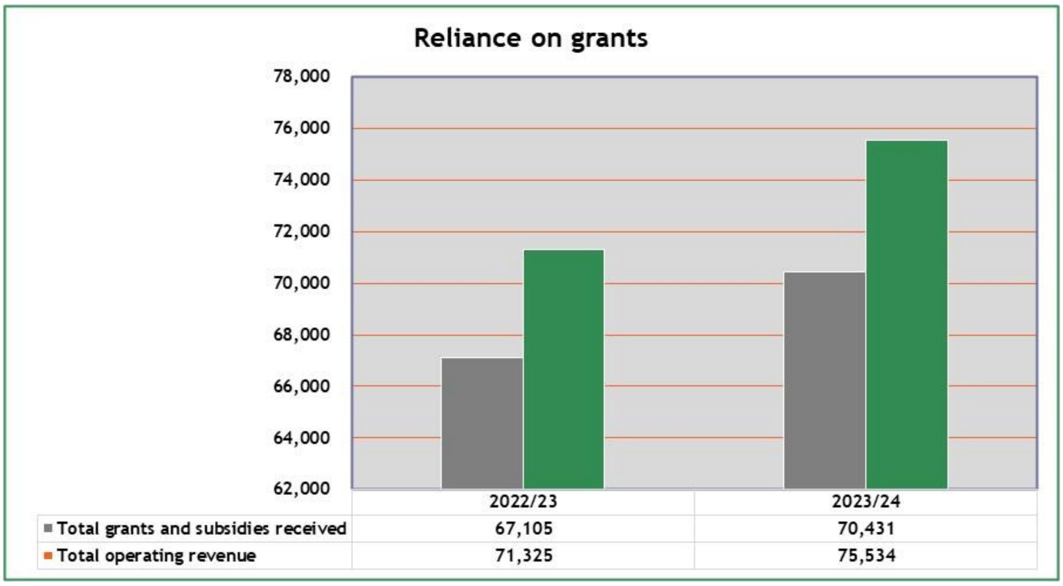
Description	2022/23	2023/24			2023/24 Variance	
	Actual	Budget	Adjust-ments Budget	Actual	Original Budget	Adjust-ments Budget
	R'000				%	
Operating Transfers and Grants						
National Government:	**62,481**	**64,441**	**64,441**	**64,430**	**-0.02**	**-0.02**
Equitable share	59,758	61,791	61,791	61,791	0.00	0.00
Expanded Public Works Programme	1,073	950	950	939	-1.17	-1.17
Finance Management Grant	1,650	1,700	1,700	1,700	0.00	0.00
Provincial Government:	**904**	**800**	**1,552**	**1,864**	**57.09**	**16.75**
Cleaning Project	0	0	742	1,055	100.00	29.68
COGHTA Grant	200	200	200	200	0.00	0.00
Provincial Roads	704	600	610	609	1.47	-0.17
Other Grant Providers:	3,720	3,232	4,107	4,137	21.87	0.72
Health Subsidy	500	0	250	250	100.00	0.00
RAMS	3,220	3,232	3,232	3,232	0.00	0.00
DPSA	0	0	0	30	100.00	100.00
SANBI	0	0	100	100	100.00	0.00
Department of Tourism	0	0	525	525	100.00	0.00
Total Operating Transfers and Grants	**67,105**	**68,473**	**70,100**	**70,431**	**2.78**	**0.47**
Actual amounts represent the total revenue recognised excluding VAT on grants and subsidies						

Table 139: *Grant Performance*

5.3.2 Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000		%
2022/23	67,105	71,325	**94.08**
2023/24	70,431	75,534	**93.24**

Table 140: *Level of reliance on grants*



Graph 14: Reliance on grants

5.4 Financial Ratios

5.4.1 Current Ratio

Description	Basis of calculation	2022/23	2023/24
Current Ratio	Current assets/current liabilities	0.09	0.08
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	5.44	5.11
Liquidity Ratio	Monetary Assets/Current Liabilities	0.09	0.08

Table 141: Liquidity Ratio

5.4.2 Performance Management Regulation Financial Viability Indicators

Description	Basis of calculation	Unit of Measurement	2022/23	2023/24
Cost Coverage	Financial viability measured in terms of the available cash to cover fixed operating expenditure by 30 June 2017 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	0.11	0.1
Debt coverage	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations by 30 June 2017 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% of debt coverage	0.00%	2.10

5.4.3 Borrowing Management

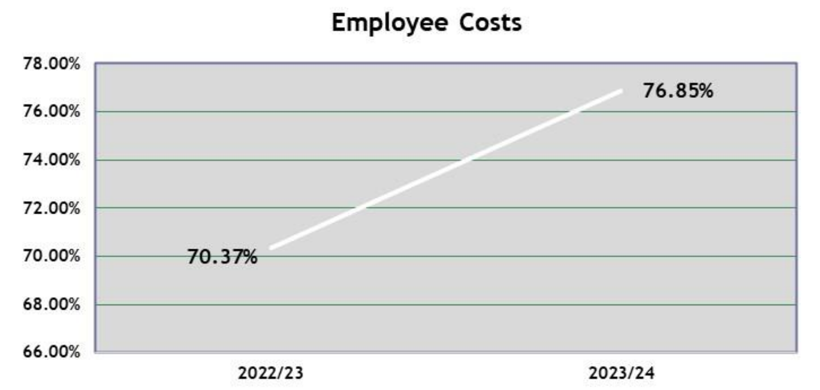
Description	Basis of calculation	2022/23	2023/24
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.00%	0.00%

Table 142: Borrowing Management

5.4.4 Employee costs

Description	Basis of calculation	2022/23	2023/24
Employee costs	Employee costs/(Total Revenue - capital revenue)	70.37%	76.85%

Table 143: Employee Costs



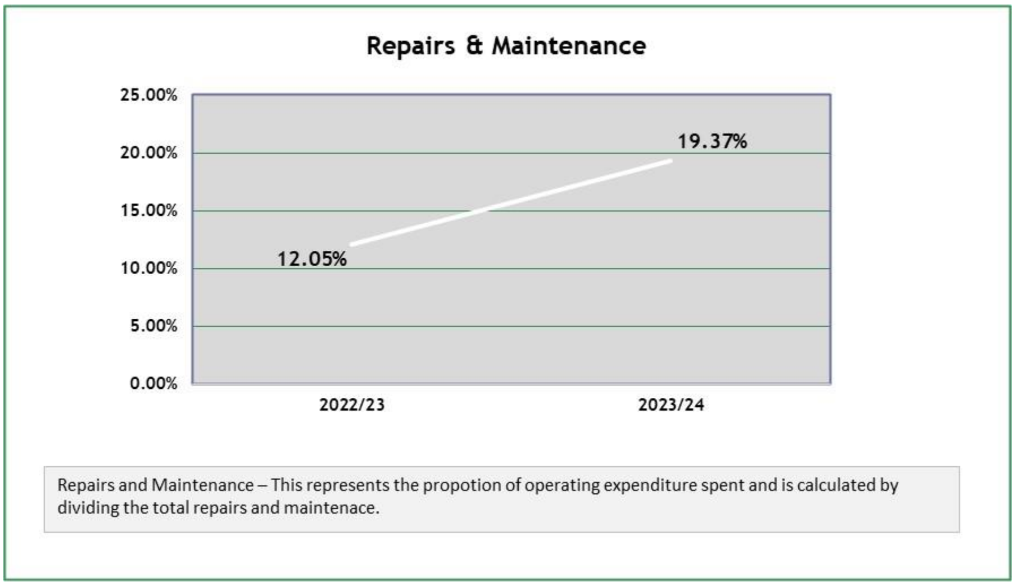
Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Graph 15: **Employee Costs Ratio**

5.4.5 Repairs & Maintenance

Description	Basis of calculation	2022/23	2023/24
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	12.05%	19.37%

Table 144: Repairs and Maintenance



Graph 16: Repairs and Maintenance Ratio

Component B: Cash Flow Management, Borrowing & Investments

5.5 Cash Flow

Description	2022/23	2023/24		
	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Cash flow from operating activities				
Receipts				
Ratepayers and other	0	0	0	0
Government - operating	67,105	67,673	69,490	70,375
Government - capital	0	0	0	0
Interest	950	500	800	1,171
Dividends	0	0	0	0
Other Receipts	2,908	4,499	4,607	3,553
Payments				
Employee cost and suppliers	-69,837	-72,427	-72,235	-73,985
Finance charges	-180	0	0	-473
Transfers and grants	0	0	0	0
Net cash from/(used) operating activities	**946**	**245**	**2,662**	**641**
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	0	0	0	0
Decrease (Increase) in non-current debtors	0	0	0	0

Description	2022/23	2023/24		
	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Decrease (increase) other non-current receivables	0	0	0	0
Decrease (increase) in non-current investments	0	0	0	0
Payment				
Capital assets	1,132	1,150	700	416
Net cash from/(used) investing activities	**1,132**	**1,150**	**700**	**416**
Cash flows from financing activities				
Receipts				
Short term loans	0	0	0	0
Borrowing long term/refinancing	1,406	0	0	194
Increase (decrease) in consumer deposits	0	0	0	0
Payments				
Repayment of borrowing	0	0	0	0
Net cash from/(used) financing activities	**1,406**	**0**	**0**	**194**
Net increase/ (decrease) in cash held	**2,538**	**1,150**	**847**	**611**
Cash/cash equivalents at the year begin:	**2,201**	**0**	**0**	**609**
Cash/cash equivalents at the year-end:	**609**	**0**	**0**	**640**

Table 145: Cash Flow

5.6 Borrowing

5.6.1 Actual Borrowings

Instrument	2022/23	2023/24
	R'000	
Financial Leases	1,406	194
Total	**1,406**	**194**

Table 146: Actual Borrowings

5.7 Investments

5.7.1 Actual Investments

Investment type	2022/23	2023/24
	R'000	
Deposits - Bank	0	0

Table 147: Municipal Investments

5.8 Municipal Cost Containment Measures

The Municipal Cost Containment Regulations (MCCR) were promulgated on 7 June 2019, with the effective date of 1 July 2019. The objective of these Regulations, in line with sections 62(1)(a), 78(1)(b), 95(a) and 105(1)(b) of the Municipal Finance Management Act, is to ensure that the resources of a municipality are used effectively, efficiently and economically by implementing cost containment measures.

Regulation 4(1) of the MCCR require that a municipality must develop or revise and implement a cost containment policy which must -

- be adopted by the municipal council as part of its budget related policies;
- define a municipality's objectives for the use of consultants; and
- be consistent with the MFMA and these Regulations

In terms of section 15. (1) of the MCCR, cost containment measures applied by the municipality must be disclosed and included in the municipal in -year budget reports and annual costs savings in the annual report. The measures implemented and aggregate amounts saved per quarter, together with the regular reports on reprioritisation of cost savings and on the implementation of the cost containment measures must be submitted to the Municipal Council for review and resolution.

The following cost containment measures are disclosed for the 2023/24 financial year:

Cost Containment Measure	Actual Expenditure 2022/23	Adjustment Budget 2023/24	Actual Expenditure 2023/24	Saving/(Over spending) 2023/24	Saving/(Increase) between 2022/23 and 2023/24
	R				
Consultants and Professional services	3 505 665	1 763 000	2 970 600	(1 207 600)	535 065
Vehicles used for political office -bearers	17 940	0	29 185	(29 185)	(11 245)
Travel and subsistence	2 709 015	525 000	2 854 958	(2 329 958)	(145 943)
Domestic accommodation	1 602 934	1 690 000	1 611 640	78 360	(8 706)
Sponsorships, events and catering	767 537	992000	1 272 948	(280 948)	(505 411)
Communication	214 182	260 000	165 080	94 920	49 102
Other related expenditure items	9 190 565	10 933 905	10 223 986	(1 742 968)	(1 033 421)
Total	**18 007 838**	**16 163 905**	**19 128 397**	**(2 964 492)**	**(1 120 559)**

Table 148: Municipal Cost Containment Measures

CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

Component A: Auditor-General Report 2022/23

6.1 Auditor-General Report 2022/23

Main issues raised	Corrective steps implemented/ to be implemented
Emphasis of Matter	
Material uncertainty relating to going concern.	- Decrease expenditure by R6,8 M - Increase investments(assets) by R6,8 M - Increase income by R6,8 M
Unauthorized expenditure-Council did not budget for non-cash items e.g. depreciation and provisions.	- Decrease expenditure by R5 M - Increase reserves(investments) by R5 M - Increase income by R5 M
Other Matters	
Expenditure Management: - Payments not made within 30 days(AG Account) - Payments made without proper approval(MFMA 11(1) - Reasonable steps not taken to prevent Irregular Expenditure R3,1 M(Nahua and UOFS) - Reasonable steps not taken to prevent F & W expenditure R230 098(interest on AG account) - Latter two investigated and condoned/written-off hence no Consequent Management paragraphs.	- MM in process of reviewing financial delegations(End January 2024) - Irregular payments was part of a long-term contract. Service providers appointed during December 2023 via the proper SCM processes. - Investigations into UIW & I to be concluded before submission of 23/24 AFS. - Issue relating to 30 day payments to be determined by our financial position.
Procurement and Contract Management: - Preferential Procurement Point System not applied on purchase with a value above petty-cash-16.01.2023 introduced my National Treasury. - Some contracts extended without approval/represented to Council(approved by MM only) - Performance contractors not monitored on a monthly basis.(no attachments)	- SCM policy ammended in line with National Regulation and adopted by Council on 8 December 2023. - Extended contracts to form a part of agenda of 2023/2024 Council Meetings - End users to keep POE on contractors/Service providers.

Table 149: AG Report 2022/23

Component B: Auditor-General Report 2023/24

6.2 Auditor-General Report 2023/24

Main issues raised	Corrective steps implemented/ to be implemented
Emphasis of Matter	
Unauthorised Expenditure **Issue:** The municipality has incurred unauthorised expenditure of R9,083,126 due to budget overspending per vote.	- **Improve Budgeting Controls:** Strengthen budget planning and monitoring processes. Ensure that the budget is realistic and that allocations are adhered to. Implement a more robust mechanism for tracking budget variances regularly, ideally monthly, and addressing potential overspends early. - **Enforce Accountability:** Establish clear accountability measures for overspending. Ensure that the appropriate department heads and managers are held accountable for adhering to budget limits and reporting variances. - **Revised Approval Processes:** Strengthen the approval processes for budget adjustments and ensure that any overspending is properly approved by the council before it happens. - **Training and Awareness:** Conduct training for officials on the importance of adhering to budgetary constraints, and the consequences of unauthorised expenditure. - **Use of Contingency Funds:** Create and utilize a contingency fund to manage unforeseen expenses,

Main issues raised	Corrective steps implemented/ to be implemented
	thereby preventing the need for unauthorised expenditure.
Going Concern **Issue:** The municipality faces the risk of continuing deterioration in operational results, which may negatively affect its prospects, performance, and cash flows in the future, as highlighted in note 45 of the financial statements.	- Financial and Cash Flow Management: Enhance the municipality's financial management practices, focusing on improving cash flow by addressing revenue collection issues and improving debt recovery strategies. - Revenue Enhancement Strategies: Develop and implement strategies to diversify and increase revenue streams. - Cost-Cutting and Efficiency Measures: Implement cost-reduction initiatives by reviewing and optimizing operational expenses. This could include streamlining processes, renegotiating service contracts, and reducing wasteful expenditure. - Strengthening Governance and Oversight: Ensure that there is effective oversight by the municipality's council and audit committees to monitor financial performance and take corrective actions as necessary. - Develop a Financial Recovery Plan: Work with financial experts to create a detailed financial recovery plan that addresses the underlying causes of the operational decline. This plan should include specific actions, timelines, and performance targets to restore financial stability. - Engage with National and Provincial Authorities: The municipality should actively engage with the National and Provincial Treasuries to discuss possible interventions, such as financial assistance or restructuring plans, if necessary.
General Measures for Both Issues	- **Regular Monitoring and Reporting:** Implement a robust system for continuous monitoring of financial performance, ensuring that reports on budget adherence, unauthorised expenditure, and cash flow issues are regularly reviewed by senior management and the council. - **Transparent Communication:** Communicate clearly with stakeholders (e.g., the public, government, and oversight bodies) about the municipality's financial situation and the corrective actions being taken. - **Strengthen Internal Controls:** Ensure that there are proper internal controls in place, particularly regarding expenditure approval, budget compliance, and financial reporting. Regular internal audits should be conducted to assess the effectiveness of these controls.
Other Matters	
1. Unaudited Disclosure Notes **Issue:** The municipality has not disclosed the particulars of non-compliance with the MFMA in the financial statements, as required by section 125(2)(e) of the MFMA.	- **Ensure Full Compliance with Disclosure Requirements:** The municipality should strengthen its financial reporting processes to ensure that all required disclosures, including particulars of non-compliance with the MFMA, are included in the financial statements. - **Review Financial Statement Preparation Procedures:** The accounting officer should ensure that the process for preparing the financial statements is comprehensive and includes all necessary disclosures. This should include reviewing applicable laws and regulations, such as the MFMA and DORA, to ensure that all compliance matters are reported. - **Internal Compliance Checks:** Implement an internal compliance review system before the financial statements are submitted for audit to ensure that all required disclosures are properly included and verified. - **Training for Financial Reporting Team:** Provide regular training to staff responsible for preparing the financial statements on the MFMA requirements, particularly the disclosure obligations.
2. Performance Reporting Misalignment and Inaccuracy	- **Regular Internal Monitoring and Evaluation:**

Main issues raised	Corrective steps implemented/ to be implemented
Issue: The reported achievement on quarterly reports to the council on shared services was inaccurate, and there was misalignment between the approved plans and the actual operations. The indicator reported was not useful for measuring the intended objective (monitoring and supporting local municipalities to enhance service delivery).	• Revise the timing of the tabling of the fourth quarter's performance to align with the timing of the external audit. • Introduce regular monitoring and evaluation processes to check the progress on performance indicators throughout the year. This will allow for timely adjustments and corrections in reporting, reducing the likelihood of discrepancies at year-end. • Strengthen internal controls to ensure that performance data is properly collected, verified, and reported in accordance with set objectives. • Revise the timing of the tabling of the fourth quarter's performance to align with the timing of the external audit.
3. Improving Transparency and Accountability **Issue:** Incorrect reporting of performance undermines transparency and accountability.	**Ensure Consistency Between Planning and Reporting:** • Ensure that the performance information reported in the annual performance report is consistent with the approved planning documents and actual achievements. If there are discrepancies, these should be addressed promptly and reported accurately. • Establish a clear link between the municipality's strategic goals, the planning documents, and the performance indicators to ensure that there is no confusion or misreporting. **Revisit Performance Indicator Definitions:** • Revise the definition of the indicators to ensure that they are well-defined, understandable, and verifiable. This will help in ensuring that performance is accurately measured and reported. **Improve Oversight and Governance:** • Strengthen the role of the council and oversight committees in reviewing and approving performance reports. They should closely monitor performance against targets and hold management accountable for any discrepancies. • Encourage an open and transparent approach to performance reporting, where the municipality proactively communicates both achievements and challenges in the annual performance report.
4. **Training and Capacity Building**	**Capacity Building for Performance Reporting:** • Offer regular training to staff involved in performance reporting on the importance of accurate and transparent reporting. This training should cover performance management frameworks, the link between indicators and strategic objectives, and the importance of compliance with legal requirements such as the MFMA and DORA. **Strengthening Performance Management Systems:** • Implement a performance management system that allows for the systematic tracking and evaluation of municipal activities. The system should ensure that all indicators are aligned with the strategic objectives and that progress is regularly monitored and reported.
5. Achievement of Planned Targets and Material Misstatements **Issue:** There was a material misstatement in the reported achievement of targets, specifically for the objective "Monitor and support local municipalities to enhance service delivery."	**Improve Monitoring and Reporting Systems:** Establish a more rigorous monitoring system to track the progress on each target. Ensure that data is accurate and timely to avoid discrepancies between reported and actual achievements. **Timely and Accurate Reporting:** Ensure that performance reports are reviewed by relevant stakeholders before submission. The leadership should

Main issues raised	Corrective steps implemented/ to be implemented
	ensure that there is alignment between what is planned, what is reported, and what is achieved. - **Internal Quality Checks:** Implement internal review mechanisms to cross-check performance information, especially for key indicators, before it is included in the annual performance report. This will help prevent material misstatements. - **Training and Capacity Building:** Provide training for officials involved in reporting to improve understanding of the importance of accurate performance reporting and the processes involved in verifying the data.
6. Compliance with Legislation (MFMA) **Issues:** Non-compliance with various provisions of the MFMA and procurement regulations, including misstatements in financial statements and failure to follow proper procurement processes.	- **Strengthen Financial Management and Compliance Frameworks:** • Ensure that financial statements are prepared in full compliance with the MFMA. The municipality should address the identified material misstatements and ensure that all financial records are supported by appropriate documentation. • Establish robust internal controls and regular reviews of compliance with the MFMA and other relevant legislation. • Set up a compliance committee or designate a compliance officer to oversee adherence to legislation and take corrective action when necessary. - **Procurement and Contract Management Improvements:** • Review and enforce strict adherence to procurement regulations. This includes ensuring competitive bidding is used for all goods and services that fall within the prescribed transaction value and that bids are advertised for the required minimum period. • Implement better monitoring of contractors' performance in line with section 116(2) of the MFMA. Regular monthly performance reviews should be conducted to ensure contract obligations are met. • Implement a robust contract management system to track compliance with the terms of contracts and prevent non-compliance or inefficiencies. - **Irregular, Fruitless, and Wasteful Expenditure Management:** • Take immediate steps to quantify and investigate the full extent of irregular expenditure. Ensure that appropriate action is taken to address any non-compliance with procurement regulations and prevent future occurrences. • Strengthen the oversight and control environment to prevent fruitless and wasteful expenditure, especially in cases such as the interest charged on overdue accounts. • Investigate and take corrective action on unauthorised expenditure to identify whether any individuals are liable for it. This should be done in line with section 32(2)(a) of the MFMA.
7. Consequences Management **Issue:** Unauthorised expenditure was not investigated to determine if any individual should be held liable.	- **Investigate Unauthorised Expenditure:** Establish a clear process for investigating unauthorised expenditure. This process should include identifying who is responsible for the expenditure and holding those accountable in accordance with the provisions of the MFMA. - **Implement Consequence Management:** Develop and enforce a consequence management policy to deal with instances of non-compliance, unauthorised expenditure, and other breaches. This policy should outline actions to be taken against officials who fail to comply with regulations.

Main issues raised	Corrective steps implemented/ to be implemented
8. Mid-Year Performance Assessments **Issue:** A mid-year performance assessment was not conducted as required by section 72(1)(a)(ii) of the MFMA.	- **Conduct Mid-Year Performance Assessment:** Ensure that a formal mid-year performance assessment is carried out, as required by the MFMA. This will provide an opportunity to assess the municipality's progress towards meeting its performance targets and to take corrective action if necessary. - **Implement Regular Performance Reviews:** Conduct regular performance reviews at mid-year and year-end to monitor progress on all planned targets. Use these reviews to adjust plans or take corrective action on underperformance.
9. Internal Control Deficiencies **Issue:** There were significant internal control deficiencies, including failure to retrieve and submit required information for audit purposes in a timely manner, and a lack of adequate reviews of financial statements and performance reports.	- **Strengthen Internal Controls:** Review and strengthen internal control systems to ensure that financial and performance reports are accurate, timely, and complete. This includes implementing regular checks and balances at different stages of report preparation. - **Improve Document Management Systems:** Ensure that all supporting documents are readily available and accessible for audit purposes. Implement an electronic document management system that allows for the timely retrieval and submission of information. - **Leadership Oversight and Accountability:** Municipal leadership should take a more active role in reinforcing the control environment. This includes reviewing and approving financial statements, performance reports, and compliance reports before they are submitted for audit. - **Implement Corrective Action for Audit Findings:** Develop and implement corrective action plans for all audit findings, including those related to non-compliance, misstatements, and internal control weaknesses. These plans should address the root causes of the deficiencies and outline steps for improvement.

Table 150: AG Report 2023/24

LIST OF ABBREVIATIONS

AG	Auditor-General
CAPEX	Capital Expenditure
CFO	Chief Financial Officer
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
EE	Employment Equity
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IMFO	Institute for Municipal Finance Officers
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MAYCO	Executive Mayoral Committee
MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MSA	Municipal Systems Act No. 32 of 2000
NGO	Non-governmental organisation
NT	National Treasury
OPEX	Operating expenditure
PMS	Performance Management System
PT	Provincial Treasury
SALGA	South African Local Government Organisation
SAMDI	South African Management Development Institute
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework

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Annexure A: Financial Statements

Pixley-ka-Seme District Municipality (DC7)
Annual Financial Statements
for the year ended 30 June 2024
Auditor-General of South Africa (AGSA)

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	A municipality, which is an organ of state within the local sphere of government exercising legislative and executive authority.
Nature of business and principal activities	A local authority providing municipal services and maintaining the best interest of the community in the Pixley-ka-Seme district.
Members of Council	UR Itumeleng (Executive Mayor) TA Sintu (Speaker) B Viviers EK Louw K Gous S Swartling NS van Wyk N Booysen AP Poyo VP Harmse WD Hoorne MJ Katz A Kwinana MN Mackay SW Makhandula MA Maloi F Mans H Marais NS Mlungwana PA Olyn LM Zenani B Swanepoel S Bibi PP Mhlauli P Charles
Accounting officers	I Visser
Chief financial officer	BF James
Registered office	Culvert Road De Aar 7000
Business address	Culvert Road De Aar 7000
Postal address	Private Bag X1012 De Aar 7000
Bankers	Standard Bank of South Africa Limited
Auditors	Auditor-General of South Africa (AGSA)

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

Abbreviations used:

AGSA	Auditor-General of South Africa
COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of Southern Africa
DoRA	Division of Revenue Act
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
mSCOA	Municipal Standard Chart of Accounts
MFMA	Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

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

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

The accounting officer has reviewed the municipality’s cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

The annual financial statements set out on pages 4 to 61, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

I. Visser
Accounting Officer

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2024.

1. Review of activities

Main business and operations

The municipality is engaged in a local authority providing municipal services and maintaining the best interest of the community in the Pixley-ka-Seme district. and operates principally in South Africa.

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

Net deficit of the entity was R 4 464 298 (2023: deficit R 1 015 380).

2. Going concern

We draw attention to the fact that at 30 June 2024, the entity had an accumulated surplus (deficit) of R (10 847 807) and that the municipality's total liabilities exceed its assets by R (10 847 807).

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

3. Subsequent events

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

4. Accounting officer's interest in contracts

The accounting officer had no interest in any contracts.

5. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Non-current assets

There were no major changes in the nature of the non-current assets of the municipality during the year.

7. Auditors

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

The annual financial statements set out on pages 4 to 61, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

I. Visser
Accounting Officer

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note	2024	2023 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	479 486	396 942
VAT receivable	4	137 865	-
Cash and cash equivalents	5	639 715	608 869
		1 257 066	**1 005 811**
Non-Current Assets			
Property, plant and equipment	6	11 805 093	11 291 413
Intangible assets	7	568 011	485 847
		12 373 104	**11 777 260**
Total Assets		**13 630 170**	**12 783 071**
Liabilities			
Current Liabilities			
Finance lease obligation	8	451 616	-
Payables from exchange transactions	9	12 659 878	8 807 475
VAT payable	10	-	147 930
Employee benefit obligation	11	736 000	802 290
Unspent conditional grants and receipts	12	1 384 181	1 440 755
		15 231 675	**11 198 450**
Non-Current Liabilities			
Finance lease obligation	8	879 302	-
Employee benefit obligation	11	8 367 000	7 968 130
		9 246 302	**7 968 130**
Total Liabilities		**24 477 977**	**19 166 580**
Net Assets		**(10 847 807)**	**(6 383 509)**
Accumulated surplus		(10 847 807)	(6 383 509)
Total Net Assets		**(10 847 807)**	**(6 383 509)**

* See Note 42

Statement of Financial Performance

Figures in Rand	Note	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Licences and permits	13	1 443 836	1 132 228
Other income	14	2 454 114	2 138 166
Interest received - investment	15	1 205 234	949 650
Total revenue from exchange transactions		**5 103 184**	**4 220 044**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	16	70 431 091	67 104 817
Public contributions and donations	17	241 656	-
Total revenue from non-exchange transactions		**70 672 747**	**67 104 817**
Total revenue		**75 775 931**	**71 324 861**
Expenditure			
Employee related costs	18	(52 101 986)	(44 666 333)
Remuneration of councillors	19	(6 131 326)	(5 528 104)
Depreciation and amortisation	20	(1 515 343)	(1 703 009)
Finance costs	21	(527 649)	(1 205 448)
Repairs and maintenance	22	(604 597)	(817 266)
Materials	23	(214 700)	(357 131)
Gain (loss) on disposal of assets and liabilities	24	(16 231)	(55 112)
General expenses	25	(19 128 397)	(18 007 838)
Total expenditure		**(80 240 229)**	**(72 340 241)**
Deficit for the year		**(4 464 298)**	**(1 015 380)**

* See Note 42

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	(5 001 753)	(5 001 753)
Adjustments		
Prior year adjustments 42	(366 376)	(366 376)
Balance at 01 July 2022 as restated*	**(5 368 129)**	**(5 368 129)**
Changes in net assets		
Surplus for the year	(1 015 380)	(1 015 380)
Total changes	(1 015 380)	(1 015 380)
Restated* balance at 01 July 2023	**(6 383 509)**	**(6 383 509)**
Changes in net assets		
Surplus for the year	(4 464 298)	(4 464 298)
Total changes	(4 464 298)	(4 464 298)
Balance at 30 June 2024	**(10 847 807)**	**(10 847 807)**

* See Note 42

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Grants and subsidies received		70 374 516	67 104 816
Interest income		1 171 056	949 650
Other receipts		3 552 657	2 907 559
		75 098 229	70 962 025
Payments			
Employee costs		(57 630 034)	(52 637 914)
Suppliers		(16 354 856)	(17 198 802)
Finance costs		(472 607)	(180 098)
		(74 457 497)	(70 016 814)
Net cash flows from operating activities	27	**640 732**	**945 211**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(159 143)	(613 931)
Purchase of other intangible assets	7	(256 421)	(517 750)
Net cash flows from investing activities		**(415 564)**	**(1 131 681)**
Cash flows from financing activities			
Finance lease payments		(194 322)	(1 405 704)
Net increase/(decrease) in cash and cash equivalents		**30 846**	**(1 592 174)**
Cash and cash equivalents at the beginning of the year		608 869	2 201 043
Cash and cash equivalents at the end of the year	5	**639 715**	**608 869**

* See Note 42

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Licences and permits	1 250 000	50 000	**1 300 000**	1 443 836	**143 836**	Note 43.1
Other income	3 249 000	58 000	**3 307 000**	2 454 114	**(852 886)**	Note 43.2
Interest received - investment	500 000	300 000	**800 000**	1 205 234	**405 234**	Note 43.3
Total revenue from exchange transactions	**4 999 000**	**408 000**	**5 407 000**	**5 103 184**	**(303 816)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants and subsidies	67 673 000	1 817 000	**69 490 000**	70 431 091	**941 091**	
Public contributions and donations	-	-	**-**	241 656	**241 656**	Note 43.4
Total revenue from non-exchange transactions	**67 673 000**	**1 817 000**	**69 490 000**	**70 672 747**	**1 182 747**	
Total revenue	**72 672 000**	**2 225 000**	**74 897 000**	**75 775 931**	**878 931**	
Expenditure						
Employee related costs	(49 826 000)	(275 000)	**(50 101 000)**	(52 101 986)	**(2 000 986)**	
Remuneration of councillors	(5 625 000)	(345 000)	**(5 970 000)**	(6 131 326)	**(161 326)**	
Depreciation and amortisation	(1 001 000)	(430 000)	**(1 431 000)**	(1 515 343)	**(84 343)**	
Finance costs	-	-	**-**	(527 649)	**(527 649)**	Note 43.5
Repairs and maintenance	(1 507 000)	(946 000)	**(2 453 000)**	(604 597)	**1 848 403**	Note 43.6
Materials	-	-	**-**	(214 700)	**(214 700)**	Note 43.7
General expenses	(12 437 000)	(1 549 000)	**(13 986 000)**	(19 128 397)	**(5 142 397)**	Note 43.8
Total expenditure	**(70 396 000)**	**(3 545 000)**	**(73 941 000)**	**(80 223 998)**	**(6 282 998)**	
Operating deficit	**2 276 000**	**(1 320 000)**	**956 000**	**(4 448 067)**	**(5 404 067)**	
Loss on disposal of assets and liabilities	-	-	**-**	(16 231)	**(16 231)**	Note 43.9
Deficit for the year	**2 276 000**	**(1 320 000)**	**956 000**	**(4 464 298)**	**(5 420 298)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	2 417 000	-	**2 417 000**	479 486	**(1 937 514)**	Note 43.10
VAT receivable	-	-	**-**	137 865	**137 865**	Note 43.11
Cash and cash equivalents	5 067 000	300 000	**5 367 000**	639 715	**(4 727 285)**	Note 43.12
	7 484 000	**300 000**	**7 784 000**	**1 257 066**	**(6 526 934)**	
Non-Current Assets						
Property, plant and equipment	8 430 000	70 000	**8 500 000**	11 805 093	**3 305 093**	Note 43.13
Intangible assets	900 000	(400 000)	**500 000**	568 011	**68 011**	Note 43.14
	9 330 000	**(330 000)**	**9 000 000**	**12 373 104**	**3 373 104**	
Total Assets	**16 814 000**	**(30 000)**	**16 784 000**	**13 630 170**	**(3 153 830)**	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	**-**	451 616	**451 616**	Note 43.15
Payables from exchange transactions	6 454 000	2 775 000	**9 229 000**	12 659 878	**3 430 878**	Note 43.16
VAT payable	191 000	(43 000)	**148 000**	-	**(148 000)**	Note 43.11
Employee benefit obligation	7 894 000	(1 892 000)	**6 002 000**	736 000	**(5 266 000)**	Note 43.17
Unspent conditional grants and receipts	-	-	**-**	1 384 181	**1 384 181**	Note 43.18
	14 539 000	**840 000**	**15 379 000**	**15 231 675**	**(147 325)**	
Non-Current Liabilities						
Finance lease obligation	-	-	**-**	879 302	**879 302**	Note 43.15
Employee benefit obligation	-	-	**-**	8 367 000	**8 367 000**	Note 43.17
	-	**-**	**-**	**9 246 302**	**9 246 302**	
Total Liabilities	**14 539 000**	**840 000**	**15 379 000**	**24 477 977**	**9 098 977**	
Net Assets	**2 275 000**	**(870 000)**	**1 405 000**	**(10 847 807)**	**(12 252 807)**	
Net Assets						
Reserves						
Accumulated surplus	2 275 000	(870 000)	**1 405 000**	(10 847 807)	**(12 252 807)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants and subsidies received	67 673 000	-	**67 673 000**	70 374 516	**2 701 516**	
Interest income	500 000	300 000	**800 000**	1 171 056	**371 056**	Note 43.3
Other income	4 499 000	1 925 000	**6 424 000**	3 552 657	**(2 871 343)**	Note 43.2
	72 672 000	**2 225 000**	**74 897 000**	**75 098 229**	**201 229**	
Payments						
Suppliers and employees	(66 547 000)	(2 248 000)	**(68 795 000)**	(73 984 893)	**(5 189 893)**	
Finance costs	-	-	**-**	(472 607)	**(472 607)**	Note 43.5
	(66 547 000)	**(2 248 000)**	**(68 795 000)**	**(74 457 500)**	**(5 662 500)**	
Net cash flows from operating activities	**6 125 000**	**(23 000)**	**6 102 000**	**640 729**	**(5 461 271)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(1 150 000)	450 000	**(700 000)**	(159 143)	**540 857**	Note 43.19
Purchase of intangible assets	-	-	**-**	(256 421)	**(256 421)**	Note 43.20
Net cash flows from investing activities	**(1 150 000)**	**450 000**	**(700 000)**	**(415 564)**	**284 436**	
Cash flows from financing activities						
Finance lease payments	-	-	**-**	(194 322)	**(194 322)**	Note 43.11
Net increase/(decrease) in cash and cash equivalents	4 975 000	427 000	**5 402 000**	30 843	**(5 371 157)**	
Cash and cash equivalents at the beginning of the year	3 417 000	-	**3 417 000**	608 869	**(2 808 131)**	
Cash and cash equivalents at the end of the year	**8 392 000**	**427 000**	**8 819 000**	**639 712**	**(8 179 288)**	

As part of municipality's budget policies and procedures, the original budget was compared to the municipality's actual results obtained for the period after 1 July 2023. Management identified a number of differences between the actual and expected results. These differences, as part of the municipality's procedures, were considered and the adjustments were made to ensure effective and efficient control.

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, 2003 (Act No. 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.

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 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:

Revenue recognition

Accounting policy on Revenue from exchange transactions and accounting policy on Revenue from non-exchange transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from exchange transactions and GRAP 23: Revenue from non-exchange transactions. In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting policy on financial assets and financial liabilities classification describe the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: Financial instruments.

Impairment of financial assets

Accounting policy on Impairment of financial assets describes the process followed to determine the value at which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial instruments and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

1.3 Significant judgements and sources of estimation uncertainty (continued)

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors. The total increase in estimation of the impairment of trade and other receivables from exchange transactions is disclosed in note 3 to the annual financial statements.

Useful lives of Property, plant and equipment, Intangible assets and Investment property

As described in accounting policies 1.4, 1.5 and 1.6 the municipality depreciates its property, plant and equipment and investment property, and amortises it's intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management’s estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

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

Impairment: write down of Property, plant and equipment, Intangible assets and Investment property

Accounting policies 1.7 and 1.8 on Impairment of assets describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to property, plant and equipment impairment testing and intangible assets impairment testing.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of non-cash generating assets and GRAP 26: Impairment of cash generating assets. In particular, the calculation of the recoverable service amount for property, plant and equipment and intangible assets involves significant judgment by management. During the year the estimated impairments to property, plant and equipment made are disclosed in note 6 to the annual financial statements, whilst no impairments were made to intangible assets.

Defined benefit plan liabilities

As described in accounting policy 10, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are post-retirement health benefit obligations. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in note 12 to the annual financial statements.

Budget information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the notes to the annual financial statements.

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

Property, plant and equipment is carried at 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
Buildings	Straight-line	30 - 100 years
Specialised vehicles	Straight-line	5 - 20 years
Machinery and equipment	Straight-line	3 - 7 years
Furniture and fittings	Straight-line	7 - 10 years
Motor vehicles	Straight-line	5 - 10 years
Office equipment	Straight-line	3 - 7 years
Computer equipment	Straight-line	3 - 7 years
Leased assets	Straight-line	3 - 7 years

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

Leased assets are depreciated for the lower of the useful life and the lease term.

Accounting Policies

1.4 Property, plant and equipment (continued)

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.

1.5 Intangible assets

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	3 years

1.6 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.

1.6 Financial instruments (continued)

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

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

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

Derecognition is the removal of a previously recognised financial asset or financial liability from an 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).

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 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.

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

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

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

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

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

1.6 Financial instruments (continued)

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

- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The municipality 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
Cash and cash equivalents	Financial asset measured at amortised cost

The municipality 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
Other financial liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
VAT payable	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

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

1.6 Financial instruments (continued)

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

Fair value measurement considerations

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

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

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:
- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

1.6 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

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

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

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

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

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

Financial liabilities

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

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

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

Presentation

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

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

1.6 Financial instruments (continued)

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

Distributions to holders of residual interests are recognised by the municipality directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

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

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

1.7 Statutory receivables

Identification

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

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

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

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

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

Recognition

The entity 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 entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity 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.

1.7 Statutory receivables (continued)

Derecognition

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

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

1.8 Grants and receipts

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the municipality, meet the definition and criteria for recognition of an asset.

A corresponding liability is recognised to the extent that the grant, transfer or donation recognised as an asset, is subject to conditions which require that the entity either consumes the future economic benefits or service potential of the asset as specified or that in the event that the conditions are breached the entity returns such future economic benefits or service potential to the transferor. The liability is transferred to revenue when the conditions attached to the grants, transfers or donations, are met. Grants, transfers or donations that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

1.9 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

Cash 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.

1.10 Impairment of cash-generating assets

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

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

1.10 Impairment of cash-generating assets (continued)

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of financial performance.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the statement of financial performance.

1.11 Impairment of non-cash-generating assets

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

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

The value in use for a non-cash generating asset is the present value of the asset’s remaining service potential.

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.

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.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of financial performance.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the statement of financial performance.

1.12 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.

Accounting Policies

1.12 Revenue from exchange transactions (continued)

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

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

Measurement

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

Sale of goods

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

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.

Interest and dividends

Revenue arising from the use by others of entity assets yielding interest and dividends or similar distributions is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

1.13 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 arise 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.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

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

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

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.

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.

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.

1.13 Revenue from non-exchange transactions (continued)

Services in-kind

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

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

1.14 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.

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 35.

1.15 Employee benefits

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

Termination benefits are employee benefits payable as a result of either:

- an municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

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

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;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

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

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

Post-employment benefits

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

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

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

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 recognises 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 recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Accounting Policies

1.15 Employee benefits (continued)

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.

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 recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

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

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

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

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.15 Employee benefits (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

1.16 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.

1.16 Leases (continued)

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

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.

1.17 Borrowing costs

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

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

1.18 Grants-in-aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events giving rise to the transfer occurred.

1.19 Value added taxation

The municipality is registered with SARS for VAT on the payments basis, in accordance with section 15(2)(a) of the Value-Added Tax Act, 1991 (Act No. 89 of 1991).

1.20 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). 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.

Accounting Policies

1.21 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Municipal Systems Act, 2000 (Act No. 32 of 2000) and the Public Office Bearers Act, 1998 (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the statement of financial performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of financial performance.

1.23 Changes in accounting policies, estimates and errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

1.24 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, executive mayor, mayoral committee members, municipal manager, executive directors and all other managers reporting directly to the municipal manager or as designated by the municipal manager.

1.25 Budget information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comment is provided in the notes to the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or under spending on line items. The annual budget figures included in the financial statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated development plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2023 to 30 June 2024.

1.26 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.27 Contingent assets and liabilities

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

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. 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.

If 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. If management uses more than one measure of a segment’s surplus or deficit, the segment’s assets or the segment’s liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity’s financial statements.

1.29 In-kind donations and contributions

In-kind donations and contributions are recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably, except when specifically stated otherwise. In-kind donations and contributions are recognised at the fair value of the consideration received or receivable.

In the case of donated assets, the donation is recognised at the fair value of the asset received.

1.30 Public Private Partnerships (PPP)

A PPP can generally be described as an agreement between a public sector entity (entity) and a private sector institution (private party). In terms of this the private party assumes some substantial financial, construction, technical and operational risks in the design, financing, building and operation of a project. It typically involves a private party that supplies an asset and/or services that previously were developed or provided by an entity. The private party provides a service to the public on behalf of the entity through the use of assets and/or the management of such an asset. In return, the private party is rewarded through payments from the entity. Such payments are based on service outputs delivered to specification, charges to users of such services, or a combination of these.

Accounting Policies

1.30 Public Private Partnerships (PPP) (continued)

The definition of a PPP agreement in the MFMA identifies two broad categories of PPP agreements - one where the private party performs an institutional function on behalf of the entity, and the other where the private party acquires the use of state property for its own commercial purposes. The PPP agreement can also be a combination of these.

The Standard of GRAP on Revenue from non-exchange transactions (taxes and transfers) (GRAP 23) states that control of an asset arises when the entity 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. GRAP 23 requires that the ability to exclude or regulate the access of others to the benefits of an asset is an essential element of control that distinguishes an entity’s assets from those public goods that all entities have access to and from which they benefit.

Under the control approach, the Municipality uses the following criteria to determine whether it controls the use of the underlying asset in the PPP agreement:

- The municipality controls or regulates what services the private party must provide with the associated asset, to whom it must provide them and at what price.
- The municipality controls - through ownership, beneficial entitlement or otherwise - any significant residual interest in the asset at the end of the agreement.

The control approach to assets that are developed, constructed, acquired or used in terms of PPP agreements. These assets are used by the private party to perform part of an entity’s service delivery or administrative functions (institutional function).

The control approach is also applied to PPP agreements where the municipality provides the private party with an existing asset, and the private party upgrades, operates and maintains the asset for a specified period of time. If the PPP agreement requires the private party to use its own asset, the municipality only recognises the asset in its financial statements if both the control approach criteria are met.

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.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits	01 April 2023	The impact of the is not material.
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	The impact of the is not material.
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	The impact of the is not material.
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	The impact of the is not material.

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity’s accounting periods beginning on or after 01 July 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2024	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2024	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2024	Unlikely there will be a material impact

3. Receivables from exchange transactions

	2024	2023
Medical aid debtors	16 123	22 669
Accrued interest	34 178	-
Salary overpayment	81 567	81 567
Shared services	291 000	230 851
Sundry debtors	56 618	61 855
	479 486	**396 942**

	2024	2023
Medical aid debtors		
Gross balance	16 123	26 471

	2024	2023
Payables with debit balances		
Gross balance	26 757	26 757
Provision for impairment	(26 757)	(26 757)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

3. Receivables from exchange transactions (continued)

Property rental debtors		
Gross balance	4 182	4 182
Provision for impairment	(4 182)	(4 182)
	-	-
Salary overpayment		
Gross balance	81 567	81 567
Shared services		
Gross balance	2 326 163	2 266 014
Provision for impairment	(2 035 163)	(2 035 163)
	291 000	**230 851**
Sundry debtors		
Gross balance	56 618	61 855
Total receivables from exchange transactions	479 486	396 942

Trade and other receivables pledged as security

None of the receivables have been pledged as security for the municipality's financial liabilities.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Trade receivables

Counterparties without external credit rating		
Group 1	50 307	396 942
Group 3	429 179	-
	479 486	**396 942**

Group 1 – new customer (less 6 months).

Group 2 – existing customer (more than 6 months) with no defaults in the past.

Group 3 – existing customer (more than 6 months) with some defaults in the past. All defaults were fully recovered.

None of the financial assets that are fully performing have been renegotiated in the last year.

Fair value of trade and other receivables

Trade and other receivables	479 486	396 942

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2024, R - (2023: R -) were past due but not impaired.

Figures in Rand	2024	2023

3. **Receivables from exchange transactions (continued)**

Trade and other receivables impaired

As of 30 June 2024, trade and other receivables of R 2 066 102 (2023: R 2 066 102) were impaired and provided for.

The amount of the provision was R (2 066 102) as of 30 June 2024 (2023: R 2 066 102).

The ageing of these debtors is as follows:

Over 6 months	2 066 102	2 066 102

Reconciliation of provision for impairment of trade and other receivables

Opening balance	2 066 102	2 066 102

The average credit period for receivables are 30 days. No interest is charged on outstanding debtors. The municipality strictly enforces its approved credit control policy to ensure the recoverability of its receivables.

The municipality does not hold deposits or other securities for its receivables.

Management is of the opinion that the carrying value of the receivables approximate their fair values.

The provision for impairment was calculated after grouping all the financial assets of similar nature and risk ratings, and assessing the recoverability.

In determining the recoverability, management considered any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes that there is no further credit provisions required in excess of the provision for impairment.

4. **VAT receivable**

VAT receivable	137 865	-

Statutory receivable:

The only statutory receivable the municipality had is of the VAT receivable.

- VAT transactions arise from the Value Added Tax Act, 1991 (Act No. 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 VAT Act.
- VAT transaction amounts are determined in line with the VAT Act.
- The rates and ineterst charged are determined in line with the VAT Act.
- There is no impairment on the VAT receivable, as the balance is expected to be fully recovered.

5. **Cash and cash equivalents**

Cash and cash equivalents consist of:

Bank balances	2 284	175 316
Short-term deposits	637 431	433 553
	639 715	**608 869**

Figures in Rand	2024	2023

5. Cash and cash equivalents (continued)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating	2024	2023
AAA	637 431	608 869

Cash and cash equivalents pledged as collateral

The call deposits are ring-fenced and attributable to the unspent conditional grants (refer to note 12).

Call deposits are investments with a maturity period of less than 3 months and earn interest at rates that vary from 5,10% to 5,75% (2023: 5,10% to 5,75%) per annum.

For purposes of the statement of financial poistion and the cash flow statement, cash and cash equivalents include cash on hand, cash in bank and investments in deposit accounts (money market instruments), net of outstanding bank overdrafts.

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
Standard Bank - Current Account - 04 171 8046	2 284	175 316	315 613	2 284	175 316	315 613
Standard Bank - Call Deposit - 4 887 2555 - 004	529 972	401 112	1 869 691	529 972	401 112	1 869 691
Standard Bank - Call Deposit - 4 887 2555 - 005	141 637	32 441	15 739	141 637	32 441	15 739
Total	**673 893**	**608 869**	**2 201 043**	**673 893**	**608 869**	**2 201 043**

6. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	592 817	-	592 817	592 817	-	592 817
Buildings	15 387 673	(12 054 546)	3 333 127	14 794 855	(11 130 574)	3 664 281
Plant and machinery	104 902	(68 030)	36 872	104 902	(58 434)	46 468
Furniture and fittings	4 398 060	(3 261 562)	1 136 498	4 268 815	(3 010 885)	1 257 930
Motor vehicles	6 400 075	(2 477 475)	3 922 600	6 160 244	(2 049 512)	4 110 732
IT equipment	3 548 077	(2 210 942)	1 337 135	3 598 694	(1 979 509)	1 619 185
Leased assets	1 470 198	(24 154)	1 446 044	-	-	-
Total	**31 901 802**	**(20 096 709)**	**11 805 093**	**29 520 327**	**(18 228 914)**	**11 291 413**

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Land	592 817	-	-	-	592 817
Buildings	3 664 281	-	-	(331 154)	3 333 127
Machinery and equipment	46 468	-	-	(9 596)	36 872
Furniture and fittings	1 257 930	129 245	-	(250 677)	1 136 498
Motor vehicles	4 110 732	241 656	(1 825)	(427 963)	3 922 600
Computer equipment	1 619 185	29 899	(14 407)	(297 542)	1 337 135
Leased assets	-	1 470 198	-	(24 154)	1 446 044
	11 291 413	**1 870 998**	**(16 232)**	**(1 341 086)**	**11 805 093**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Other	Depreciation	Total
Land	592 817	-	-	-	-	592 817
Buildings	3 996 359	-	-	-	(332 078)	3 664 281
Machinery and equipment	42 035	13 827	-	-	(9 394)	46 468
Furniture and fittings	1 315 204	201 179	-	-	(258 453)	1 257 930
Motor vehicles	4 654 989	-	-	-	(544 257)	4 110 732
Computer equipment	1 578 345	398 924	(55 111)	256	(303 229)	1 619 185
Leased assets	223 362	-	-	-	(223 362)	-
	12 403 111	**613 930**	**(55 111)**	**256**	**(1 670 773)**	**11 291 413**

Pledged as security

The municipality's obligations under finance leases (see Note 8) are secured by the lessors' title to the leased assets. No other assets of the municipality have been pledged as security.

Compensation received for losses on property, plant and equipment – included in operating profit

	2024	2023
Computer equipment	-	18 321

Assets subject to finance lease (net carrying amount)

	2024	2023
Leased assets	1 446 044	-

Figures in Rand	2024	2023

6. Property, plant and equipment (continued)

Details of properties

	2024	2023
Old Divisional Council Workshop, Van der Merwe Street, De Aar		
Terms and conditions		
- Purchase price: 30 June 1984	300 000	300 000
- Additions since purchase or valuation	13 495 908	13 495 908
	13 795 908	**13 795 908**
Office Building, Culvert Road, De Aar		
Terms and conditions		
- Purchase price: 30 June 1984	610 000	610 000
Vacant Land, De Villiers Street, Hanover RD (Outspan)		
Terms and conditions		
- Deemed cost: 1 July 2009	27 000	27 000
Workshop, Wiccus Street, Philipstown		
Terms and conditions		
- Purchase price: 30 June 1984	50 000	50 000

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the entity.

7. Intangible assets

	2024			2023		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software	1 162 065	(594 054)	568 011	905 643	(419 796)	485 847

Reconciliation of intangible assets - 2024

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	485 847	256 421	(174 257)	568 011

Reconciliation of intangible assets - 2023

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software	331	517 750	(32 234)	485 847

Pledged as security

All of the municipality's intangible assets are held under freehold interest and no intangible assets have been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the intangible assets of the municipality.

Figures in Rand	2024	2023

8. Finance lease obligation

Minimum lease payments due		
- within one year	582 965	-
- in second to fifth year inclusive	971 609	-
	1 554 574	-
less: future finance charges	(223 656)	-
Present value of minimum lease payments	**1 330 918**	**-**
Present value of minimum lease payments due		
- within one year	451 616	-
- in second to fifth year inclusive	879 302	-
	1 330 918	**-**
Non-current liabilities	879 302	-
Current liabilities	451 616	-
	1 330 918	**-**

It is the municipality's policy to lease certain computer equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 1% (2023: 11% and 31%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent. There are no renewal or purchases options.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 6.

Defaults and breaches

The municipality did not default on any payment of its finance lease liabilities. No terms for repayment have been renegotiated by the municipality.

9. Payables from exchange transactions

Trade payables	6 260 624	2 550 821
Medical aid debtors (payments received in advance)	11 700	22 830
Staff bonuses	1 364 638	1 223 357
Accrued leave	3 512 998	3 411 900
Performance bonuses	760 000	767 136
Salary control accounts	68 100	32 645
Office of the Compensation Commissioner	673 453	792 648
Unknown deposits	8 365	6 138
	12 659 878	**8 807 475**

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

Fair value of trade and other payables

Management is of the opinion that the carrying value of the payables approximate their fair values.

10. VAT payable

VAT payable	-	147 930

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

11. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Ex-gratia benefit liability	-	39 420
Post-retirement benefit liability	9 103 000	8 731 000
	9 103 000	**8 770 420**
Non-current liabilities	8 367 000	7 968 130
Current liabilities	736 000	802 290
	9 103 000	**8 770 420**

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	8 770 420	11 613 710
Net expense recognised in the statement of financial performance	332 580	(2 843 290)
	9 103 000	**8 770 420**

Net expense recognised in the statement of financial performance

Interest cost	996 070	1 239 950
Actuarial (gains) losses	(53 416)	(3 455 804)
Expenditure incurred	(863 074)	(915 436)
Current service cost	253 000	288 000
	332 580	**(2 843 290)**

Ex-gratia benefit liability

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	39 420	42 710
Net expense recognised in the statement of financial performance	(39 420)	(3 290)
	-	**39 420**

Net expense recognised in the statement of financial performance

Interest cost	3 070	2 950
Actuarial (gains) losses	(12 290)	6 160
Expenditure incurred	(30 200)	(12 400)
	(39 420)	**(3 290)**

The municipality provides certain ex-gratia (pension) benefits by funding the pension fund contributions of qualifying retired members of the municipality. According to the rules of the pension funds, with which the municipality is associated, a member (who is on the current conditions of service) is entitled to remain a continued member of such a pension fund on retirement, in which case the municipality is liable for a certain portion of the fund contribution. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out on 30 June 2024 by Mr. C Weiss, Fellow of the Actuarial Society of South Africa. 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.

The members of the ex-gratia benefit plan are made up as follows:

Continuation members (retirees, widowers and orphans)	-	1

Figures in Rand	2024	2023

11. Employee benefit obligations (continued)

The liability in respect of past service has been estimated as follows:

Continuation members (retirees, widowers and orphans)	-	39 420

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rates used	- %	9,18 %
Expected retirement age - females	-	62
Expected retirement age - males	-	62

Other information and assumptions:

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	3 310	2 810
Effect on defined benefit obligation	-	-

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	2024 R	2023 R	2022 R	2021 R	2020 R
Defined benefit obligation	-	39 420	42 710	47 400	68 328
Experience adjustment on plan liabilities	-	39 420	42 710	47 400	68 328

Post-retirement health care benefit liability

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	8 731 000	11 571 000
Net expense recognised in the statement of financial performance	372 000	(2 840 000)
	9 103 000	**8 731 000**

Net expense recognised in the statement of financial performance

Interest cost	993 000	1 237 000
Actuarial (gains) losses	(41 126)	(3 461 964)
Expenditure incurred	(832 874)	(903 036)
Current service cost	253 000	288 000
	372 000	**(2 840 000)**

The municipality provides certain post-retirement health care benefits by funding the medical aid fund contributions of qualifying retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service) is entitled to remain a continued member of such a medical aid fund on retirement, in which case the municipality is liable for a certain portion of the fund contribution. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out on 30 June 2024 by Mr. C Weiss, Fellow of the Actuarial Society of South Africa. 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.

Figures in Rand	2024	2023

11. Employee benefit obligations (continued)

The members of the post-employment medical aid benefit plan are made up as follows:

Continuation members (retirees, widowers and orphans)	14	17
In-service non-members (employees)	37	-
In-service members (employees)	49	46
	100	**63**

The liability in respect of past service has been estimated as follows:

Continuation members (retirees, widowers and orphans)	5 211 000	5 751 000
In-service non-members (employees)	589 000	-
In-service members (employees)	3 303 000	2 980 000
	9 103 000	**8 731 000**

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Hosmed
- Keyhealth
- LA Health
- Samwumed

The current-service cost for the year ending 30 June 2024 is estimated to be R 339 000 (2023: R 288 000), whereas the cost for the ensuing year is estimated to be R 339 000 (2023: R 253 000).

The municipality expects to make a contribution of R 736 000 (2023: R 790 000) to the defined benefit plans during the next financial year.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rates used	12,15 %	11,90 %
Health care cost inflation	7,65 %	7,53 %
Net effective discount rate	4,18 %	4,06 %
Expected retirement age - females	62	62
Expected retirement age - males	62	62

Other information and assumptions:

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	1 615 000	1 230 000
Effect on defined benefit obligation	10 209 000	8 187 000

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	2024 R	2023 R	2022 R	2021 R	2020 R
Defined benefit obligation	9 103 000	8 731 000	11 557 000	10 846 000	12 704 717
Experience adjustment on plan liabilities	9 668 000	12 063 000	11 857 000	10 850 000	12 775 289

Figures in Rand	2024	2023

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Provincial: DPSA Grant	13 802	43 700
Provincial: NEAR Grant	1 274 130	1 274 130
National: Expanded Public Works Programme (EPWP)	10 961	-
Provincial: Electrification Programme	-	898
Provincial: Expanded Public Works Programme (EPWP) Renosterberg	11 842	11 842
Provincial: Expanded Public Works Programme (EPWP) De Aar	73 446	68 629
Provincial: Housing Disinfection	-	41 556
	1 384 181	**1 440 755**

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 entity has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 16 for reconciliation of grants from National / Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

13. Licences and permits

Health certificates	1 443 836	1 132 228

14. Other income

Administration fees	262 100	214 650
Commission received	62 191	60 041
Insurance refunds	-	18 322
Recoveries	22 032	29 091
SETA refunds	91 095	83 221
Shared service fees	2 008 696	1 709 528
Sundry income	-	11 313
Tender documents	8 000	12 000
	2 454 114	**2 138 166**

15. Investment revenue

Interest revenue		
Bank	1 205 234	949 650

The amount included in Investment revenue arising from exchange transactions amounted to R 1 205 234.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

16. Government grants and subsidies

Operating grants		
Equitable share	61 791 000	59 758 000
Provincial: Health Subsidy	250 000	500 000
Provincial: DPSA Grant	29 899	-
National: Expanded Public Works Programme (EPWP)	939 039	1 073 000
National: Financial Management Grant (FMG)	1 700 000	1 650 000
National: Rural Roads Asset Management System (RRAMS) Grant	3 232 000	3 220 000
Provincial: Department of Roads	608 969	703 817
Provincial: COGHSTA (Housing Accreditation)	200 000	200 000
Provincial: Department of Tourism	525 000	-
Provincial: Cleaning Project (De Aar)	1 055 184	-
Provincial: SANBI	100 000	-
	70 431 091	**67 104 817**

Equitable Share

The municipality's share of the revenue raised annually by the Local Government.

No funds were withheld.

Provincial: Health Subsidy

Current year receipts	250 000	500 000
Conditions met - transferred to revenue	(250 000)	(500 000)
	-	**-**

To promote and support HIV/AIDS programmes and initiatives within the municipal area.

No funds were withheld.

Provincial: DPSA Grant

Balance unspent at beginning of year	43 700	43 700
Conditions met - transferred to revenue	(29 898)	-
	13 802	**43 700**

Conditions still to be met - remain liabilities (see note 12).

The purpose of the grants is to assist the municipality financially to comply with the Mscoa regulations and to upgrade its computer service, in order to be able to run GIS.

All conditions of the grant were met and no funds were withheld.

Provincial: NEAR

Balance unspent at beginning of year	1 274 130	1 274 130

The grant is provided to assist with disaster management within the boundaries of the municipality.

All conditions of the grant were met and no funds were withheld.

Figures in Rand	2024	2023

16. Government grants and subsidies (continued)

National: Expanded Public Works Programme (EPWP)

Current year receipts	950 000	1 073 000
Conditions met - transferred to revenue	(939 039)	(1 073 000)
	10 961	**-**

Conditions still to be met - remain liabilities (see note 12).

To incentivise the municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas, incompliance with the EPWP guidelines.

All conditions of the grant were met and no funds were withheld.

National: Financial Management Grant (FMG)

Current year receipts	1 700 000	1 650 000
Conditions met - transferred to revenue	(1 700 000)	(1 650 000)
	-	-

The grant is paid by National Treasury to municipalities to help with the implementation of the financial reforms required by the MFMA. The grants also pays for the cost of the financial management internship programme.

All conditions of the grant were met and no funds were withheld.

Provincial: Electrification Grant

Balance unspent at beginning of year	898	898
Other	(898)	-
	-	**898**

Conditions still to be met - remain liabilities (see note 12).

The grant was allocated to improve and upgrade the electricity infrastructure and enhance the electricity capacity within the municipality.

All conditions of the grant were met and no funds were withheld.

National: Rural Roads Asset Management System (RRAMS)

Current year receipts	3 232 000	3 220 000
Conditions met - transferred to revenue	(3 232 000)	(3 220 000)
	-	-

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in road infrastructure and usage.

All conditions of the grant were met and no funds were withheld.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

16. Government grants and subsidies (continued)

Provincial: Expanded Public Works Programme (Renosterberg)

Balance unspent at beginning of year	11 842	11 842

Conditions still to be met - remain liabilities (see note 12).

To incentivise the municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas, incompliance with the EPWP guidelines.

All conditions of the grant were met and no funds were withheld.

Provincial: Expanded Public Works Programme (De Aar)

Balance unspent at beginning of year	68 629	68 629
Other	4 817	-
	73 446	**68 629**

Conditions still to be met - remain liabilities (see note 12).

To incentivise the municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas, incompliance with the EPWP guidelines.

All conditions of the grant were met and no funds were withheld.

Provincial: Department of Roads

Current year receipts	609 969	703 817
Conditions met - transferred to revenue	(609 969)	(703 817)
	-	-

The grant is allocated to the municipality for the payment of the medical aid ex-gratia contributions for personnel that is and has been on pension.

All conditions of the grant were met and no funds were withheld.

Provincial: COGHSTA (Housing Accreditation)

Current year receipts	200 000	200 000
Conditions met - transferred to revenue	(200 000)	(200 000)
	-	-

The grant was allocated to improve capacity within the administration of the municipality in respect to the housing department.

All conditions of the grant were met and no funds were withheld.

Figures in Rand	2024	2023

16. Government grants and subsidies (continued)

Provincial: Disinfection

Balance unspent at beginning of year	41 556	60 306
Conditions met - transferred to revenue	(41 556)	(18 750)
	-	**41 556**

Conditions still to be met - remain liabilities (see note 12).

The grant was allocated to financial assist municipalities in their fight against the pandemic.

All conditions of the grant were met and no funds were withheld.

Provincial: Cleaning Project (De Aar)

Current year receipts	1 055 814	-
Conditions met - transferred to revenue	(1 055 814)	-
	-	**-**

All conditions of the grant were met and no funds were withheld.

Provincial: SANBI

Current year receipts	100 000	-
Conditions met - transferred to revenue	(100 000)	-
	-	**-**

All conditions of the grant were met and no funds were withheld.

Provincial: Department of Tourism

Current year receipts	525 000	-
Conditions met - transferred to revenue	(525 000)	-
	-	**-**

Provide explanations of conditions still to be met and other relevant information.

17. Public contributions and donations

Santam (fire fighters)	241 656	-

During the year, Santam donated fire fighters to the municipality. All conditions attached to the donation was met and the assets were capitailsed in the municipality's asset register.

Figures in Rand	2024	2023

18. Employee related costs

Basic salaries and wages	35 618 376	32 314 504
Leave pay	244 772	588 074
Service bonus	2 820 216	2 539 494
Performance bonus	699 739	778 643
Pensioners allowance	14 700	181 884
Travel allowance	2 025 058	1 891 068
Overtime payments	618 918	366 793
Housing benefits and allowances	270 279	298 625
Long-service awards	85 370	155 618
Acting allowances	107 641	128 460
Leanerships	252 972	309 888
Cellphone allowance	415 800	265 330
Other allowances	591 471	614 158
Scarcity allowance	62 399	74 241
Shift allowance	223 121	7 376
UIF - council contribution	209 241	202 123
Bargaining council - council contribution	13 030	12 234
Pension fund - council contribution	5 134 933	4 673 666
Medical aid - council contribution	1 528 496	1 403 204
Defined contribution plans	1 165 454	(1 940 254)
	52 101 986	**44 865 129**

Remuneration of Municipal manager

Annual remuneration	884 083	434 489
Performance bonus	79 912	-
Service bonus	73 308	11 965
Car and other allowances	206 827	105 076
Contributions to UIF, medical aid- and pension funds	2 262	1 063
Re-imbursive travel expenses	94 513	-
	1 340 905	**552 593**

The Municipal manager's post was vacant for the period 1 July 2022 to 31 December 2022.

Remuneration of Chief finance officer

Annual remuneration	887 400	900 063
Performance bonus	160 386	155 714
Service bonus	73 583	70 000
Car and other allowances	202 451	241 841
Contributions to UIF, medical aid- and pension funds	2 262	2 125
Re-imbursive travel expenses	66 606	-
	1 392 688	**1 369 743**

Remuneration of Infrastructure manager

Annual remuneration	940 699	900 063
Performance bonus	160 386	155 714
Service bonus	73 583	71 250
Car and other allowances	202 451	241 841
Contributions to UIF, medical aid- and pension funds	2 262	2 125
Re-imbursive travel expenses	130 418	-
	1 509 799	**1 370 993**

Figures in Rand	2024	2023

18. Employee related costs (continued)

Remuneration of Chief audit executive

Annual remuneration	850 261	811 451
Performance bonus	145 805	141 558
Service bonus	66 333	63 000
Car and other allowances	192 579	230 037
Contributions to UIF, medical aid- and pension funds	2 262	2 125
Re-imbursive travel expenses	5 591	-
	1 262 831	**1 248 171**

Remuneration of Chief corporate services

Annual remuneration	1 014 827	971 236
Performance bonus	160 386	155 714
Service bonus	-	84 578
Car and other allowances	202 132	241 441
Contributions to UIF, medical aid- and pension funds	2 262	2 125
Re-imbursive travel expenses	35 245	-
	1 414 852	**1 455 094**

19. Remuneration of councillors

Mayor	999 673	944 285
Speaker	808 859	746 959
Executive committee members	2 994 563	2 086 684
Councillors	1 328 231	1 750 176
	6 131 326	**5 528 104**

The councillors occupying the positions of Mayor, Speaker and Executive committee serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

Councillors may utilise official council transportation when engaged in official duties. The Mayor has use of a council owned vehicle for official duties.

20. Depreciation and amortisation

Property, plant and equipment	1 341 086	1 670 774
Intangible assets	174 257	32 235
	1 515 343	**1 703 009**

21. Finance costs

Finance leases	55 042	1 025 350
Trade and other payables	472 607	180 098
	527 649	**1 205 448**

22. Repairs and maintenance

Other assets	604 597	817 266

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

23. Materials

Projects		
Building	214 700	357 131

24. Gain (loss) on disposal of assets and liabilities

Carrying value of assets disposed	(16 231)	(55 130)

No compensation was received for the assets disposed / written off.

25. General expenses

Accommodation	1 611 640	1 602 934
Administration costs	161 600	161 000
Advertising	165 080	214 182
Audit committee	174 987	137 656
Auditors' remuneration	2 946 046	2 431 891
Bank charges	54 236	46 730
Bursaries	379 045	294 476
Cleaning	592 341	114 303
Computer expenses	-	44 759
Conferences and seminars	19 221	8 976
Consulting and professional fees	2 970 600	3 505 665
Electricity	445 691	502 710
Entertainment	1 272 948	767 537
Fuel and oil	1 165 100	1 115 322
Hire	1 505 293	800 705
Insurance	469 272	595 239
Motor vehicle expenses	29 185	17 940
Other expenses	1 575	46 930
Printing and stationery	494 445	546 382
Protective clothing	119 606	108 775
Skills development levy	385 773	357 379
Subscriptions and membership fees	722 381	667 438
Telephone and fax	198 218	234 218
Training	98 871	364 844
Travel - local	2 854 958	2 709 015
Property rates	40 449	66 045
Water sample and tests	185 424	208 847
Workmens Compensation	64 412	335 940
	19 128 397	**18 007 838**

26. Auditors' remuneration

Fees	2 946 046	2 431 891

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

27. Cash generated from operations

Deficit	(4 464 298)	(1 015 380)
Adjustments for:		
Depreciation and amortisation	1 515 343	1 703 009
Gain on sale of assets and liabilities	16 231	55 112
Finance costs - Finance leases	55 042	1 025 350
Movements in retirement benefit assets and liabilities	332 580	(2 843 290)
Non-cash movement on property, plant and equipment	(241 656)	(256)
Changes in working capital:		
Receivables from exchange transactions	(82 544)	(289 844)
Payables from exchange transactions	3 852 403	2 353 542
VAT	(285 795)	(43 032)
Unspent conditional grants and receipts	(56 574)	-
	640 732	**945 211**

28. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	-	1 128 119
• Intangible assets	1 795 562	2 253 770
	1 795 562	**3 381 889**
Total capital commitments		
Already contracted for but not provided for	1 795 562	3 381 889

Authorised operational expenditure

Already contracted for but not provided for		
• Consulting fees	844 191	2 007 512
• Personal protective equipment (PPE)	128 109	223 868
• Operational expenses	2 546 050	715 139
	3 518 350	**2 946 519**
Total operational commitments		
Already contracted for but not provided for	3 518 350	2 946 519

Total commitments

Total commitments		
Authorised capital expenditure	1 795 562	3 381 889
Authorised operational expenditure	3 518 350	2 946 519
	5 313 912	**6 328 408**

The commitments are disclosed inclusive of VAT.

Notes to the Annual Financial Statements

29. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	479 486	479 486
Cash and cash equivalents	639 715	639 715
	1 119 201	**1 119 201**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	(6 272 324)	(6 272 324)
Finance lease obligation	(1 330 918)	(1 330 918)
Unspent conditional grants and receipts	(110 051)	(110 051)
	(7 713 293)	**(7 713 293)**

2023

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	396 942	396 942
Cash and cash equivalents	608 869	608 869
	1 005 811	**1 005 811**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	(2 573 651)	(2 573 651)
Unspent conditional grants	(166 625)	(166 625)
	(2 740 276)	**(2 740 276)**

30. Risk management

Financial risk management

Liquidity risk

The municipality’s risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Figures in Rand	2024	2023

30. Prior-year adjustments (continued)

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

31. Related parties

Relationships

Members of council	Refer to the remuneration of management
Members of key management	I Visser (Municipal manager)
	BF James (Chief financial officer)
	HP Greeff (Technical manager)
	RA Sors (Chief audit executive)
	TA Loko (Chief corporate services)

All related party transactions are concluded at arm's length, unless stated otherwise.

Related party balances

Receivables from exchange transactions	2024	2023
I Visser (debt receivable relating to salary overpayment)	81 567	81 567
HL Britz (debt receivable relating to overpayment of medical aid contribution)	6 623	6 623

Remuneration of management

Councillors

2024

Name	Basic salary	Allowances	Total
UR Itumeleng	954 073	45 600	999 673
TA Sintu	763 259	45 600	808 859
K Gous	715 557	45 600	761 157
S Swartling	715 557	45 600	761 157
NS van Wyk	715 557	45 600	761 157
A Kwinana	667 652	43 440	711 092
H Marais	301 929	45 600	347 529
PA Olyn	131 135	20 200	151 335
B Viviers	301 929	45 600	347 529
VP Harmse	104 763	-	104 763
S Bibi	145 633	21 600	167 233
AP Poyo	12 359	-	12 359
B Swanepoel	19 217	-	19 217
P Charles	4 634	-	4 634
PP Mlauli	4 634	-	4 634
EK Louw	19 217	-	19 217
F Mans	19 217	-	19 217
JEJ Hoorne	14 582	-	14 582
LM Zenani	19 217	-	19 217
MA Maloi	19 217	-	19 217
MJ Katz	19 217	-	19 217
MN Mackay	19 217	-	19 217
N Booysen	19 217	-	19 217
NS Mlungwana	6 858	-	6 858
SW Makhandula	13 039	-	13 039
	5 726 886	**404 440**	**6 131 326**

31. Related parties (continued)

2023

Name	Basic salary	Allowances	Total
UR Itumeleng	886 685	57 600	944 285
TA Sintu	709 349	58 300	767 649
K Gous	665 015	59 000	724 015
S Swartling	665 015	59 000	724 015
NS van Wyk	665 015	59 000	724 015
A Kwinana	312 637	62 500	375 137
H Marais	280 603	62 500	343 103
PA Olyn	280 603	62 500	343 103
B Viviers	140 301	20 400	160 701
VP Harmse	97 363	-	97 363
HL Brits	93 543	35 300	128 843
DV Smous	7 256	-	7 256
EK Louw	17 860	-	17 860
MJ Katz	17 860	-	17 860
WD Horne	17 860	-	17 860
LM Zenani	17 860	-	17 860
B Swanepoel	11 906	-	11 906
N Booysen	17 860	-	17 860
NS Mlungwana	17 860	-	17 860
F Mans	17 860	-	17 860
MA Maloi	17 860	-	17 860
SW Makhandula	17 860	-	17 860
MN Mackay	17 860	-	17 860
Old councillors (immaterial)	(1 887)	-	(1 887)
	4 992 004	**536 100**	**5 528 104**

Refer to Note 18 for the remuneration of key management.

32. Unauthorised expenditure

	2024	2023
Opening balance as previously reported	5 033 111	-
Add: Unauthorised operating expenditure - current	7 655 707	5 033 111
Add: Unauthorised capital expenditure - current	1 427 419	-
Less: Amount condoned and written-off - current	(5 033 111)	-
Closing balance	**9 083 126**	**5 033 111**

The unauthrised expenditure was investigated and presented to MPAC and Council. Council condoned and wrote-off the expenditure on 30 August 2024 (council resolution no. R2024-08-30 (15.1))

Unauthorised expenditure: Budget overspending – per vote:

	2024	2023
Budget and treasury	4 820 849	1 510 936
Internal audit	253 676	249 917
Mayor and council	2 303 386	-
Public safety	277 796	803 909
Capital expenditure	1 427 419	-
Municipal manager	-	1 801 440
Planning and development	-	666 909
	9 083 126	**5 033 111**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

32. Unauthorised expenditure (continued)

Disciplinary steps taken/criminal proceedings

No disciplinary steps have been taken as no individual or group of individuals have been identified to be guilty of the expenses incurred. No criminal or disciplinary steps have been taken as a result of the expenditures / losses.

33. Fruitless and wasteful expenditure

	2024	2023
Opening balance as previously reported	-	71 202
Add: Fruitless and wasteful expenditure identified - current	472 607	230 098
Less: Amount condoned and written-off - current	(472 607)	(251 300)
Less: Amount transferred to debtors for recovery	-	(50 000)
Closing balance	**-**	**-**

Fruitless and wasteful expenditure is presented inclusive of VAT.

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings	2024	2023
Interest on overdue Workmens Compensation	Council to write-off expenditure	-	34 488
Fraudulent payment made	Payment to be recovered	-	50 000
Interest on overdue AGSA account	Council to write-off expenditure	472 607	145 610
		472 607	**230 098**

Disciplinary steps taken/criminal proceedings

Interest on overdue accounts:

No disciplinary steps have been taken as no individual or group of individuals have been identified to be guilty of the expenses incurred. Based on the nature of the expenditure items, the expenditure is not recoverable. No criminal or disciplinary steps have been taken as a result of the expenditures / losses.

Fraudulent payment:

The payment made has been transferred to receivables as the municipality is in the process to recover the funds. No criminal or disciplinary steps have been taken to date, as the investigation is still on-going.

The fruitless and wasteful expenditure was investigated and presented to MPAC and Council. Council condoned and wrote-off the expenditure on 30 August 2024 (council resolution no. R2024-08-30 (15.1)).

34. Irregular expenditure

	2024	2023
Opening balance as previously reported	1 273 762	2 195 848
Opening balance as restated	**1 273 762**	**2 195 848**
Add: Irregular expenditure - current	5 667 306	4 393 263
Less: Amount written-off by council - current	(4 327 344)	(5 233 782)
Less: Amount transferred to debtors for recovery	-	(81 567)
Closing balance	**2 613 724**	**1 273 762**

Irregular expenditure is presented inclusive of VAT.

Figures in Rand	2024	2023

34. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Non-compliance to SCM processes	No disciplinary steps have been taken as no individual or group of individuals have been identified to be guilty of the expenses incurred.	5 667 306	4 311 696
Overpayment of salary	Payments to be recovered.	-	81 567
		5 667 306	**4 393 263**

Disciplinary steps taken/criminal proceedings

No disciplinary steps have been taken as no individual or group of individuals have been identified to be guilty of the expenses incurred. Based on the nature of the expenditure items, the expenditure is not recoverable. No criminal or disciplinary steps have been taken as a result of the expenditures / losses.

The irregular expenditure was investigated and presented to MPAC and Council. Council wrote-off the expenditure on 30 August 2024 (council resolution no. R2024-08-30 (15.1)).

The irregular expenditure does not represent the full extent, as management will re-visit the population to determine if there is additional irregular expenditure that has not been disclosed.

35. Contingent liabilities

Litigation is in the process against the entity relating to a dispute with an individual who has brought a discrimination, intimidation and sexual harassment case against the entity. The individual is seeking damages of R 1 000 000. The entity's lawyers and management consider the likelihood of the action against the entity being successful as unlikely, and the case should be resolved within the next years.

The municipality is currently involved in a case with Outsurance, whereby last mentioned has sued the municipality for damages due to a car accident, which is estimated in the region of R 20 000 to R 50 000. The possibility that the claim is successful is remote,

36. Deviation from 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 quotations and competitive bidding processes.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the council and includes a note to the annual financial statements.

The following deviations were investigated and presented to MPAC and Council on 30 August 2024 (council resolution no. R2024-08-30 (14.7)):

Sole service provider	36 292	157 297
Impractical to obtain the required number of quotations	276 544	205 687
	312 836	**362 984**

37. Additional disclosure note in terms of the MFMA

Audit fees

	2024	2023
Opening balance	2 220 914	-
Current year audit fee	3 387 953	2 796 675
Current year interest cost	472 607	145 610
Amount paid - current year	(716 601)	(721 371)
	5 364 873	**2 220 914**

PAYE, UIF and SDL

	2024	2023
Current year fee	10 030 545	9 211 071
Amount paid - current year	(10 030 545)	(9 211 071)
	-	-

Pension and medical aid fund contributions

	2024	2023
Current year payroll deductions and council contributions	11 642 246	10 610 570
Amount paid - current year	(11 642 246)	(10 610 570)
	-	-

Contributions to local government (SALGA)

	2024	2023
Current year subscriptions	500 000	500 000
Amount paid - current year	(500 000)	(500 000)
	-	-

38. Segment information

General information

The municipality has assessed the applicability of GRAP 18 and determined that segment reporting is not required. The conclusion is based on the fact that the regular review conducted by management does not constitute the regular review of segmental information as required by the Standard. The financial statements are therefore presented on an aggregated basis, consistent with the municipality's operational structure and management reporting.

39. Change in estimate

Property, plant and equipment

A change in the estimated useful life of various assets of the municipality has resulted in the following decreases (increases) in deprecitaion for the mentioned asset catergories for the financial year:

Description	2024	2023
Other property, plant and equipment	291 091	645 084
Buildings	319	-
	291 410	**645 084**

Intangible assets

A change in the estimated useful life of various assets of the municipality has resulted in the following decreases (increases) in amortisation for the mentioned asset catergories for the financial year:

The impact on the cash flow statement is

Description	2024	2023
Computer software	-	30 121

40. Private Public Partnerships

The municipality was not a party to any Private Public Partnership during the year under review.

41. In-kind donations and assistance

The municipality did not receive any in-kind donations and assistance during the year under review.

42. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2023

	Note	As previously reported	Correction of error	Restated
Payables from exchange transactions	9	(9 228 791)	421 315	(8 807 476)
Unspent conditional grants	12	(1 440 755)	-	(1 440 755)
Accumulated surplus - opening balance		5 001 754	366 376	5 368 130
(Surplus) deficit for the period		1 803 070	(787 691)	1 015 379
		(3 864 722)	**-**	**(3 864 722)**

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Restated
Employee related costs	18	45 087 647	(421 315)	44 666 332
Depreciation and amortisation	20	1 519 821	183 188	1 703 009
Loss with disposal of assets and liabilities	24	604 676	(549 564)	55 112
Surplus for the year		**47 212 144**	**(787 691)**	**46 424 453**

Errors

The following prior period errors adjustments occurred:

Provision for bonuses

During the calculation of the provision for bonuses for the financial period ending 30 June 2023, the incorrect basic salary was used, which resulted in the overstatement of the provision. The error was corrected retrosectively. The effect of the corerction was as follows:

	2024	2023
Statement of financial position:		
Payables from exchange transactions	421 315	421 315
(Surplus) deficit for the year	(421 315)	-
	-	**421 315**
Statement of financial performance:		
Employee related costs	-	(421 315)

42. Prior-year adjustments (continued)

Depreciation expense incorrectly calculated on the finance lease liabilities

It came to the attention of management that the depreciation expense on the finance lease liabilities, which came to an end in the financial year ended 30 June 2023, was not calculated on the lesser of the useful lives and the lease term. This resulted in the depreciation expense, accumulated depreciation and the loss with the disposal of assets being misstated.

The error was corrected retrosectively. The effect of the corerction was as follows:

	2024	2023
Statement of financial position:		
Accumulated surplus - opening balance	366 376	366 376
(Surplus) deficit for the year	(366 376)	(366 376)
	-	-
Statement of financial performance:		
Depreciation and amortisation	-	183 188
Loss on disposal of assets and liabilities	-	(549 564)
	-	**(366 376)**

43. Budget differences

Material differences between budget and actual amounts

The excess of actual expenditure over the final budget of 10% was identified. The following material differences between the final budget and the actual amounts were noted:

Statement of financial performance:

1. Licences and permits: During the year more revenue was generated than was budgeted for. The budget is based on the historical information, which makes in difficult to accurate budget for the future periods.

2. Other income: The municipality did not generate the budgeted income due to shared services not being rendered to the Renosterberg Local Municipality.

3. Interest received from external investments: As a result of investments made during the year on interest-bearing deposit accounts, more interest was generated than budgeted for.

4. Public contributions and donations: The municipality received fire fighters as donations from Santam.

5. Finance cost: Management did not budget for finance cost.

6. Repairs and maintenance: Due to cost cutting and cash flow constraints, the expected costs were not incurred.

7. Materials: Materials were not budgeted for separately, but was included in the general expenses budget.

8. General expenses: Due to an increase in the annual external audit fees; travel and subsistence costs; and other expenses the budget was insuffient. There was no specific matter(s) that resulted in the over spend.

9. Loss on disposal of assets: During the year a number of items were written-off resulting in a loss, which was not budgeted for (as management does not budget for losses).

Statement of financial position:

10. Receivables from exchange transactions: The municipality did not generate the budgeted income due to shared services not being rendered to the Renosterberg Local Municipality. In addition to the aforementioned, all outstanding shared service balances were either recovered or impaired by year end.

11. VAT receivable: Management expected better financial results, which would have resulted in a VAT payable. This however did not realise and due to the increase in creditors, the VAT payable as turned around into a VAT receivable.

43. Budget differences (continued)

12. Cash and cash equivalents: The material difference is due to weaker financial results.

13. Property, plant and equipment: Depreciation was less than expected. In addition to this, management incurred finance lease liabilities that has resulted in the carrying value increasing at year end.

14. Intangible assets: Management incurred additions that were not budgeted for.

15. Finance lease obligations: Management did not budget for the finance lease obligation at year end.

16. Payables from exchange transactions: The increase is due to a significant increase in the account of the Auditor-General of South Africa's audit fee, which cannot be settled.

17. Employee benefit obligation: Management over provided for the liability as it was unsure of the results of the actuarial valuation to be performed at year end.

18. Unspent conditional grants and subsidies: Management did not budget for the payable at year end.

Cash flow statement:

19. Purchase of property, plant and equipment: Due to cost cutting and cash flow constraints, the expected costs were not incurred.

20. Purchase of intangible assets: Management incurred costs that were not budgeted for.

44. Events after the reporting date

No events having financial implications, requiring disclosure, occurred subsequent to 30 June 2024.

45. Going concern

We draw attention to the fact that at 30 June 2024, the entity had an accumulated surplus (deficit) of R (10 847 807) and that the municipality's total liabilities exceed its assets by R (10 847 807).

During January 2024 the council adopted the 2023/24 adjusted budget. This three-year Medium-Term Revenue and Expenditure Framework (MTREF) supports the ongoing delivery of municipal services to residents and reflected that the budget was cash-backed over the three-year period.

Strict daily cash management processes are embedded in the municipality's operations to manage and monitor actual cash inflows and outflows in terms of the cashflow forecast, supporting the budget. The cash management processes are complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

The unspent conditional grant balance is currently cash-backed. Certain expenses were incurred during the current and previous financial years, which did not meet the requirements of certain grants. These costs were reversed against the grant. The municipality is generating the shortfall within its own operating budget.

Due to financial constraints, the municipality is currently unable to ensure short-term debt is paid within the legislative period, as per section 65(2)(e) of the MFMA. The municipality has prioritised outstanding payments and made the necessary arrangements with the respective third parties to ensure the debt is settled.

During the current year, the municipality incurred a net deficit of R 4 464 298 (2023: deficit of R 1 015 379). The deficit is due to:

- The loss on disposal of assets and liabilities, which is represented by the finance leases that came to an end during the year. The loss recorded in the statement of financial performance totalled R 16 231.
- Rentals of more than R 1 540 000 paid for copiers and faxes after the aforementioned rental came to an end.
- The decrease in the shared services income no longer received from the Renosterberg Local Municipality.

45. Going concern (continued)

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.

Currently, in the municipal environments, municipalities within South Africa rely heavily on government's financial assistance through the provision of grants. For the 2024 financial year, the allocated Equitable share amounts to R 64 783 000 and the Financial management improvement grant to R 1 700 000.

Annexure B: Report of the Auditor-General

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Pixley-ka-Seme District Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Pixley-ka-Seme District Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Pixley-ka-Seme District Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Basis for opinion

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

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

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

6. **Emphasis of matters**

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

Unauthorised expenditure

8. As disclosed in note 32 to the financial statements, unauthorised expenditure of R9 083 126 that was incurred, as a result of budget overspending per vote.

Going concern

9. I draw attention to note 45 in the financial statements, which deals with the possible effects of the future implications of continuing deterioration in operational results on the municipality's prospects, performance, and cash flows.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and 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.

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

Responsibilities of the auditor-general for the audit of the financial statements

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

15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at pages xx, forms part of our auditor's report.

Report on the annual performance report

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

17. I selected the following material performance indicators related to monitor and support local municipalities to enhance service delivery objective presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

    - Report quarterly to council on shared services
    - Submit quarterly progress reports to the Portfolio Committee on the activities in the department including expenditure on all Municipal Infrastructure Grant (MIG) projects of local municipalities in the district and infrastructure grants/allocations implemented by the district municipality.

18. I evaluated the reported performance information for the selected material performance indicators 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.

19. 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 presented in the annual performance report in the prescribed manner

- there is adequate supporting evidence for the achievements reported and for measures taken to improve performance.

20. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

21. The material findings on the reported performance information for the selected material indicators are as follows:

Report quarterly to council on shared services

22. An achievement of 3 quarterly reports was reported against a target of 4 quarterly reports but the submitted evidence showed the actual achievement to be 4 quarterly reports. The achievement against the target was better than reported.

23. The approved planning documents included a commitment to report quarterly to council on shared services. However, an achievement of reporting quarterly to council on outstanding fees relating to shared services was reported in the annual performance report. This discrepancy highlights misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability.

24. The indicator measures the reporting quarterly to council on outstanding fees relating to shared services, which does not relate to the achievement of monitor and support of local municipalities to enhance service delivery. Consequently, the indicator is not useful for measuring and monitoring progress against the municipality's planned objectives.

Other matter

25. I draw attention to the matter below.

Achievement of planned targets

26. 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.

27. The table that follows provides information on the achievement of planned targets and lists the key 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.

Objective 4: Monitor and support local municipalities to enhance service delivery

Targets achieved: 75% *Budget spent: 100%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Report quarterly to council on shared services	04	03

Material misstatements

28. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for monitor and support local municipalities to enhance service delivery. Management did not correct the misstatement, and I reported material findings in this regard.

Report on compliance with legislation

29. 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.

30. 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.

31. 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.

32. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance reports and annual reports

33. 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 revenue from exchange transactions, employee related costs, general expenses, contingent liabilities , unauthorised expenditure, financial instruments and segment information identified by the auditors in the submitted financial statements were subsequently corrected, and the supporting records were provided subsequently, but the uncorrected material misstatements

and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Procurement and contract management

34. Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM Regulation 19(a).

35. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM Regulation 22(1) and 22(2). Similar non-compliance was also reported in the prior year.

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

37. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. Similar non-compliance was also reported in the prior year.

Expenditure management

38. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The value of R2 613 724, as disclosed in note 34, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management regulation prescripts.

39. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R472 607, as disclosed in note 33 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 interest charged on overdue accounts.

40. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R9 083 126, as disclosed in note 32 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by expenditure not incurred in terms of an approved budget and within the limits of the amounts appropriated for the different votes in an approved budget or an adjustments budget.

Consequence management

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

Strategic planning and performance management

42. A mid-year performance assessment was not performed, as required by section 72(1)(a)(ii) of the MFMA.

Other information in the annual report

43. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected [objectives/ development priorities] presented in the annual performance report that have been specifically reported on in this auditor's report.

44. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

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

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

Internal control deficiencies

47. 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.

48. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified and, the material findings on the annual performance report, and the material findings on compliance with legislation included in this report.

49. The municipality did not consistently retrieve and submit required information for audit purposes in a timely manner. Furthermore, reasonable alternative systems or processes were not always provided to the auditors. Management did not prepare regular, accurate, and complete financial and performance reports supported by reliable information.

50. The leadership of the municipality did not effectively reinforce the control environment as material misstatements identified in the annual financial statements and performance reports resulted from ineffective processes for compiling and reviewing these reports before submission for audit.

51. The leadership of the municipality did not exercise adequate oversight of the preparation of annual financial statements, performance reporting, compliance with laws and regulations, and internal control systems. This was demonstrated by material misstatements in the financial statements, pervasive non-compliance with laws and regulations, and significant internal

control deficiencies identified during the audit. Internal systems and processes were ineffective in preventing material non-compliance, as well as irregular, unauthorised, fruitless, and wasteful expenditure.

52. Lack of adequate reviews of the irregular expenditure register against the payment batches by management to identify instances of non-compliance with SCM regulations to ensure complete disclosure of irregular expenditure incurred.

Auditor-General

Kimberley

30 November 2024

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 objectives and on the municipality's compliance with selected requirements in key legislation.

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- 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	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), Sections: 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), Sections: 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations: 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), Sections: 54A(1)(a),56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1),96(b)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)

Legislation	Sections or regulations
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1),31
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), Regulations: 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)